

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

trademark

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For fiscal year ended December 31, 2023

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ___ to ___
Commission file number: 000-50644

CUTERA, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0492262

(I.R.S. Employer
Identification No.)

3240 Bayshore Blvd., Brisbane, California 94005

(Address of principal executive offices)

(415) 657-5500

(Registrant's telephone number, including area code)

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

Title of each class
Common Stock (\$0.001 par value)

Trading Symbol(s)

CUTR

Name of each exchange on which registered

The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by checkmark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock, held by non-affiliates of the registrant as of June 30, 2023 (which is the last business day of registrant's most recently completed second fiscal quarter) based upon the closing price of such stock on the NASDAQ Global Select Market on June 30, 2023, was approximately 301 million.

The number of shares of Registrant's common stock issued and outstanding as of May 8, 2024 was 20,072,096.

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1.	Business 4
Item 1A.	Risk Factors 22
Item 1B.	Unresolved Staff Comments 53
Item 1C.	Cybersecurity 53
Item 2.	Properties 54
Item 3.	Legal Proceedings 54
Item 4.	Mine Safety Disclosures 54
<u>PART II</u>	
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities 55
Item 6.	Reserved 56
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations 57
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk 67
Item 8.	Financial Statements and Supplementary Data 71
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 124
Item 9A.	Controls and Procedures 124
Item 9B.	Other Information 126
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections 126
<u>PART III</u>	
Item 10.	Directors, Executive Officers and Corporate Governance 127
Item 11.	Executive Compensation 135
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 162
Item 13.	Certain Relationships and Related Transactions, and Director Independence 164
Item 14.	Principal Accounting Fees and Services 165
<u>PART IV</u>	
Item 15.	Exhibits, Financial Statement Schedules 166
Item 16.	Form 10K Summary 168

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” that involve risks and uncertainties. The Company’s actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “might,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” or variations of these terms and similar expressions, or the negative of these terms or similar expressions intended to identify forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by the Company and its management based on their knowledge and understanding of the business and industry, are inherently uncertain.

Forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled “*Risk Factors*” included under *Part I, Item 1A* below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. The following discussion and analysis should be read in conjunction with and are qualified in their entirety by reference to the discussions included in *Item 1A. Risk Factors, Item 7. Management’s Discussion & Analysis of Financial Condition and Results of Operations*, and elsewhere in this Annual Report on Form 10-K.

In this Annual Report on Form 10-K, unless the context otherwise requires, references to the “Company,” “Cutera,” “we,” “us” and “the Company’s” refers to Cutera, Inc.

PART I

ITEM 1. BUSINESS

In this Annual Report on Form 10-K, “Cutera,” “the Company,” “we,” “us,” and “the Company’s” refer to Cutera, Inc. and its consolidated subsidiaries.

Company Background

Cutera was formed in 1998 as a Delaware corporation and is a global provider of aesthetic and dermatology solutions for medical practitioners worldwide. The Company develops, manufactures, and markets energy-based product platforms for use by medical practitioners, enabling them to offer safe and effective treatments to their customers. The Company currently markets the following key platforms: *AviClear*, *Enlighten SR*, *Enlighten 3*, *excel V/V+*, *excel HR*, *truSculpt ID*, *truFlex*, *Secret RF*, *Secret Pro*, *Secret DUO*, and *Xeo* — each of which enables medical practitioners to perform safe and effective procedures, including treatment for acne, body contouring, skin resurfacing and revitalization, hair and tattoo removal, removal of benign pigmented lesions, and vascular conditions. Several of the Company’s systems offer a variety of applications, enabling practitioners to treat a broad patient demographic. Some of the Company’s devices also offer multiple hand pieces offering customers the flexibility to upgrade their systems. The Company’s ongoing research and development activities primarily focus on developing new products and improving and enhancing the Company’s portfolio of existing products within dermatology and aesthetics. The Company also explores ways to expand the Company’s product offerings through alternative arrangements with other companies, such as distribution arrangements for third party developed products, as well as through mergers, acquisitions and investments. The Company introduced *Secret RF* in January 2018, *enlighten SR* in April 2018, *truSculpt ID* in July 2018, *excel V+* in February 2019 and *truFlex* in June 2019, *Secret PRO* in July 2020, and a product extension of *excel V+* during the fourth quarter of 2020. In 2021, the Company introduced *truFlex+*, a treatment mode that decreased the treatment time from approximately 45 minutes to 15 minutes. In March 2022, the Company received 510(k) clearance from the U.S. Food and Drug Administration for the *AviClear* acne treatment device (“*AviClear*”), the first FDA-cleared energy-based treatment of mild, moderate, and severe acne. The Company introduced *AviClear* commercially in April 2022. In September 2023, the Company introduced *Secret DUO* to further expand the Secret by Cutera portfolio. The Company plans on launching *xeo+* in April 2024.

The Company’s trademarks include: “ACUTIP 500®,” “AVI™,” “AVICLEAR®,” “AVICOOOL®,” “AVIANALYTICS™,” “CUCF®,” “CUTERA®,” “CUTERA UNIVERSITY CLINICAL FORUM®,” “ENLIGHTEN®,” “EXCEL HR®,” “EXCEL V®,” “GENESIS™,” “LASER GENESIS™,” “LIMELIGHT®,” “PICO GENESIS®,” “PICO TONING®,” “PROWAVE 770®,” “SOLERA®,” “TITAN®,” “TRUBODY®,” “TRUSCULPT FLEX®,” “TRUFLEX™,” “TRUSCULPT®,” “TRUSCULPT ID®,” and “XEO®.” The Company’s logo and other Company trade names, trademarks, and service marks appearing in this document are the Company’s property. Other trade names, trademarks, and service marks appearing in this Annual Report on Form 10-K are the property of their respective owners. Solely for convenience, the Company’s trade names, trademarks and service marks referred to in this Annual Report on Form 10-K appear without the ® or TM symbols, but those references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, the Company’s rights, or the right of the applicable licensor to these trade names, trademarks, and service marks.

A description of each of the Company’s devices and a summary of the features of the Company’s primary platforms are as follows:

- **AviClear** - In March 2022, *AviClear* was cleared by the United States (“U.S.”) Food and Drug Administration (“FDA”) for the treatment of mild, moderate, and severe inflammatory acne vulgaris. In June 2023, the FDA expanded the *AviClear* clearance to include the long-term treatment of mild, moderate, and severe inflammatory acne vulgaris. *AviClear* uses a 1726nm laser to significantly eliminate acne in three, 30-minute treatments. *AviClear* treats active acne by suppressing the sebaceous glands. *AviClear* was designed with the *AviCool™* contact cooling technology that allows for a safe and comfortable treatment experience for patients. *AviClear* offers a long-term durable solution for all severities of acne.
- **Secret PRO** – In 2020, the Company expanded its distribution of the *Secret PRO* device. *Secret PRO* features two clinically proven technologies – RF microneedling and fractional CO2 – in one platform. *Secret PRO* utilizes fractional CO2 for skin resurfacing and radio frequency microneedling for skin revitalization. Both technologies provide practitioners the ability to tailor each treatment for a patient’s individual skin concerns. Each modality can be performed separately or within the same treatment session. Each time a RF microneedling procedure is performed, the provider must use a new hand piece tip. The sale of the replacement tip results in recurring revenue.
- **truFlex** – In June 2019, the Company introduced the *truFlex* for the muscle-sculpting market. This product is a bio-electrical muscle stimulation device designed to strengthen, firm and tone the abdomen, buttocks and thighs. The *truFlex* delivers Multi-Direction Stimulation with *truControl*, inducing muscle hypertrophy and hyperplasia. Johari Digital Healthcare Ltd. (the Company’s contract manufacturing organization) received 510(k) clearance from the FDA for muscle conditioning in

2013. It is sold in the USA, Canada, Japan, Australia, certain Asia Pacific markets, and in select markets within the European Union (“EU”) and is expected to be sold to a broader international customer base upon required regulatory approvals. The truFlex includes consumable cycles and gel pads, truGels, that need to be “refilled” after a set number of treatments are performed, resulting in recurring revenue. In 2021, the company introduced truFlex+, a treatment mode that decreased the treatment time from approximately 45 minutes to 15 minutes.

- **excel V/V+** – In February 2019, the Company introduced the excel V+, a new iteration of the excel V vascular platform originally introduced in 2011. excel V+, is a high-performance, vascular and benign pigmented lesion treatment platform explicitly designed for the market of dermatologists and plastic surgeons. The excel V+ has 50% more power than its predecessor and provides a greater range of parameters for faster, more customizable treatments. The excel V and excel V+ are solid-state laser platforms providing a combination of the 532 nanometers (“nm”) green laser with 1064 nm Nd:YAG technology to provide a single, compact and efficient system that treats the entire range of cosmetic vascular and benign pigmented lesion conditions. In Q4 of 2020, the Company introduced a product extension to its excel V+ platform, which included a new, 1 mm Dermastat hand piece and expanded specifications. The new excel V+, expanded treatment capabilities and provided dermatologists and aesthetic providers a higher level of precision and versatility for vascular and pigmented lesions. The excel V+ device includes Cutera’s signature Laser Genesis treatment, and introduced the ‘Green Genesis’ treatment – a micro-pulsed 532 treatment.
- **truSculpt** – In July 2018, the Company introduced a hands-free version of the Company’s truSculpt platform, the truSculpt ID, for the non-surgical body sculpting market. The name of this version of the platform was shortened to truSculpt in 2023. It includes consumable cycles and decals that need to be ordered by the practitioner after a set number of treatments are performed, resulting in recurring revenue. This product is a high-powered radio frequency (“RF”) system designed for circumferential reduction, lipolysis, and deep tissue heating and can treat all skin types. The truSculpt delivers targeted energy at 2 MHz, causing subcutaneous adipose tissue lipolysis. The Company received 510(k) clearance from the FDA for lipolysis of abdominal fat in 2018. Prior truSculpt platforms include the truSculpt 3D, a 2 MHz device for tissue heating and circumferential reduction of fat in the abdomen and flank, and the original truSculpt platform launched in August 2012 and delivered treatments at 1 MHz. In December 2016, the Company received 510(k) clearance from the FDA to market the truSculpt platform for the temporary reduction in circumference of the abdomen. The truSculpt 3D includes a consumable that needs to be “refilled” after a set number of treatments are performed, resulting in recurring revenue.
- **Secret RF** – In January 2018, the Company introduced a new fractional RF microneedling device that delivers heat into the deeper layers of the skin using controlled RF energy via microneedles. The targeted energy revitalizes the tissue, via hemostasis, and coagulation of the tissue, minimizing downtime. Each time a procedure is performed, the physician must use a new hand piece tip. The sale of the replacement tips result in recurring revenue. The Company is the distributor of Secret RF in North America, United Kingdom, and select markets in the EU.
- **Enlighten SR/III** – In December 2014, the Company introduced the enlighten laser platform with a dual wavelength (1064 nm + 532 nm). In December 2016, the Company introduced a three wavelength model (1064 nm + 532 nm + 670 nm), enlighten III. The enlighten system is a dual pulse duration (750 picoseconds, or “ps,” and two nanoseconds, or “ns”) laser system cleared for multi-colored tattoo removal and the treatment of benign pigmented lesions and acne scars. In 2018, the Company introduced an expanded performance enlighten III, and in April 2018, the Company introduced enlighten SR, a lighter version of enlighten with reduced optical performance. Clinical studies were conducted to support an FDA clearance in October 2018 for treatment of acne scars on patients with Fitzpatrick skin types II-V when used with the PICO Genesis FX Micro Lens Array (“MLA”) hand piece attachment.
- **Excel HR** – In June 2014, the Company introduced the excel HR platform, a premium hair removal solution for all skin types, combining the Company’s proven long-pulse 1064 nm Nd:YAG laser and a high-power 755 nm Alexandrite laser with sapphire contact cooling. The platform also has the capability to perform the Laser Genesis treatment.
- **xeo** – In 2003, the Company introduced the xeo platform, which combines intense pulsed light technology with laser applications in a single system. The xeo is a multi-application platform on which a customer can purchase hand piece applications for the removal of unwanted hair, treatment of vascular lesions, and skin revitalization by treating discoloration, fine lines, and laxity.
- **Secret DUO** – In September 2023, the Company expanded the Secret by Cutera portfolio with the addition of Secret DUO. The Secret DUO is comprised of two dual non-ablative fractional technologies, Secret Radio Frequency Microneedling with a 1540 nm erbium glass laser, all in one platform. Each modality can be used individually or in combination to target a variety of aesthetic concerns and skin conditions on all skin types with little to no downtime.

In addition to the above-mentioned primary systems, the Company historically generated revenue from the distribution of skincare products, which are manufactured by ZO Skin Health, Inc. (“ZO”), and were sold in the Japanese market. On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement with ZO, which terminated all agreements related to the distribution by the Company of ZO’s products in Japan.

The Company also generates revenue from the sale of post-warranty services.

The Company offers its customers the ability to select the systems and applications that best fit their practice and subsequently upgrade their systems to add new applications. This upgrade path allows the Company's customers to cost-effectively build their aesthetic practices and provides the Company with a source of incremental revenue.

The Market for Non-Surgical Aesthetic Procedures

The Company believes several factors are contributing to the global growth of aesthetic treatment procedures and aesthetic laser equipment sales, including:

- **Growing Improvement in Economic Environment, Aesthetic Accessibility, and Expanded Practitioner Base** – The last decade has seen an increased demand for aesthetic procedures, which has resulted in an expanding practitioner base to satisfy the demand. Despite worsening recent economic conditions, underlying market feedback continues to support steady patient traffic. An expanding practitioner base paired with digital and mobile advancements has led to a broader range of accessibility options for potential patients.
- **Aging Demographics of Industrialized Countries** – The aging population of industrialized countries, the amount of discretionary income available to the “baby boomer” demographic segment — ages 59 to 77 as of 2023 — and their desire to retain a youthful appearance contribute to the increased demand for aesthetic procedures. With millennials entering their 40's the demand and preference for non-invasive aesthetic treatments are also rising. Millennials who are currently entering their 30's, including those in their 30's, have been earlier adopters of aesthetic treatments in comparison to older generations.
- **Broader Range of Safe and Effective Treatments** – Technical developments and an increase in treatable conditions due to new product introductions, have led to safe, effective, easy-to-use, and low-cost treatments with fewer side effects, resulting in broader adoption of aesthetic procedures by practitioners. In addition, technical advancements enable practitioners to offer a broader range of treatments. These technical developments reduce treatment and recovery times, leading to greater patient demand.
- **Broader Base of Customers** – Managed care and government payor reimbursement restrictions motivate physicians to establish or expand their elective aesthetic practices with procedures paid for directly by patients. As a result, in addition to core practitioners such as dermatologists and plastic surgeons, many other practitioners, such as gynecologists, family practitioners, primary care physicians, physicians performing aesthetic treatments in non-medical offices, and other qualified practitioners (“non-core practitioners”) expanded their practices to offer aesthetic procedures.
- **Wide Acceptance of Aesthetic Procedures and Increased Focus on Body Image and Appearance** – According to the American Society for Dermatologic Surgery seven out of ten consumers were considering a cosmetic procedure in 2023 and the most bothersome cosmetic concerns for consumers were body image and skin texture.

Non-Surgical Aesthetic Procedures for Improving the Body and/or Skin's Appearance and Their Limitations

Many alternative therapies are available for improving a person's appearance by treating specific structures within the skin. These procedures utilize injections or abrasive agents to reach different depths of the dermis and the epidermis. In addition, non-invasive and minimally invasive treatments have been developed that employ laser and other energy-based technologies to achieve similar therapeutic results. Some of these common aesthetic procedures and their limitations are described below.

Acne – Treatments for acne include over-the-counter (“OTC”) and prescription topicals, washes, oral antibiotics, and oral isotretinoin. Acne affects an estimated 50 million Americans according to the American Academy of Dermatology. Previously, lasers have been used to treat acne albeit with varying levels of success. Few treatments have demonstrated a durable response, while new approaches like AviClear, which target the sebaceous gland, offer renewed promise for treating acne at its source.

Non-Invasive Body Contouring – Treatments for non-invasive body sculpting can be done utilizing a variety of technologies, including radio frequency, laser, cooling, and ultrasound. Procedures address the reduction of unwanted fat on the abdomen, flanks, arms, thighs, submentum, and back and can require one or more treatments. Systems with the ability to induce non-invasive lipolysis (breakdown of fat) offer a more permanent solution with an average fat reduction of more than 20%. Common side effects of this approach may include paradoxical hyperplasia with cooling devices, and nodules which typically resolve over time and the risk of burning the treatment area with radiofrequency devices. In June 2019, the Company introduced the *truFlex*, a bio-electrical muscle stimulation device designed to strengthen, firm, and tone the abdomen, buttocks, and thighs. In 2021 the Company introduced *truFlex+*, a treatment mode that decreased the treatment time from approximately 45 minutes to 15 minutes.

Tattoo removal – The most effective way to remove tattoos on the body is to utilize laser systems that deliver very short pulse durations with high peak power in order to break up the ink particles that comprise tattoos.

The global tattoo removal market is projected to reach \$219.0 million by 2026. According to market research, people tend to remove their tattoos due to career choices, social conditions, personal situations, and more, which have been the key drivers for the tattoo removal market. Despite the effectiveness of lasers for tattoo removal, common complaints concerning laser tattoo

removal include a low rate of complete clearance (sometimes no better than 50% after several treatments) as well as the high number of treatments for satisfactory clearance (often 10 or more treatments spaced four to eight weeks apart). However, the latest generation of tattoo removal lasers produce picosecond pulse durations, (a trillionth of a second) and thereby, can meaningfully improve tattoo clearance and reduce the total number of treatments. The Company introduced the *enlighten* system, a dual pulse duration laser system, that was cleared for multi-colored tattoo removal.

Hair Removal – Techniques for hair removal include waxing, depilatories, tweezing, shaving, electrolysis, laser as well as other energy-based hair removal modalities. The only techniques that provide a long-lasting solution are electrolysis, laser, and other energy-based technology such as Intense Pulsed Light (“IPL”). Electrolysis is usually painful, time-consuming and expensive for large areas, but is the most common method for removing light-colored hair. During electrolysis, an electrologist inserts a needle directly into a hair follicle and activates an electric current in the needle. Since electrolysis only treats one hair follicle at a time, the treatment of an area as small as an upper lip may require numerous visits and many hours of treatment. In addition, electrolysis can cause blemishes and infection related to needle use. In comparison, lasers can quickly treat large areas with a high degree of safety and efficacy. In 2003, the Company introduced the *xeo* system platform utilized for hair removal, which combines intense pulse light technology with laser applications in a single system. In 2014, the Company introduced the *excel HR* platform, a premium hair removal solution for all skin types, combining the Company’s proven long-pulse 1064 nm Nd:YAG laser and a high-power 755 nm Alexandrite laser with sapphire contact cooling.

Skin Revitalization – Skin revitalization treatments include a broad range of popular alternatives, including Botox and collagen injections, chemical peels, microdermabrasion, radio frequency treatment and laser and other energy-based treatments. With these treatments, patients hope to improve overall skin tone and texture, reduce pore size, tighten skin and remove other signs of aging, including mottled pigmentation, diffuse redness and wrinkles. All of these procedures are temporary solutions and must be repeated within several weeks or months to sustain their effect, thereby increasing the cost and inconvenience to patients. For example, the body absorbs Botox and collagen, and patients require supplemental injections every three to six months to maintain the benefits of these treatments.

Other skin revitalization treatments, such as chemical peels and microdermabrasion, can have undesirable side effects. Chemical peels use acidic or caustic solutions to peel away the epidermis, and microdermabrasion generally utilizes sand crystals to resurface the skin. These techniques can lead to stinging, redness, irritation and scabbing. In addition, more serious complications, such as changes in skin color, can result from deeper chemical peels.

With many modalities available today for skin revitalization and resurfacing, the Company has developed a range of clinically proven solutions uniquely paired with a patient’s lifestyle and skin concerns, such as *Secret PRO*, which utilizes fractional CO₂ for skin resurfacing and radio frequency microneedling for deep dermal remodeling and *Secret RF*, a novel fractional RF microneedling system for tissue coagulation and hemostasis designed to stimulate and remodel collagen and address the common signs of aging.

RF Microneedling – Also known as collagen induction therapy, microneedling is a minimally invasive revitalization treatment that involves using fine needles to create hundreds of tiny, invisible puncture wounds in the top layer of the skin, which stimulates the body’s natural wound healing processes, resulting in cell turnover and increased collagen and elastin production via hemostasis and tissue coagulation. In January 2018, the Company introduced *Secret RF* product, a RF fractional microneedling system. In 2020, the Company released the *Secret PRO*, which included the dual modality treatment options of RF microneedling and CO₂ laser.

Leg and Facial Veins – Current aesthetic treatment methods for leg and facial veins include sclerotherapy, as well as laser and other energy-based treatments. With these treatments, patients seek to eliminate visible veins, and improve overall skin appearance. Sclerotherapy requires a skilled practitioner to inject a saline or detergent-based solution into the target vein, which breaks down the vessel causing it to collapse and be absorbed into the body. The need to correctly position the needle on the inside of the vein makes it difficult to treat smaller veins, which limits the treatment of facial vessels and small leg veins. In 2019, the Company introduced the *excel V+*, a high-performance, vascular and benign pigmented lesion treatment platform designed specifically for the core-market of dermatologists and plastic surgeons, which treats the entire range of cosmetic vascular and benign pigmented lesion conditions.

Laser and other energy-based non-surgical treatments for hair removal, veins, skin revitalization and body contouring are discussed in the following section.

Laser and Other Energy-Based Aesthetic Treatments

Laser and other energy-based aesthetic treatments can achieve therapeutic results by affecting structures within the skin. The development of safe and effective aesthetic treatments has resulted in a well-established market for these procedures.

Practitioners can use laser and other energy-based technologies to selectively target hair follicles, veins, melanin as well as other chromophores within the epidermis and dermis, without damaging surrounding tissue. Practitioners can also use these technologies to safely remove portions of the epidermis and deliver heat to the dermis as a means of generating new collagen growth. Ablative skin resurfacing improves the appearance of the skin by removing the outer layers of the skin. Ablative skin resurfacing procedures are considered invasive or minimally invasive, depending on how much of the epidermis is removed during a treatment. Non-ablative skin resurfacing improves the appearance of the skin by treating the underlying structure of the skin.

Safe and effective laser and energy-based treatments require an appropriate combination of four parameters:

- **Energy Level** – the amount of light or radio frequency emitted to heat a target;
- **Pulse Duration** – the time interval over which the energy is delivered;
- **Spot Size or Electrode Size** – the diameter of the energy beam, which affects treatment depth and area; and
- **Wavelength or Frequency** – the position in the electromagnetic spectrum which impacts the absorption and the effective depth of the energy delivered.

For example, in the case of hair removal, by utilizing the correct combination of these parameters, a practitioner can use a laser or other light source to selectively target melanin within the hair follicle to absorb the laser energy and destroy the follicle, without damaging other delicate structures in the surrounding tissue.

Technology and Design of the Company's Systems

The Company's *enlighten*, *excel V/V+*, *Secret PRO*, *Secret RF*, *Secret DUO*, *truSculpt*, *truFlex* and *xeo* platforms provide the long-lasting benefits of laser and other energy-based aesthetic treatments. The Company's technology allows for a wide variety of applications in a single system. Key features of the Company's solutions include:

- **Multiple Applications Available in a Single System** – Many of the Company's platforms feature multiple-applications that enable practitioners to perform a variety of aesthetic procedures using a single device. These procedures include hair removal, vascular treatments and skin revitalization, which address discoloration, fine lines, and uneven texture. Because practitioners can use the Company's systems for multiple indications, the investment in a unit is spread across a greater number of patients and procedures, and the acquisition cost may be more rapidly recovered.
- **Technology and Design Leadership** – The Company's innovative laser technology combines multiple wavelengths, adjustable energy levels, variable spot sizes and a wide range of pulse durations, allowing practitioners to customize treatments for each patient and condition. The Company's proprietary pulsed light hand pieces for the treatment of discoloration, hair removal and vascular treatments optimize the wavelength used for treatments and incorporate a monitoring system to increase safety. The Company's *Titan* hand piece utilizes a novel light source not previously used for aesthetic treatments. The Company's *Pearl* and *Pearl Fractional* hand pieces, with proprietary YSGG technology, represent the first application of the 2790 nm wavelength for minimally invasive cosmetic dermatology.
- **Upgradeable Platform** – The Company's *xeo*, *excel V* and *truFlex* products allow the Company's customers to upgrade their system to the Company's newest technologies or add new applications to their system, each of which provide the Company with a source of incremental revenue. The Company believes that product upgradeability allows customers to take advantage of the Company's latest product offerings and provide additional treatment options to their patients, thereby expanding the opportunities for their aesthetic practices.
- **Treatments for Broad Range of Skin Types and Conditions** – For hair removal, the Company's products are safe and effective on patients of all skin types, including harder-to-treat patients with dark or tanned skin. In addition, the wide parameter range of the Company's systems allows practitioners to effectively treat patients with both fine and coarse hair. Practitioners may use the Company's products to treat spider veins on the leg; to treat facial veins; and perform skin revitalization procedures for discoloration, texture, fine lines and wrinkles on any type of skin. The ability to customize treatment parameters based on skin type enables practitioners to offer safe and effective therapies to a broad base of their patients.
- **Ease of Use** – The Company designs its products to be easy to use. The Company's proprietary hand pieces are lightweight and ergonomic, minimize user fatigue, and facilitate clear views of the treatment area, reducing the possibility of unintended damage and increasing the speed of application. The Company's control console contains an intuitive user interface with

simple, independently adjustable controls from which to select a wide range of treatment parameters to suit each patient's profile. For instance, the clinical navigation user interface on the *xeo* platform provides recommended clinical treatment parameter ranges based on patient criteria entered. The Company's *Pearl* and *Pearl Fractional* hand pieces include a scanner with multiple scan patterns to allow simple and fast treatments of the face. Finally, the Company's *truSculpt* embodies the best of many of the above features. Unlike other body sculpting treatments on the market that require certain body types, or pinchable fat, *truSculpt* is "body agnostic" with the ability to customize treatments to the patient's needs and body type. In addition, the Company's proprietary algorithms and navigation enable the practitioner to treat a 300cm² area in only 15 minutes.

Business Strategy

The Company's new vision is to be the premier provider of medical aesthetic technologies. The Company's mission is to improve lives through medical aesthetic technologies that are driven by science and powered through partnerships. To achieve these goals, the Company plans on executing a strategic plan encompassing the following opportunities:

- **Operational Excellence** – The Company experienced product reliability, parts, and inventory challenges in 2023 that affected its ability to meet expectations. The Company made leadership changes in 2023 and plans to return to historical standards for product reliability and service by mid-2024 and exceed those standards by the end of 2024.
- **Launch of AviClear across all geographies** – AviClear, is the first FDA-cleared energy-based device for the long-term treatment of mild, moderate, and severe acne. In the United States, there are an estimated 50 million acne sufferers and AviClear offers a novel approach from traditional prescription topical and systemic treatments. AviClear was launched in North America in 2022, on a lease model with a pay-per-patient fee charged to the medical provider. While this low barrier to entry model allowed quick uptake of over 1,200 devices to hit the market, it came at the expense of significant working capital. In addition, key customers, aesthetic dermatologists, have articulated a desire for a traditional ownership model. The Company paused new leases of AviClear in August 2023 to revamp its business model, establish a global go-to-market strategy, and enhance product reliability. AviClear was relaunched in the United States in November 2023 with a direct sales model and will execute a limited commercial release in early 2024 internationally, with a new capital and consumable model that mirrors other leading dermatologic franchises. This ensures alignment to customer preferences while minimizing cash burn and overall business complexity for Cutera. These changes are designed to allow AviClear to fully capitalize on the excitement in the marketplace.
- **Profitable growth of the Company's core business** – The Company's robust portfolio and engineering prowess is one of its greatest strengths. Cutera sells and markets leading technologies across several main franchises such as enlighten, excel V+, excel HR, xeo, truBody, and Secret by Cutera. Cutera technologies treat many dermatological concerns on the face and body. A key strategic imperative in the future is to extract better margins, driving profitable growth of this core business. The Company believes that AviClear can act as a "hero product" and be a gateway for a patient or practice to begin a journey that best supports their lifetime journey of healthy skin utilizing Cutera devices.

Products

The Company's *enlighten*, *excel*, *AviClear*, *Secret*, *truSculpt*, and *xeo* platforms allow for the delivery of laser light and/or RF energy for aesthetic applications from a single system. With the Company's *xeo* platform, practitioners can purchase customized systems with a variety of the Company's multi-technology applications. Each of the Company's products consists of a control console and one or more hand pieces, depending on the model.

The following table lists the Company's currently offered products. Each checked box represents the applications included in the product in the years noted.

Applications:			Skin Revitalization							Noninvasive Body Contouring*	
System Platforms	Products	Year	Energy Source	Hair Removal	Vascular Lesions	BPL's Dyschromia & Melasma	Texture, Lines and Wrinkles	Acne Scars	Tattoo Removal	Lipolysis*	Active Acne
xeo	Nd:YAG	2003	(a)	x	x		x				
	ProWave 770	2005	(b)	x							
	AcuTip 500	2005	(b)		x						
	Titan XL	2006	(c)								
	Limelight	2006	(b)		x	x					
	Pearl	2007	(d)			x	x				
	Pearl Fractional	2008	(d)			x	x	x			
	ProWave LX	2013	(b)	x							
excel V		2011	(e)	x	x	x	x				x
truSculpt		2012	(f)							x	
excel HR		2014	(g)	x	x	x					x
enlighten(dual wavelength)		2014	(h)			x			x		
enlighten III (MLA)		2016	(i)			x	x	x	x		
Secret RF		2018	(j)				x**	x**			
truSculpt		2018	(f)							x*	
truFlex		2019	(f)							x*	
excel V+		2019	(e)	x	x	x	x				
Secret PRO		2020	(k)				x**	x**			
Secret DUO		2023	(l)				x**	x**			
AviClear		2022	(m)					x			x

Energy Sources:

- (a) 1064 nm Nd:YAG laser;
- (b) Visible and near-infrared Intense Pulsed Light;
- (c) Infrared Intense Pulsed Light;
- (d) 2790 nm Er:YSGG laser;
- (e) Combined frequency-doubled 532 nm and 1064 nm Nd:YAG laser;
- (f) Radio frequency at 1 & 2 MHz – mono-polar
- (g) Combined 755 nm Alexandrite laser and 1064 nm Nd:YAG laser;
- (h) Dual wavelength 532 nm and 1064 nm Nd:YAG picosecond laser;
- (i) Three wavelength 532 nm, 670 nm, and 1064 nm Nd:YAG picosecond laser;
- (j) Radio frequency at 2 MHz mono-polar;
- (k) Radio frequency at 2 MHz Bi-polar and CO2 laser;
- (l) Radio frequency at 2 MHz Bi-polar and 1540 nm laser; and
- (m) 1726nm wavelength

* The Company's CE Mark allows it to market truSculpt in the European Union, Australia and certain other countries outside the U.S. for fat reduction, body shaping and body contouring. In the U.S. the Company has 510(k) clearance for the reduction in circumference of the abdomen, non-invasive lipolysis (breakdown of fat) of the abdomen and elevating tissue temperature for the treatment of selected medical conditions such as relief of pain, muscle spasms, increase in local circulation, and the temporary improvement in the appearance of cellulite.

** Via Hemostasis and Coagulation

Upgrades

The Company's xeo, and truFlex products, are designed to allow customers to cost-effectively upgrade to the Company's newest technologies or add applications to their system, each of which provides the Company with a source of additional revenue.

Extended Contract Services and Support

The Company offers post-warranty services to its customers through extended service contracts that cover parts and labor for terms of one to four years. The Company also offers support service on a time-and-materials basis for systems and detachable

hand piece replacements. Revenue related to services performed on a time-and-materials basis is recognized when performed. These post-warranty services serve as additional sources of recurring revenue from the Company's installed product base.

The Company's products are engineered to enable quick and efficient service and support. There are several separate components of the Company's products, each of which can be removed and replaced. The Company believes that quick and effective delivery of service is important to its customers. As of December 31, 2023, the Company had 56 Field Service employees.

In countries where the Company is represented by distribution partners, customers are serviced through the distributor. Distributors are generally provided warranty coverage for parts only, with labor customarily provided to the end customer by the distributor. The Company's *Titan*, *truSculpt 3D*, *truSculpt*, and *truFlex* hand pieces generally include a warranty for a set number of shots or cycles, rather than for a period of time.

Training

Sales of systems to customers, except system sales through distributors, include training on the use of the system to be provided within 90 days of purchase. Additional training is available to customers and separately on www.mycutera.com. The Company recognizes revenue for training once the training has been provided.

Consumables (Other accessories)

The Company treats its customers' purchases of replacement cycles for *truSculpt* and *truFlex*, as well as replacement *Titan* and *truSculpt 3D* hand pieces, as consumable revenue. The Company's *AviClear* treatment fee revenue is also recorded as consumable revenue. Consumables provide the Company with a source of recurring revenue from existing customers. The *Secret RF* and *Secret PRO* products have single use disposable tips, which must be replaced after every treatment. Sales of these consumable tips further enhance the Company's recurring revenue.

Applications and Procedures

The Company's products are designed to allow the practitioner to select an appropriate combination of energy level, spot size and pulse duration for each treatment. The ability to manipulate the combinations of these parameters allows the Company's customers to treat the broadest range of conditions available with a single energy-based system.

Non-Invasive Body Contouring – The Company's *truSculpt* technology allows practitioners to apply a hand piece directly to the skin and deliver high-powered RF energy that results in the deep and uniform heating of the subcutaneous fat tissue at sustained therapeutic temperatures. This heating can cause selective destruction of fat cells, which are eliminated from the treatment area through the body's natural wound healing processes. The treatment takes approximately 15 minutes and two or more treatments may be required to obtain the desired aesthetic results. The Company's CE Mark allows the Company to market *truSculpt* in the EU, Australia and certain other countries outside the U.S. for fat reduction, body shaping, body contouring and circumferential reduction. In the U.S., *truSculpt* has 510(k) clearance for topical heating for the purpose of elevating tissue temperature for the treatment of selected medical conditions, such as relief of pain and muscle spasms and increase in local circulation. Additionally, the 2 MHz setting for the 40 cm² hand piece is indicated for reduction in circumference of the abdomen and non-invasive lipolysis (breakdown of fat) of the abdomen. The *truSculpt* massage device is intended to provide a temporary reduction in the appearance of cellulite.

Tattoo Removal – The Company's *enlighten* systems, delivering picosecond or dual picosecond and nanosecond pulse durations are used for tattoo removal, the treatment of benign pigmented lesions, and a laser skin toning procedure that the Company refers to as *PICO Genesis*.

Hair Removal – The Company has two platforms, *excel HR* and *xeo*, which address hair removal for all skin types as well as hair thicknesses. The Company's *xeo* platform allows practitioners to select between the 1064 nm mode for darker, course hair, and the *ProWave LX* hand piece designed to address finer, vellus hair. Contact cooling is present on both hand pieces for epidermal protection. *excel HR* employs both a 1064 nm Nd:YAG as well as a 755 nm Alexandrite for hair removal. Like the *xeo*, the 1064 nm wavelength addresses darker, course hair while the 755 nm wavelength is used for finer, lighter hair. Both wavelengths are transmitted through the same *CoolView* hand piece with spot sizes up to 18 mm for the 755 nm wavelength and up to 16 mm for the 1064 nm wavelength. The *CoolView* hand piece employs sapphire as a means of contact cooling – epidermal protection. Both platforms are cleared for treating all skin types.

Vascular Lesions – Both the Company's *xeo* as well as *excel V* and *excel V+* platforms are capable of treating a wide range of aesthetic vein conditions, including spider and reticular veins, and small facial veins. *xeo* employs the *LimeLight* hand piece for addressing small veins as well as vascular lesions while the Nd:YAG is appropriate for deeper, larger vessels. *LimeLight* is a

fixed spot size IPL while the Nd:YAG has adjustable spot sizes up to 10mm. The *excel V* and *excel V+* devices are a dual wavelength laser – 1064 nm and 532 nm – with adjustable spot sizes ranging from 2 mm to 12 mm for *excel V* and 1 mm - 16 mm for the *excel V+*. The 532 nm and 1064 wavelength can be used to treat over 20 conditions ranging from small veins and vessels to a variety of vascular lesions. For both of these devices, patients receive on average between one and six treatments, with six weeks or longer between treatments.

Skin Revitalization – The Company's *xeo*, *excel V*, *excel HR* and *enlighten* platforms, utilizing an Nd:YAG laser, allow the Company's customers to perform non-invasive and minimally-invasive treatments that reduce redness, dyschromia, fine lines, improve skin texture, and treat other aesthetic conditions. When using a 1064 nm Nd:YAG laser to improve skin texture and treat fine lines, cooling is not applied and the hand piece is held directly above the skin. A large number of pulses are directed at the treatment site, repeatedly covering an area, such as the cheek. By delivering many pulses of laser light to a treatment area, a gentle heating of the dermis occurs and collagen growth is stimulated to rejuvenate the skin and reduce wrinkles. Patients typically receive four to six treatments for this procedure. The treatment typically takes less than a half hour with a spacing of two to four weeks between treatments. Skin revitalization was expanded with introduction of 'green genesis', a micro-pulsed 532 nm treatment on the *excelV+*.

Texture, Lines and Wrinkles – The *xeo* platform can address fine lines and wrinkles using the *Pearl* and *Pearl Fractional* hand pieces. When treating fine lines, texture and wrinkles with a *Pearl* hand piece, the hand piece is held at a controlled distance from the skin and the scanner delivers a preset pattern of spots to the treatment area. Cooling is not applied to the epidermis during the treatment. The energy delivered by the hand piece ablates a portion of the epidermis while leaving a coagulated portion that will gently peel off over the course of a few days. Heat is also delivered into the dermis, which can result in the production of new collagen. Treatment of the full face can usually be performed in approximately 15 to 30 minutes. Patients receive on average between one and three treatments at monthly intervals.

The Company's *Secret RF* and *Secret PRO* platforms feature Radio Frequency microneedling device that employs fractionated RF energy (2 MHz) delivered at different pre-programmed depths in the dermis to produce new collagen. The *Secret devices* come with four treatment tips: a 25-pin tip, both insulated and semi-insulated, and a semi-insulated 64-pin tip. The treatment has minimal side effects, negligible downtime and results in improved skin tone and texture as well as improvement in acne scars. Additionally, *Secret PRO* and *Secret DUO* offer laser therapies, where *Secret PRO* employs a CO₂ laser for ablative fractional treatments and *Secret DUO* offers a 1540 nm laser for non-ablative fractional treatments.

Dyschromia – The Company's pulsed-light technologies allow the Company's customers to safely and effectively treat red and brown dyschromia (skin discoloration), benign pigmented lesions, and rosacea. The practitioner delivers a narrow spectrum of light to the surface of the skin through the Company's *LimeLight* hand pieces. These hand pieces include one of the Company's proprietary wavelength filters, which reduce the energy level required for therapeutic effect and minimize the risk of skin injury.

The 532 nm wavelength green laser option of the *excel V* and *enlighten* systems, as well as the 755 nm infrared wavelength of the *excel HR*, can be used to treat benign pigmented lesions in substantially the same way.

In treating benign pigmented lesions, the hand piece is placed directly on the skin and then the pulse is triggered. The cells forming the pigmented lesion absorb the light energy, darken and then flake off over the course of two to three weeks. Several treatments may be required to completely remove the lesion. The treatment takes a few minutes per area treated and there are typically three to four weeks between treatments.

Practitioners can also treat dyschromia and other skin conditions with the Company's *Pearl* hand piece. During these treatments, the heat delivered by the *Pearl* hand piece will remove the outer layer of the epidermis while coagulating a portion of the epidermis. That coagulated portion will gently peel off over the course of a few days, revealing a new layer of skin underneath. Treatment of the full face can usually be performed in 15 to 30 minutes. Patients receive on average between one and three treatments at monthly intervals.

Skin Quality – The Company's *Titan* technology allows the Company's customers to use deep dermal heating to tighten lax skin. The practitioner delivers a spectrum of light to the skin through the Company's *Titan* hand piece. This hand piece includes the Company's proprietary light source and wavelength filter which tailors the delivered spectrum of light to provide heating at the desired depth in the skin.

In treating compromised skin, the hand piece is placed directly on the skin and then the light pulse is triggered. A sustained pulse causes significant heating in the dermis. This heating can cause immediate collagen contraction while also stimulating long-term collagen regrowth. Several treatments may be required to obtain the desired degree of tightening of the skin. The treatment of a full face can take over an hour and there are typically four weeks between treatments.

The Company's CE Mark allows the Company to market the *Titan* in the EU, Australia and certain other countries outside the U.S. for the treatment of wrinkles through skin tightening. However, in the U.S. the Company has a 510(k) clearance only for deep dermal heating.

Acne – The Company's acne solution, AviClear, is a prescription-free, drug-free laser treatment that is safe for all skin types and tones and FDA-cleared for the long-term treatment of mild to severe acne. The device can provide lasting clearance without significant side effects in three 30-minute treatment sessions. Acne forms when sebum, the oily substance on skin, combines with dead skin cells and clogs pores. The Company's treatment uses a 100-watt laser device with a 1726 nm wavelength to treat acne at the source by selectively targeting and damaging the sebaceous glands. Research has indicated that at 1726 nm, pure sebum absorbs twice as much energy as compared to water. AviClear selectively targets this exact frequency to damage the sebocytes and decrease sebum production. Additionally, AviClear is equipped with the *AviCool™* sapphire skin cooling and smart sensory controls that cool the skin's temperature during treatment for a more comfortable and safe experience. After an AviClear treatment, patients can resume activities immediately. In addition, patients will produce less oil, helping improve the acne, and experience shorter breakouts with fewer and less intense flare-ups. Acne clearance results are expected to continue to improve over time, demonstrating the long-term efficacy of this treatment.

Sales and Marketing

The Company markets, sells, and services the Company's products through direct sales and service employees in North America, Australia, New Zealand, Austria, France, Germany, Hong Kong, Japan, Switzerland, the United Kingdom and Ireland. International sales and services outside of these direct markets are made through a network of distributors in over 37 countries, as well as a direct international sales force. The Company internally manages its U.S. and Canadian sales organization as one North American sales region.

The Company also sells certain items like hand piece refills, cycle refills, consumable tips, and marketing brochures through the Company's web site www.mycutera.com.

Customers generally demand quality, performance, ease of use and high productivity in relation to the cost of ownership. The Company responds to these customer demands by introducing new products focused on these requirements in the markets it serves. Specifically, the Company believes it introduces new products and applications that are innovative, address the specific aesthetic procedures in demand, and are upgradeable on its customers' existing systems. In addition, the Company provides attractive upgrade pricing to new product families. To increase market penetration, the Company also markets to non-core practitioners in addition to the Company's core specialties of plastic surgeons and dermatologists.

The Company seeks to establish strong ongoing relationships with its customers through the ability to upgrade select products, sales of extended service contracts, hand piece refills and replacement disposable tips, ongoing training and support, and by distributing skincare products in Japan. The Company primarily targets its marketing efforts to practitioners through office visits, workshops, trade shows, webinars, trade journals, public relations and media placements. The Company also markets to potential patients through brochures, workshops, advertising, and its website. In addition, the Company offers clinical forums with recognized expert panelists to promote advanced treatment techniques using the Company's products to further enhance customer loyalty and uncover new sales opportunities.

Competition

The industry in which the Company operates is subject to intense competition. The Company's products compete against conventional non-energy-based treatments, such as electrolysis, Botox and collagen injections, chemical peels, microdermabrasion and sclerotherapy. The products also compete against laser and other energy-based products offered by other public companies, such as Abbvie (acquired Allergan and its division Zeltiq), Bausch Health (formerly Valeant Pharmaceuticals), InMode and Lutronic, as well as private companies, including Sisram (the parent company of Alma Lasers), Candela (formerly Syneron Candela, acquired in 2017 by an affiliate of private equity funds advised by Apax Partners), Sciton, BTL Industries, Accure Acne and several others. In late 2019, Clayton, Dubilier & Rice entered into an agreement under which its managed funds acquired Cynosure, LLC, a leader in medical aesthetics systems and technologies, from Hologic, Inc. Cynosure develops, manufactures, and markets medical aesthetic treatment systems for dermatologists, plastic surgeons, medical spas and other healthcare practitioners, with sales and distribution worldwide. In early 2020, the affiliated private equity funds of Baring Private Equity Asia completed the acquisition of Lumenis, a provider of specialty energy-based medical devices across the fields of aesthetics, urology, ophthalmology, ENT and gynecology, with an international presence. The Company also competes against NA-based distribution companies, including Cartessa Aesthetics, Reveal Lasers, and Aesthetic Management Partners (AMP).

Competition among providers of laser and other energy-based devices for the aesthetic market is characterized by extensive research and development efforts, and innovative technology. While the Company attempts to protect its products through

patents and other intellectual property rights, there are few barriers to entry that would prevent new entrants or existing competitors from developing products that would compete directly with the Company. There are many companies, both public and private, that are developing devices that use both energy-based and alternative technologies. Some of these competitors have greater resources than the Company does or product applications for certain sub-markets in which the Company does not participate. Additional competitors may enter the market, and the Company is likely to compete with new companies in the future. To compete effectively, the Company must demonstrate that the Company's products are attractive alternatives to other devices and treatments by differentiating the Company's products on the basis of performance, brand name, service, price and physician return on investment. The Company has encountered, and expects to continue to encounter, potential customers who, due to existing relationships with the Company's competitors, are committed to, or prefer, the products offered by these competitors. Competitive pressures may result in price reductions and reduced margins for the Company's products.

Research and Development

The Company focuses its research and development efforts on innovation and improvement of products and services that align with its mission. The Company consistently strives to understand its customers' expectations for total excellence. The Company accomplishes this through its commitment to continuous improvement in design, manufacturing, and service, which the Company believes provides for superior products and services to ensure on going customer satisfaction, trust and loyalty. The Company seeks to comply with all applicable domestic and international regulations to maintain the highest quality.

The Company's research and development activities are conducted by employees with a broad base of experience in lasers, optoelectronics, software, and other related disciplines. The Company develops working relationships with outside contract engineering and design consultants, giving the Company's team additional technical and creative breadth. The Company works closely with thought leaders and customers, to understand unmet needs and emerging applications in aesthetic medicine.

Acquisitions, Investments, and Distribution Agreements

The Company's strategy of providing a broad range of therapeutic capabilities requires a wide variety of technologies, products, and capabilities. The rapid pace of technological development in the aesthetic device industry and the specialized expertise required in different areas make it challenging for the Company to develop a broad portfolio of technological solutions. In addition to internally generated growth through research and development efforts, the Company has considered, and expects to continue to consider, acquisitions, investments, and distribution agreements to provide access to new products and technologies in both new and existing markets.

The Company expects to further the Company's strategic objectives and strengthen its existing businesses by making future acquisitions and investments, or by entering into new distribution agreements in areas that the Company believes it can acquire or stimulate the development of new technologies and products. Mergers and acquisitions of medical technology companies, as well as distribution relationships, are inherently risky and no assurance can be given that any acquisition will be successful or will not materially adversely affect the Company's consolidated operations, financial condition and cash flows.

Manufacturing

The Company manufactures its products with components and subassemblies supplied by vendors and assembles and tests each of its products at the Brisbane, California facility, and at third-party contract manufacturers' facilities. Quality control, cost reduction and inventory management are top priorities of the manufacturing operations.

The Company purchases certain components, subassemblies, and assembled systems from a limited number of suppliers. All Secret RF systems are manufactured by Ilooda Co. Ltd, who also manages all related regulatory activities. The Company has flexibility with its suppliers to adjust the number of components and subassemblies as well as the delivery schedules. The forecasts are based on historical demands and sales projections. Lead times for components and subassemblies may vary significantly depending on the size of the order, time required to fabricate and test the components or subassemblies, specific supplier requirements and current market demand for the components and subassemblies. The potential for disruption of supply is reduced by maintaining sufficient inventories and identifying additional suppliers. The time required to qualify new suppliers for some components, or to redesign them, could cause delays in the Company's manufacturing.

Patents and Proprietary Technology

The Company relies on a combination of patent, copyright, trademark and trade secret laws, and non-disclosure, confidentiality, and invention assignment agreements to protect the Company's intellectual property rights. As of January 19, 2024, the Company had 30 issued and unexpired U.S. patents, 9 pending U.S. patent applications, and 14 pending international applications under the Patent Cooperation Treaty ("PCT") or other national or regional patent offices. The Company intends to file for additional patents and trademarks to continue to strengthen the Company's intellectual property rights. Patents typically

have a 20-year term from the application filing date. There can be no assurance that pending patent applications will result in the issuance of patents, that patents issued to or licensed by the Company will not be challenged or circumvented by competitors, or that these patents will be found to be valid or sufficiently broad to protect the Company's technology or to provide the Company with a competitive advantage. The Company has also obtained certain trademarks and trade names for the Company's products and maintain certain details about the Company's processes, products, and strategies as trade secrets. In the U.S. and several foreign countries, the Company registers its Company name and certain of its product names as trademarks, including *Cutera*, *AV1360*, *AviCare*, *AviClear*, *AviCool*, *AcuTip 500*, *CoolGlide*, *CUCF*, *Cutera University Clinical Forum*, *Enlighten*, *Excel HR*, *Excel V*, *Genesis*, *Laser Genesis*, *LimeLight*, *myQ*, *Pearl*, *PICO Genesis*, *ProWave 770*, *Solera*, *Titan*, *truBody*, *truSculpt*, *truSculpt iD*, *truSculpt Flex*, *Vantage*, and *xeo*. The Company may have common law rights in other product names, including *excel V+*, and *truFlex*.

The Company relies on non-disclosure and non-competition agreements with employees, technical consultants, and other parties to protect, in part, trade secrets and other proprietary technology. The Company also requires them to agree to disclose and assign to the Company all inventions conceived in connection with the relationship. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach, that others will not independently develop equivalent proprietary information or that third parties will not otherwise gain access to the Company's trade secrets and proprietary knowledge.

For additional information, please refer to Item 1A. Risk Factors of this Annual Report on Form 10-K, under the section entitled "Risk Factors - Intellectual property rights may not provide adequate protection for some or all of the Company's products, which may permit third parties to compete against the Company more effectively, and the Company may be involved in future costly intellectual property litigation, which could impact the Company's future business and financial performance."

Government Regulation

United States

The Company's products are medical devices subject to regulation by numerous government agencies, including the FDA and counterpart agencies outside the United States. To varying degrees, each of these agencies requires the Company to comply with laws and regulations governing the research, development, testing, manufacturing, labeling, pre-market clearance or approval, marketing, distribution, advertising, promotion, record keeping, reporting, tracking, and importing and exporting of medical devices. In the United States, FDA regulations govern the following activities, which the Company performs and will continue to perform to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses:

- product design and development;
- product testing;
- product manufacturing;
- product safety;
- product labeling;
- product storage;
- record keeping;
- pre-market clearance or approval;
- advertising and promotion;
- production;
- product sales and distribution; and
- complaint handling.

FDA's Pre-market Clearance Requirements

Unless an exemption applies, each medical device the Company wishes to commercially distribute in the United States will require either prior 510(k) clearance or de novo approval from the FDA. The FDA classifies medical devices into one of three classes. Devices deemed to pose lower risks are placed in either Class I or II. For Class II, the manufacturer must submit to the FDA a pre-market notification requesting permission to commercially distribute the device. This process is known as 510(k) clearance. Some low risk devices are exempted from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously cleared 510(k) device, are placed in Class III, requiring more rigorous pre-market approval. All of the Company's current products are Class II devices.

510(k) Clearance Pathway

When 510(k) clearance is required, the Company must submit a pre-market notification demonstrating that the Company's proposed device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution before May 28, 1976, for which the FDA has not yet called for the submission of Pre-Market Approval ("PMA") applications. By regulation, the FDA is required to clear or deny 510(k) pre-market notification within 90 days of submission of the application. As a practical matter, clearance may take significantly longer, as FDA may require additional information. Laser devices used for aesthetic procedures, such as hair removal, have generally qualified for clearance under 510(k) procedures.

The following table details the indications for which the Company received 510(k) clearances and when these clearances were received.

FDA Marketing Clearances:	Date Received:
Laser-based products:	
- treatment of vascular lesions	June 1999
- hair removal	March 2000
- permanent hair reduction	January 2001
- treatment of benign pigmented lesions and pseudo folliculitis barbae, commonly referred to as razor bumps, and for the reduction of red pigmentation in scars	June 2002
- treatment of wrinkles	October 2002
- treatment to increase clear nail in patients with onychomycosis	April 2011
- expanded spot size to 5 mm for clear nail in patients with onychomycosis	May 2013
- addition of Alexandrite 755 nm laser wavelength for hair removal, permanent hair reduction, treatment of vascular and benign pigmented lesions, and treatment of wrinkles	December 2013
- addition of treatment of mild to moderate inflammatory acne vulgaris	March 2016
- enlighten picosecond and nanosecond 532/1064 nm for the treatment of benign pigmented lesions	August 2014
- enlighten picosecond and nanosecond 532/1064 nm for multi-colored tattoo removal	November 2014
- enlighten III picosecond and nanosecond 532/1064 nm for multi-colored tattoo removal and treatment of benign pigmented lesions and picosecond 670 nm for benign pigmented lesions	October 2016
- enlighten III higher performance specifications for 532/1064 nm; addition of nanosecond mode for 670nm	April 2016
- enlighten III addition of tattoo removal for lighter colored inks (green and blue) for 670 nm	October 2017
- enlighten Micro Lens Array (MLA) for treatment of acne scars	December 2018
- AviClear for treatment of mild to severe inflammatory acne vulgaris	March 2022
- AviClear for long-term treatment of mild to severe inflammatory acne vulgaris	June 2023
Pulsed-light technologies:	
- treatment of pigmented lesions	March 2003
- hair removal and vascular treatments	March 2005
Infrared Titan technology for deep dermal heating for the temporary relief of minor muscle and joint pain and for the temporary increase in local circulation where applied	February 2004
Solera tabletop console:	
- for use with the Titan hand piece	October 2004
- for use with the Company's pulsed-light hand pieces	January 2005
Pearl product for the treatment of wrinkles	March 2007
Pearl Fractional product for skin resurfacing and coagulation	August 2008
truSculpt radio frequency product:	
- topical heating to elevate tissue temperature for the treatment of selected medical conditions such as relief of pain and muscle spasms and increase in local circulation; massage device for temporary reduction in the appearance of cellulite	April 2008
- temporary reduction in circumference of the abdomen	December 2016
- reduction in circumference of the abdomen	August 2017
- non-invasive lipolysis of the abdomen and for reduction in circumference of the abdomen	June 2018

Product Modifications

Pursuant to FDA regulations, after a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, labeling, or biocompatibility, requires a new clearance. The FDA requires manufacturers to make this determination initially, but the FDA can review any such decision and may disagree with a manufacturer's determination. To date, the Company has modified aspects of its products after receiving regulatory clearance and determined that new 510(k) clearances are not required for these modifications. If the FDA disagrees with the Company's determination not to seek a new 510(k) clearance, the FDA may retroactively require the Company to seek 510(k) clearance.

Clinical Trials

When FDA approval of a Class II device requires human clinical trials, only approval from the Institutional Review Board ("IRB") is required to proceed with the planned and IRB approved clinical trial/study.

Quality Requirements

The Company is required to manufacture the Company's products in compliance with the FDA's Quality System Regulation ("QSR") and the international quality management standard for medical systems ISO 13485:2016. The QSR and ISO 13485 cover the methods and documentation of the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of the Company's products. Since 2017, the Company has been enrolled in the Medical Device Single Audit Program ("MDSAP"). The MDSAP allows a single audit of a medical device manufacturer's Quality Management System ("QMS"), which satisfies the requirements of five regulatory jurisdictions (FDA - US, Health Canada - Canada, Therapeutic Goods Administration ("TGA") - Australia, Pharmaceuticals and Medical Devices Agency ("PMDA") - Japan, and Agência Nacional de Vigilância Sanitária ("ANVISA") - Brazil); and for the EU under Europäische Norm ("EN") International Standards Organization ("ISO") 13485:2016 and Medical Device Directive (MDD)/EU Medical Device Regulation ("MDR").

MDSAP re-certification occurs every three years with a surveillance audit taking place annually. Major findings during these audits or an increase in field reportable events could trigger regulatory enforcement action including by the FDA. The Company's manufacturing facility is ISO 13485 certified. The Company had a successful MDSAP re-certification audit in January 2024. There were no significant findings or observations as a result of this audit. However, the Company's failure to maintain compliance with the QSR requirements could result in the shutdown of the Company's manufacturing operations and the recall of the Company's products, which would have a material adverse effect on the Company's business. In the event that one of the Company's suppliers fails to maintain compliance with specified quality requirements, the Company may have to qualify a new supplier and could experience manufacturing delays as a result. The Company has opted to maintain quality assurance and quality management certifications to enable the Company to market the Company's products in the five MDSAP regulatory jurisdictions, as well as the member states of the EU, the European Free Trade Association, and countries that have entered into Mutual Recognition Agreements with the EU.

Pervasive and Continuing Regulation

After a device is placed on the market, numerous regulatory requirements apply. These include:

- Quality system regulations, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- Labeling regulations and FDA prohibitions against the promotion of products for un-cleared, unapproved, or "off-label" uses;
- Medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to reoccur; and
- Post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

The FDA has broad post-market and regulatory enforcement powers. The Company is subject to unannounced inspections by the FDA and the Food and Drug Branch of the California Department of Health Services (CDHS), to determine the Company's compliance with the QSR and other applicable regulations, which may include the manufacturing facilities of the Company's subcontractors. In the past, the Company's current manufacturing facility has been inspected by the FDA and the CDHS. The FDA and the CDHS noted observations, but there were no findings that involved a material violation of regulatory requirements. The Company's responses to those observations have been accepted by the FDA and CDHS.

The Company is also regulated under the Radiation Control for Health and Safety Act, which requires laser products to comply with performance standards, including design and operation requirements, and manufacturers to certify in product labeling and in reports to the FDA that their products comply with all such standards. The regulations also require laser manufacturers to file new product and annual reports; maintain manufacturing, testing, and sales records; and report product defects. Various warning labels must be affixed and certain protective devices installed, depending on the class of the product.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- Warning letters, fines, injunctions, consent decrees, and civil penalties;
- Repair, replacement, recall, or seizure of the Company's products;
- Operating restrictions or partial suspension or total shutdown of production;
- Refusing the Company's requests for 510(k) clearance of new products, new intended uses, or modifications to existing products;
- Withdrawing 510(k) clearance that have already been granted; and
- Criminal prosecution and penalties.

The FDA also has the authority to require the Company to repair, replace, or refund the cost of any medical device that it has manufactured or distributed. If any of these events were to occur, they could have a material adverse effect on the Company's business.

The Company is also subject to a wide range of federal, state, and local laws and regulations, including those related to the environment, health and safety, land use, and quality assurance. The Company believes that compliance with these laws and regulations as currently in effect will not have a material adverse effect on the Company's capital expenditures, earnings, and competitive and financial position.

International

International sales of medical devices are subject to foreign governmental regulations, which vary substantially from country to country. The time required to obtain clearance or approval by a foreign country may be different than that required for FDA clearance, and the clearance or approval requirements may be different from those in the U.S.

In Japan, the Company is actively seeking approvals for products to supplement the Company's existing approvals for *enlighten*, *enlighten SR*, *enlighten III*, *excel HR*, *xeo SA* and *truFlex*.

In the European Economic Area (EEA), which is composed of the 27 Member States of the EU plus Norway, Liechtenstein, and Iceland, a single regulatory approval process exists, and conformity with the legal requirements is represented by the CE mark and corresponding EC certificate. The Company's products are regulated in the EU as medical devices per the EU Medical Devices Regulation (MDR). The Company's EC certificate under the EU Medical Devices Directive (MDD) expired on April 15, 2023; however, Regulation (EU) 2023/607 effectively extends the validity of the Company's EC certificate until December 31, 2028. The Company is in the process of obtaining MDR certification for its principal products sold in the EU and expects to have MDR certification in 2024. In the UK, the implementation of the UK Conformity Assessed (UKCA) mark has been delayed, and the CE mark will continue to be accepted until June 2028 (for products certified under MDD) and June 2030 (for products certified under MDR). The CE mark continues to be required for goods sold in Northern Ireland. Other countries, such as Switzerland, have entered into Mutual Recognition Agreements and allow the marketing of medical devices that meet EU requirements.

Applicability of Anti-Corruption Laws and Regulations

The Company's worldwide business is subject to the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the United Kingdom Bribery Act of 2010 (the "UK Bribery Act") and other anti-corruption laws and regulations applicable in the jurisdictions where the Company operates. The FCPA can be used to prosecute companies in the U.S. for arrangements with physicians, or other parties outside the U.S., if the physician or party is a government official of another country and the arrangement violates the law of that country. The UK Bribery Act prohibits both domestic and international bribery, as well as bribery across both public and private sectors. There are similar laws and regulations applicable to the Company outside the U.S., all of which are subject to evolving interpretations. For additional information, please refer to Item 1A. Risk Factors of this Annual Report on Form 10-K, under the sections entitled "Risk Factors – the Company's failure to comply with rules relating to bribery, foreign corrupt practices and privacy and security laws may subject the Company to penalties and adversely impact the Company's reputation and business operations."

Patient Privacy and Security Laws

Various laws worldwide protect the confidentiality of certain patient health and other consumer information, including patient medical records, and restrict the use and disclosure of patient health information by healthcare providers. Privacy standards in Europe and Asia are becoming increasingly strict, enforcement action and financial penalties related to privacy in the EU are growing, and new laws and restrictions are being passed. The management of cross-border transfers of information among and outside of EU member countries is becoming more complex, which may complicate the Company's clinical research and commercial activities, as well as product offerings that involve transmission or use of data. The Company will continue its efforts to comply with those requirements and to adapt the Company's business processes to those standards.

In the U.S., the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology and Clinical Health Act ("HITECH") and their respective implementing regulations, including the final omnibus rule published on January 25, 2013, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates," defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys new general authority to file civil actions for damages or injunctions in federal court to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts. The Company potentially operates as a business associate to covered entities in a limited number of instances. In those cases, the patient data that the Company receives may include protected health information, as defined under HIPAA. Enforcement actions can be costly and interrupt regular operations of its business. While the Company has not been named in any such actions, if a substantial breach or loss of data from the Company's records were to occur, the Company could become a target of such litigation.

In the EU, Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("General Data Protection Regulation" or "GDPR") came into effect on May 25, 2018. The GDPR replaces Directive 95/46/EC ("Data Protection Directive"). While many of the principles of the GDPR reflect those of the Data Protection Directive, for example in relation to the requirements relating to the privacy, security and transmission of individually identifiable health information, there are a number of changes. In particular: (1) pro-active compliance measures are introduced, such as the requirement to carry out a Privacy Impact Assessment and to appoint a Data Protection Officer where health data is processed on a "large scale;" and (2) the administrative fines that can be levied are significantly increased, the maximum being the higher of €20 million, or 4%, of the total worldwide annual turnover of the group in the previous financial year. The Company will continue its efforts to comply with the GDPR requirements and to adapt the Company's business processes to those requirements.

Environmental Health and Safety Laws

The Company is also subject to various environmental health and safety laws and regulations worldwide. Like other medical device companies, the Company's manufacturing and other operations involve the use and transportation of substances regulated under environmental health and safety laws including those related to the transportation of hazardous materials. To the best of the Company's knowledge at this time, the Company does not expect that compliance with environmental protection laws will have a material impact on the Company's consolidated results of operations, financial position or cash flows.

Employees and Human Capital

As of December 31, 2023, the Company had 430 employees, compared to 540 employees as of December 31, 2022. The Company believes that its future prosperity party relies on its sustained capacity to attract, hire and retain qualified personnel. None of the Company's employees are represented by a labor union, and the Company believes its employee relations are positive. The Company is dedicated to cultivating a diverse and inclusive work environment, essential for attracting and retaining exceptional talent. Through ongoing employee development, comprehensive compensation and benefits, employee assistance programs and a focus on health, safety and employee well-being, the Company strives to help its employees in all aspects of their lives so they can do their best work.

Diversity, Equity and Inclusion

The Company is devoted to establishing and preserving a diverse and secure workplace that harnesses the ideas and viewpoints vital for innovation, facilitating the success of its workforce, customers, and communities in shaping the future of medical aesthetics. The Company endeavors to foster an inclusive environment where individuals are empowered to design, produce,

and market an extensive range of aesthetic laser and energy-based solutions, allowing practitioners to deliver safe and efficient treatments. This dedication to diversity and inclusion begins at the uppermost echelons of the Company.

Employee Engagement

The Company regularly gathers input to enhance its understanding of the employee experience and to pinpoint areas where it can further reinforce its corporate culture. It is keen to determine the aspects that are performing effectively, areas for improvement, and the extent to which its employees comprehend and embody the Company's cultural values. In 2023, approximately 76% of the Company's workforce engaged in the annual employee survey. Additionally, the Company CEO and senior leadership host quarterly global employee townhall meetings to emphasize the Vision and Strategy, build company culture, provide opportunity for employees to connect with leadership, two way transparent communication, employee recognition and critical updates.

Leadership development and training

The Company fosters an environment where its leaders can learn, develop, and realize their full potential through engaging and challenging work experiences at Cutera. It supports this growth by providing a wealth of training resources, ensuring that employees have access to all the necessary tools for both personal and professional success. Employees at the Company are motivated to take charge of their own growth, designing personalized learning plans that align with their individual needs and development objectives.

Health, Safety and Wellness

The physical health, financial stability, life balance, and mental wellness of its employees are crucial to the Company's success. To support these aspects, the Company champions wellness programs aimed at improving physical, financial, and mental health for all staff members. In its commitment to maintaining a safe work environment, the Company has effectively instituted various safety protocols and health-conscious adjustments within its facilities. These measures are particularly focused on safeguarding the well-being of those employees who need to be physically present on-site to facilitate the Company's operations.

Available Information

The Company makes its periodic and current reports, including the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as its charters for the Company's Audit, Compensation, Nominating and Corporate Governance, and Enterprise Risk Committees and its Code of Ethics, Corporate Governance Guidelines, By-Laws, and Certificate of Incorporation, available free of charge, on the Company's website as soon as practicable after such material is electronically filed or furnished with the Securities and Exchange Commission (the "SEC"). The Company's website address is www.cutera.com and the reports are filed under "SEC Filings," under "Financials" on the Investor Relations portion of the Company's website. These reports and other information concerning the Company may be accessed through the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS

The Company operates in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that the Company cannot control or predict. The Company's business, financial condition and results of operations may be impacted by a number of factors. In addition to the factors discussed elsewhere in this report, the following risks and uncertainties could materially harm the Company's business, financial condition or results of operations, including causing the Company's actual results to differ materially from those projected in any forward-looking statements. The following list of significant risk factors is not all-inclusive or necessarily in order of importance. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, also may materially adversely affect the Company in future periods. You should carefully consider these risks and uncertainties before investing in the Company's securities.

Summary of Risk Factors

The Company's business, financial condition, operating results and cash flows are subject to numerous risks and uncertainties that are summarized below. The below summary of risk factors should be read together with the more detailed discussion of risks set forth following this section under the heading "Risk Factors," as well as elsewhere in this Annual Report on Form 10-K.

Risks Related to the Company's Business and its Industry

- The Company has recently experienced turnover in its executive management and board of directors, which creates uncertainties and could harm its business.
- The Company may need to raise additional capital to fund its operations.
- Global supply chain disruptions and inflation may have a material adverse effect on the Company's business, financial condition and results of operations.
- The trading price of the Company's common stock may fluctuate substantially.
- The Company has a relatively limited number of shares of common stock outstanding, which could result in an increase in volatility of its stock price.
- The Company's ability to report timely and accurate information could be negatively impacted by its recent implementation of a new accounting and enterprise resource planning ("ERP") system.
- Reliance on contract manufacturers increases the risk that the Company will not have sufficient supply or that such supply will not be available to the Company at an acceptable cost.
- The Company's annual and quarterly operating results may fluctuate in the future, which may cause the Company's trading price to decline.
- Any defects in the design, material or workmanship of its products, defective design, material or workmanship or misuse of its products will cause additional costs, including product recalls and product liability suits, and harm the Company's reputation.
- The success and continuing development of the Company's products depends, in part, upon maintaining strong relationships with physicians and other healthcare professionals.
- Failure in hiring, training and retaining sales professionals and skilled and experienced personnel, or changes to management could adversely affect the Company's operations and financial results.
- The Company depends on skilled and experienced personnel to operate its global business effectively.
- Inability for the Company's new energy-based solution for the treatment of Acne to be widely adopted by customers or their patients.
- The aesthetic equipment market is characterized by rapid innovation and high competition, which may adversely affect the Company if it does not continue to innovate and develop new products and applications.
- The Company competes against companies that offer alternative solutions to its products, have greater resources, or have a larger customer base and broader product offerings than the Company's offerings.
- The Company's business is subject to regulatory requirements, laser performance standards, federal regulatory reforms, FDA and other government agencies' regulation and oversight which may negatively affect its business, financial condition and results of operations if the Company fails to comply with them.
- The Company's products may cause or contribute to adverse medical events or be subject to failures or malfunctions that would be subject to sanctions that could harm its reputation, business, financial condition and results of operations.
- The Company may be unable to obtain or maintain international regulatory qualifications or approvals for its current or future products and indications, which could harm its business.
- The Company's business could be negatively affected by litigation initiated by potential actions of activist stockholders.
- The Company's business could be negatively affected as a result of the pending securities fraud action brought against the Company and certain former officers and directors.
- Failure in international expansion and economic and other risks associated with international sales and operations could adversely affect the Company's business.

- Some of the Company's manufacturing operations are dependent upon third-party suppliers, making it vulnerable to supply shortages and price fluctuations, which could harm its business.
- Reduction or interruption in supply and an inability to develop alternative sources for supply may adversely affect the Company's manufacturing operations and related product sales.
- If the Company fails to maintain or renew any of its distribution agreements before they expire, its revenues and cash flows may be adversely affected.
- To successfully market and sell third-party products internationally, the Company must address many issues that are unique to the related distribution arrangements, which could reduce the Company's available cash reserves and negatively impact the Company's profitability.
- If customers are not trained and/or the Company's products are used by non-licensed practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company's reputation, result in product liability litigation, distract management and result in additional costs, all of which could harm the Company's business.
- The Company's products are sometimes subject to clinical trial processes which are lengthy and expensive and have uncertain outcomes. Delays or failures in the Company's clinical trials will prevent it from commercializing any modified or new products.
- Intellectual property rights may not provide adequate protection for some or all the Company's products, or the Company may be involved in future costly intellectual property litigation.
- The expense and potential unavailability of insurance coverage for the Company's customers could adversely affect its ability to sell its products, and therefore adversely affect its financial condition.
- Any acquisitions that the Company makes could result in operating difficulties, dilution, and other consequences that may adversely impact the Company's business and results of operations.
- Adverse developments affecting the banking industry, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect the Company's operations and liquidity.
- Cash, cash equivalents and marketable securities could be adversely affected by the failure of Silicon Valley Bank or other financial institutions.
- Inability to access credit on favorable terms for the funding of the Company's operations and capital projects may be limited due to changes in credit markets.
- Security breaches, cyber-security incidents and other disruptions could compromise the Company's information and impact the Company's business, financial condition or results of operations.
- Macroeconomic political and market conditions, and catastrophic events may adversely affect the Company's business, results of operations, financial condition and the trading price of the Company's stock.
- Disaster or other similar events could cause damage to the Company's facilities and equipment, which may require the Company to cease or curtail sales of these sole sourced platforms.
- Income tax audits or similar proceedings or changes in accounting standards may have a material adverse effect on the Company's results of operations and financial position.
- The Company may be adversely affected by changes in U.S. tax laws, importation taxes and other changes that may be imposed by the current administration.
- Changes in accounting standards and estimates could have a material adverse effect on the Company's results of operations and financial position.
- The Company has identified material weaknesses in its internal control over financial reporting related to information technology general controls ("ITGCs"); inventory controls; accounting for expense related to equity-based awards; and the design, maintenance and monitoring of risk assessment program to timely implement new controls to respond to changes in the business and leadership, which could, if not remediated, result in material misstatements in the Company's financial statements.
- Economic and other risks associated with international sales and operations could adversely affect the Company's business.
- The Company offers credit terms to some qualified customers and also to leasing companies to finance the purchase of its products. In the event that any of these customers default on the amounts payable to the Company, its earnings may be adversely affected.
- The Company's ability to effectively compete and generate additional revenue from new and existing products depends upon the Company's ability to distinguish the Company and its products from the competitors and their products, and to develop and effectively market new and existing products.
- If there is not sufficient consumer demand for the procedures performed with the Company's products, practitioner demand for its products could be inhibited, resulting in unfavorable operating results and reduced growth potential.
- If the Company modifies one of its FDA-cleared devices, it may need to seek a new clearance, which, if not granted, would prevent the Company from selling its modified products or cause it to redesign its products.
- If the Company cannot obtain and maintain Medical Device Regulation approvals, the Company will not be able to sell its products in the European Union.
- Any defects in the design, material or workmanship of its products may not be discovered prior to shipment to customers, which could materially increase its expenses, adversely impact profitability and harm its business.

- The Company's products may in the future be subject to product recalls that could harm its reputation, business and financial results.
- The results of the Company's clinical trials may not support its products claims or may result in the discovery of adverse side effects.
- Product liability suits could be brought against the Company due to a defective design, material or workmanship or misuse of its products and could result in expensive and time-consuming litigation, payment of substantial damages and an increase in its insurance rates.
- Certain of the Company's product platforms such as Enlighten, excel V and V+, excel HR, xeo, and AviClear are only capable of being produced at the single site in Brisbane, and as such the occurrence of a catastrophic disaster or other similar event could cause damage to its facilities and equipment, which might require the Company to cease or curtail sales of these sole sourced platforms.
- The Company may be involved in future costly intellectual property litigation, which could impact its future business and financial performance.
- The Company's failure to comply with rules relating to bribery, foreign corrupt practices, and privacy and security laws may subject the Company to penalties and adversely impact its reputation and business operations.

Risks Related to the Convertible Notes

- Servicing the Company's debt, including the notes, may require a significant amount of cash, and the Company may not have sufficient cash flows from its business to pay its indebtedness.
- The Company may not have the ability to raise the funds necessary to settle conversions of the notes in cash or to repurchase the notes upon a fundamental change, and its future debt may contain limitations on its ability to pay cash upon conversion or repurchase of the notes.
- The conditional conversion feature of the notes, if triggered, may adversely affect the Company's financial condition and operating results.
- Transactions relating to the notes may affect the value of the Company's common stock.
- The Company is subject to counterparty risk with respect to the capped call transactions.

Risks Related to Ownership of the Company's Common Stock

- Anti-takeover provisions contained in the Company's amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.
- The Company's business could be negatively affected by activist shareholders.
- If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business, its market or its competitors, or if they adversely change their recommendations regarding the Company's common stock, the market price and trading volume of its common stock could decline.
- The Company does not expect to declare any dividends on its common stock in the foreseeable future.
- If the Company raises additional capital through the sale of shares of the Company's common stock, convertible securities or debt in the future, its stockholders' ownership in the Company could be diluted and restrictions could be imposed on the Company's business.
- The Company has implemented "sell-to-cover" in which shares of its common stock are sold into the market on behalf of RSU and PSU holders upon vesting of RSUs and PSUs to cover tax withholding liabilities and such sales will result in dilution to its stockholders.

Risks Related to the Company's Business and its Industry

The Company has recently experienced turnover in its executive management and board of directors, which creates uncertainties and could harm the Company's business.

The Company has experienced significant changes in its executive leadership and Board of Directors during 2023. On April 11, 2023, the Board of Directors terminated Mr. Plants as Executive Chairman and Mr. Mowry as Chief Executive Officer, and appointed Ms. Widmann as Chair of the Board and Ms. Hopkins as Interim Chief Executive Officer. On May 3, 2023, Rohan Seth, the Company's Chief Financial Officer, resigned effective May 26, 2023 and Stuart Drummond was appointed as Interim Chief Financial Officer. Additionally, the Company appointed Kevin Cameron, Taylor Harris, Nicholas Lewin and Keith Sullivan to the Board in May 2023 and each of Mr. Mowry, Mr. Plants and Joseph Whitters resigned from the board of directors and Gregory Barrett and Timothy O'Shea did not stand for re-election at the 2023 annual meeting of stockholders. A new board of directors of Mmes. Hopkins, Widmann and Park, and Messrs. Cameron, Harris, Lewin and Sullivan were elected by the Company's stockholders on July 13, 2023. Taylor Harris was subsequently announced as the President and Chief Executive Officer on July 27, 2023. Ms. Widmann and Ms. Park resigned from the board in November and December 2023, respectively.

Changes to strategic or operating goals, which can often times occur with the appointment of new executives, can create uncertainty, may negatively impact the Company's ability to execute quickly and effectively, and may ultimately be unsuccessful. In addition, executive leadership transition periods are often difficult as the new executives gain detailed knowledge of the Company's operations, and friction can result from changes in strategy and management style. Management turnover inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution. If the Company does not integrate new executives and board members successfully, the Company may be unable to manage and grow its business, and its financial condition and profitability may suffer as a result. In addition, to the extent the Company experiences additional management turnover, competition for top management is high and it may take months to find a candidate that meets the Company's requirements. If the Company is unable to attract and retain qualified management personnel, its business could suffer.

The Company may need to raise additional capital to fund its operations.

Based on the Company's current plans, the Company believes that its current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet its anticipated cash requirements for at least the next twelve months. If the Company's available cash resources and cash flow from operations are insufficient to satisfy its liquidity requirements including because of lower demand for its products or the realization of other risks described in its Annual Report, the Company may be required to raise additional capital through the issuances of additional equity or convertible debt securities, enter into a credit facility or another form of third-party funding or seek other debt financing.

The various ways the Company could raise additional capital carry potential risks. If the Company raises funds by issuing equity securities, dilution to its stockholders would result. If the Company raises funds by issuing debt securities, those debt securities would have rights, preferences and privileges senior to those of holders of the Company's common stock. The terms of debt securities issued or borrowings pursuant to a credit agreement could impose significant restrictions on the Company's operations and present the risk of default. If the Company raises funds through collaborations or licensing arrangements, the Company may be required to relinquish significant rights to its technologies or products or grant licenses on terms that are not favorable to the Company.

If the Company is unable to obtain adequate financing or financing on terms satisfactory to the Company, if the Company requires it, the Company's ability to continue to pursue its business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The trading price of the Company's common stock may fluctuate substantially due to several factors, some of which are outside of its control. Further, the Company has a relatively limited number of shares of common stock outstanding, a large portion of which is held by a small number of investors, which could result in the increase in volatility of its stock price.

There has been recent volatility in the price of the Company's common stock. As a result of the Company's relatively limited public float, its common stock may be less liquid than the stock of companies with broader public ownership. Among other things, trading of a relatively small volume of the Company's common stock may have a greater impact on the trading price for the Company's shares than would be the case if the Company's public float were larger. The public market price of the Company's common stock has in the past fluctuated substantially and, due to the current concentration of stockholders, the trading price of the common stock may continue to do so in the future. The market price for the Company's common stock could also be affected by a number of other factors, including the general market conditions unrelated to the Company's operating performance.

The market price for the Company's common stock could also be affected by a number of other factors, including:

- the general market conditions unrelated to the Company's operating performance;
- sales of large blocks of the Company's common stock, including sales by the Company's executive officers, directors and large institutional investors;
- quarterly variations in the Company's, or the Company's competitors', results of operations;
- actual or anticipated changes or fluctuations in the Company's results of operations;
- actual or anticipated changes in analysts' estimates, investors' perceptions, recommendations by securities analysts or the Company's failure to achieve analysts' estimates;
- the announcement of new products, service enhancements, distributor relationships or acquisitions by the Company;
- the announcement of the departure of a key employee or executive officer by the Company or the Company's competitors;
- the amount of the Company's debt (including convertible debt) and the perception held by investors on the Company's ability to repay, refinance or convert such debt;

- regulatory developments or delays concerning the Company's, or the Company's competitors' products; and
- the initiation of any litigation by the Company or against the Company, including the lawsuit initiated by the Company on January 31, 2020 in Federal District Court in California against Lutronic Aesthetics, Inc. as previously disclosed on February 3, 2020, or against the Company.

Actual or perceived instability or volatility in the Company's stock price could reduce demand from potential buyers of the Company's stock, thereby causing the trading price of the Company's notes and stock to either remain depressed or to decline further. In addition, if the market for medical-device company stocks or the stock market in general experiences a loss of investor confidence, the trading price of the Company's notes and stock could decline for reasons unrelated to the Company's business, results of operations or financial condition. The trading price of the Company's notes and common stock might also decline in reaction to events that affect other companies in the Company's industry even if these events do not directly affect the Company. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Any future securities litigation could result in substantial costs and divert the Company's management's attention and resources from the Company's business, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's ability to report timely and accurate information could be negatively impacted by its recently implemented accounting and enterprise resource planning ("ERP") system.

The Company recently completed the implementation of a new accounting and ERP system. If aspects of the implementation were not executed successfully, then the Company's ability to report timely and accurate information could be negatively impacted. Such events could have a material adverse effect on the Company's consolidated financial position and results of operation.

The Company relies on third-party contract manufacturers ("CMs") to produce certain systems. This reliance on CMs increases the risk that the Company will not have sufficient supply or that such supply will not be available to it at an acceptable cost, which may have a material adverse effect on its business.

The Company has entered into arrangements with third-party contract manufacturers to produce and deliver fully assembled systems ready for direct shipment to its customers. The Company may experience supply shortfalls or delays in shipping products to its customers if its contract manufacturers experience delays, disruptions, quality control problems in their manufacturing operations, or if the Company has to change or add manufacturers or contract manufacturing locations. Even if products are available, the Company may be unable to obtain sufficient quantities at an acceptable cost or quality. The Company may not have adequate time to transition all of its manufacturing needs to an alternative manufacturer under comparable commercial terms. Additionally, a significant portion of the Company's manufacturing is performed in foreign countries and is therefore subject to risks associated with doing business outside of the U.S., including import restrictions, export restrictions, disruptions to its supply chain, cyberattacks, pandemics, regional climate-related events, or regional conflicts. The failure by the Company or its CMs to produce sufficient quantities at acceptable cost and quality may have a material adverse effect on its business.

Global supply chain disruptions and inflation may have a material adverse effect on the Company's business, financial condition and results of operations.

Recent disruptions to the global economy have impeded global supply chains and resulted in longer lead times and increased component costs and freight expenses. In some instances, the Company depends on a sole source supplier arrangement, and alternative suppliers may not be readily available. The supply of these components is critical to the Company's manufacturing needs. There can be no assurances that unforeseen future events in the global supply chain, and inflationary pressures, will not have a material adverse effect on its business, financial condition, and results of operations.

The Company's annual and quarterly operating results may fluctuate in the future, which may cause the Company's trading price for the shares to decline.

The Company's net sales, expenses and operating results may vary significantly from year to year and quarter to quarter for several reasons, including, without limitation:

- the ability of the Company's sales force to effectively market and promote the Company's products, and the extent to which those products gain market acceptance;
- the inability to meet the Company's debt repayment obligations under its senior credit facility due to insufficient cash;
- the possibility that cybersecurity breaches, data breaches, and other disruptions could compromise the Company's information or result in the unauthorized disclosure of confidential information;
- the existence and timing of any product approvals or changes;

- the rate and size of expenditures incurred on the Company's clinical, manufacturing, sales, marketing, and product development efforts;
- the Company's ability to attract and retain personnel;
- the availability of key components, materials and contract services, which depends on the Company's ability to forecast sales, among other things;
- investigations of the Company's business and business-related activities by regulatory or other governmental authorities;
- variations in timing and quantity of product orders;
- temporary manufacturing interruptions or disruptions;
- the timing and success of new product and new market introductions, as well as delays in obtaining domestic or foreign regulatory approvals for such introductions;
- increased competition, patent expirations or new technologies or treatments;
- product recalls or safety alerts;
- litigation, including product liability, patent, employment, securities class action, stockholder derivative, general commercial and other lawsuits;
- volatility in the global market and worldwide economic conditions;
- changes in tax laws, including changes domestically and internationally, or exposure to additional income tax liabilities;
- the impact of the EU privacy regulations (GDPR) on the Company's resources;
- the financial health of the Company's customers and their ability to purchase the Company's products in the current economic environment;
- other unusual or non-operating expenses, such as expenses related to mergers or acquisitions, may cause operating results to vary; and
- an epidemic or pandemic.

As a result of any of these factors, the Company's consolidated results of operations may fluctuate significantly, which may in turn cause the trading price of the shares to fluctuate.

If defects are discovered in the Company's products, the Company may incur additional unforeseen costs, customers may not purchase the Company's product and the Company's reputation may suffer.

The Company's success depends on the quality and reliability of its products. The Company's products incorporate different components including optical components, and other medical device software, any of which may contain errors or exhibit failures, especially when products are first introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after commercial shipment. Because the Company's products are designed to be used to perform complex surgical procedures, due to the serious and costly consequences of product failure, the Company and its customers have an increased sensitivity to such defects. In the past, the Company has voluntarily recalled certain products. The Company cannot provide assurance that its products will not experience component aging, errors, or performance problems. If the Company experiences product flaws or performance problems, any or all of the following could occur:

- delays in product shipments;
- loss of revenue;
- delay in market acceptance;
- diversion of the Company's resources;
- damage to the Company's reputation;
- product recalls;
- regulatory actions;
- increased service or warranty costs; or
- product liability claims.

Costs associated with product flaws or performance problems could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

The success and continuing development of the Company's products depends, in part, upon maintaining strong relationships with physicians and other healthcare professionals.

If the Company fails to maintain the Company's working relationships with physicians and other ancillary healthcare and aesthetic professionals, the Company's products may not be developed and marketed in line with the needs and expectations of the professionals who use and support the Company's products. Physicians assist the Company as researchers, marketing consultants, product consultants, and public speakers, and the Company relies on these professionals to provide the Company with considerable knowledge and experience. If the Company is unable to maintain these strong relationships, the development and

marketing of the Company's products could suffer, which could have a material adverse effect on the Company's consolidated financial condition and results of operations.

The Company relies heavily on its sales professionals to market and sell its products worldwide. If the Company is unable to hire, effectively train, manage, improve the productivity of, and retain the Company's sales professionals, the Company's business will be harmed, which would impair its future revenue and profitability.

The Company's success largely depends on the Company's ability to hire, train, manage, and improve the productivity levels of its sales professionals worldwide. Because of the Company's focus on non-core practitioners in the past, several of its sales professionals do not have established relationships with the core market, consisting of dermatologists and plastic surgeons, or where those relationships exist, they are not appropriately strong.

Competition for sales professionals who are familiar with, and trained to sell in, the aesthetic equipment market continues to be robust. As a result, the Company occasionally loses its sales people to competitors. The Company's industry is characterized by a few established companies that compete vigorously for talented sales professionals. Some of its sales professionals leave the Company for jobs that they perceive to be better opportunities, both within and outside of the aesthetic industry.

The ability to enforce measures to protect the Company's proprietary and confidential information when employees leave the Company varies from jurisdiction to jurisdiction and the Company must make a case-by-case decision regarding legal enforcement action. For instance, covenants not-to-compete are not allowed in many states, and if allowed, are difficult to enforce in many jurisdictions. Furthermore, such legal enforcement actions are expensive and the Company cannot give any assurance that these enforcement actions will be successful.

However, the Company also continues to hire and train new sales people, including several from the Company's competitors. When the Company's sales employees and sales management are newly hired or transferred into different roles, and it takes time for them to be fully trained to improve their productivity. In addition, due to the competition for sales professionals in the Company's industry, the Company also recruits sales professionals from outside the industry. Sales professionals from outside the industry typically take longer to train and become familiar with the Company's products and the procedures in which they are used. As a result of a lack of industry knowledge, these sales professionals may take longer to become productive members of the Company's sales force.

Measures the Company implements in an effort to recruit, retain, train and manage the Company's sales professionals, strengthen their relationships with core market physicians, and improve their productivity may not be successful and may instead contribute to instability in its operations, additional departures from the Company's sales organization, or further reduce the Company's revenue and harm the Company's business. If the Company is not able to improve the productivity and retention of the Company's North American and international sales professionals, then the Company's total revenue, profitability and stock price may be adversely impacted.

The Company depends on skilled and experienced personnel to operate its global business effectively. Changes to management or the inability to recruit, hire, train and retain qualified personnel, could harm the Company's ability to successfully manage, develop and expand its business, which would impair the Company's future revenue and profitability.

The Company's success largely depends on the skills, experience and efforts of the Company's senior management and other key employees. The loss of any of the Company's executive officers could weaken its management expertise and harm the Company's business, and it may not be able to find adequate replacements on a timely basis, or at all. Except for Change of Control and Severance Agreements for the Company's executive officers and a few key employees, the Company does not have employment contracts with any of its officers or other key employees. Any of the Company's senior management and other key employees may terminate their employment at any time, with or without notice and their knowledge of the Company's business and industry may be difficult to replace. The Company does not have a succession plan in place for each of its senior management and key employees. In addition, the Company does not maintain "key person" life insurance policies covering any of the Company's employees.

In addition to dependence on the Company's executive officers and key employees, the Company is highly dependent on other sales and scientific personnel. Additionally, the Company's product development plans depend, in part, on the Company's ability to attract and retain engineers with experience in medical devices. Attracting and retaining qualified personnel will be critical to the Company's success, and competition for qualified personnel is intense. The Company may not be able to attract and retain personnel on acceptable terms given the competition for such personnel among technology and healthcare companies and universities. The loss of any of these persons or the Company's inability to attract, train and retain qualified personnel could harm the Company's business and the Company's ability to compete.

To induce valuable employees to remain at the Company, in addition to salary and cash incentives, the Company has provided stock options and restricted stock unit awards that vest over time, and, for the Company's executive officers and certain key employees, performance stock unit awards that vest based on achievement of performance-based vesting conditions. The value to employees of such equity awards may be significantly affected by movements in the Company's stock price that are beyond its control, and may at any time be insufficient to counteract more lucrative offers from other companies.

The Company recently launched AviClear, an energy-based solution for the treatment of Acne and can provide no assurance that the device will be widely adopted by customers or their patients.

The Company brought AviClear, an energy-based device for Acne, to market in 2022. This launch required, and any future sales expansion for AviClear may require, a considerable investment in resources, including technical, financial, legal, sales, information technology and operation systems. Additionally, market acceptance of AviClear will be affected by a variety of factors, including but not limited to usability, performance, reliability and customer preference. It is possible that demand for this device will not be as strong as anticipated. The Company may be unable to establish and manage a sufficient or effective sales force in a timely or cost-effective manner, and any sales force the Company does establish may not be capable of generating demand for AviClear, therefore hindering the Company's ability to generate revenues and achieve or sustain profitability from AviClear. AviClear was launched with a low barrier to entry model that allowed quick uptake of over 1,200 devices to hit the market, it came at the expense of significant working capital. In addition, key customers, aesthetic dermatologists, have articulated a desire for a traditional ownership model. As a result, the Company paused new leases of AviClear in August 2023 to revamp its business model, establish a global go-to-market strategy, and enhance product reliability. While AviClear was relaunched in the United States in November 2023 with a direct sales model, the Company can offer no assurance that the new sales model will be well-received by customers or increase demand for the AviClear device.

The aesthetic equipment market is characterized by rapid innovation. To compete effectively, the Company must develop and/or acquire new products, seek regulatory clearance, market them successfully, and identify new markets for the Company's technology.

The aesthetic light and energy-based treatment system industry is subject to continuous technological development and product innovation. If the Company does not continue to innovate and develop new products and applications, the Company's competitive position will likely deteriorate as other companies successfully design and commercialize new products and applications or enhancements to the Company's current products. The Company created products to apply the Company's technology to body contouring, hair removal, treatment of veins, tattoo removal and skin revitalization, including the treatment of diffuse redness, fine lines and wrinkles through hemostasis and coagulation, skin texture, pore size and benign pigmented lesions, and acne. To grow in the future, the Company must continue to develop and/or acquire new and innovative aesthetic products and applications, identify new markets, and successfully launch the newly acquired or developed product offerings.

To successfully expand the Company's product offerings, the Company must, among other things:

- develop or otherwise acquire new products that either add to or significantly improve the Company's current product offerings;
- obtain regulatory clearance for these new products;
- convince the Company's existing and prospective customers that the Company's product offerings are an attractive revenue-generating addition to their practice;
- sell the Company's product offerings to a broad customer base;
- identify new markets and alternative applications for the Company's technology;
- protect the Company's existing and future products with defensible intellectual property; and
- satisfy and maintain all regulatory requirements for commercialization.

Historically, product introductions have been a significant component of the Company's financial performance. To be successful in the aesthetics industry, the Company believes it needs to continue to innovate. The Company's business strategy is based, in part, on its expectation that the Company will continue to increase or enhance its product offerings. The Company needs to continue to devote substantial research and development resources to make new product introductions, which can be costly and time consuming to its organization.

The Company also believes that, to increase revenue from sales of new products, the Company needs to continue to develop its clinical support, further expand and nurture relationships with industry thought leaders, and increase market awareness of the benefits of its new products. However, even with a significant investment in research and development, the Company may be unable to continue to develop, acquire or effectively launch and market new products and technologies regularly, or at all. If the Company fails to successfully commercialize new products or enhancements, its business may be harmed.

There are few barriers to entry that would prevent new entrants or existing competitors from developing products that compete directly with the Company's. The Company expects that any competitive advantage the Company may enjoy from current and future innovations may diminish over time as companies successfully respond to the Company's, or create their own, innovations. Consequently, the Company believes that it will have to continuously innovate and improve the Company's products and technology to compete successfully. If the Company is unable to innovate successfully, its products could become obsolete and its revenue could decline as its customers and prospective customers purchase its competitors' products.

Demand for the Company's products in any of the Company's markets could be weakened by several factors, including:

- inability to develop and market the Company's products to the core market specialties of dermatologists and plastic surgeons;
- poor financial performance of market segments that attempt to introduce aesthetic procedures to their businesses;
- the inability to differentiate the Company's products from those of the Company's competitors;
- competitive threat from new innovations and product introductions;
- reduced patient demand for elective aesthetic procedures;
- failure to build and maintain relationships with key opinion leaders within the various market segments; and
- the lack of credit financing, or an increase in the cost of borrowing, for some of the Company's potential customers.

If the Company does not achieve anticipated demand for the Company's products, there could be a material adverse effect on its total revenue, profitability, employee retention and stock price.

The Company competes against companies that offer alternative solutions to its products, have greater resources, or have a larger installed base of customers and broader product offerings than the Company's. In addition, increased consolidation in the Company's industry may lead to increased competition. If the Company is not able to effectively compete with these companies, it may harm its business.

The medical technology and aesthetic product markets are highly competitive and dynamic and are characterized by rapid and substantial technology development and product innovations. The Company's products compete against conventional non-energy-based treatments, such as electrolysis, Botox and collagen injections, chemical peels, microdermabrasion and sclerotherapy. The Company's products also compete against laser and other energy-based products offered by other companies. Further, other companies could introduce new products that are in direct competition with the Company's products. The Company may also face competition from manufacturers of pharmaceutical and other products that have not yet been developed. Competition with these companies could result in reduced selling prices, reduced profit margins and loss of market share, any of which would harm the Company's business, financial condition and results of operations.

There has been consolidation in the aesthetic industry leading to companies combining their resources, which increases competition and could result in increased downward pressure on the Company's product prices. Consolidations have created newly-combined entities with greater financial resources, deeper sales channels and greater pricing flexibility than the Company. Rumored or actual consolidation of the Company's partners and competitors could cause uncertainty and disruption to the Company's business and can cause the Company's stock price to fluctuate.

The Company's products and its operations are subject to extensive government regulation and oversight in the United States. If the Company fails to obtain or maintain necessary regulatory clearances or approvals for its products, or if approvals or clearances for future products are delayed or not issued, it will negatively affect its business, financial condition and results of operations.

The Company's laser products are medical devices subject to extensive regulation in the United States and elsewhere, including by the FDA and its foreign counterparts. Government regulations specific to medical devices are wide ranging and govern, among other things:

- product design, development, manufacture, and release;
- laboratory and clinical testing, labeling, packaging, storage and distribution;
- product safety and efficacy;
- pre-marketing clearance or approval;
- service operations;
- record keeping;
- product marketing, promotion and advertising, sales and distribution;
- post-marketing surveillance, including reporting of deaths or serious injuries and recalls and correction and removals;
- post-market approval studies; and
- product import and export.

The FDA classifies medical devices into one of three classes on the basis of the intended use of the device, the risk associated with the use of the device for that indication, as determined by the FDA, and on the controls deemed by the FDA to be necessary to reasonably ensure their safety and effectiveness.

Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the applicable portions of the QSR facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents.

While most Class I devices are exempt from the premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA application. Some pre-amendment devices are unclassified, but are subject to FDA's premarket notification and clearance process in order to be commercially distributed. The Company's currently marketed products are Class II devices subject to 510(k) clearance, which the Company has obtained from the FDA.

Before a new medical device, or a new intended use of, claim for, or significant modification to an existing device, can be marketed in the United States, a company must first submit an application for and receive either 510(k) clearance pursuant to a premarket notification submitted under Section 510(k) of the FDCA, or PMA approval from the FDA, unless an exemption applies. The 510(k), or PMA processes can be expensive, lengthy and unpredictable. The FDA's 510(k) clearance process usually takes from three to 12 months, but can last longer. The process of obtaining a PMA approval is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or even longer, from the time the application is filed with the FDA. In addition, a PMA approval generally requires the performance of one or more clinical trials. Despite the time, effort and cost, a device may not be approved or cleared by the FDA. Any delay or failure to obtain necessary regulatory clearances or approvals could harm its business. Furthermore, even if the Company is granted regulatory clearances or approvals, they may include significant limitations on the indicated uses for the device, which may limit the market for the device.

The Company has obtained 510(k) clearances to market its products. The FDA or other regulators could delay, limit, or deny clearance or approval of a device for many reasons, including:

- the Company's inability to demonstrate to the satisfaction of the FDA or the applicable regulatory entity or notified body that the Company's currently marketed devices, or any other future device, and any accessories are substantially equivalent to a legally marketed predicate device or safe or effective for their proposed intended uses;
- the disagreement of the FDA with the design or implementation of any clinical trials or the interpretation of data from preclinical studies or clinical trials;
- serious and unexpected adverse device effects experienced by participants in its clinical trials;
- the insufficiency of the data from preclinical studies or clinical trials to support clearance or approval, where required;
- the Company's inability to demonstrate that the clinical and other benefits of the device outweigh the risks;
- the failure of its manufacturing process or facilities to meet applicable requirements; and
- the potential for approval policies or regulations of the FDA or applicable foreign regulatory bodies to change significantly in a manner rendering its clinical data or regulatory filings insufficient for clearance or approval.

The regulations to which the Company is subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on the Company's ability to carry on or expand its operations, higher than anticipated costs or lower than anticipated sales. The FDA enforces these regulatory requirements through, among other means, periodic unannounced inspections. The Company does not know whether it will be found compliant in connection with any future regulatory inspections. Moreover, the FDA and state authorities have broad enforcement powers. Its failure to comply with applicable regulatory requirements could result in enforcement action by any such agency. If any of these events were to occur, it would negatively affect the Company's business, financial condition and results of operations.

If the Company fails to comply with applicable regulatory requirements, it could result in enforcement action by the U.S. FDA, federal and state agencies or international regulatory bodies and the Company's commercial operations would be harmed.

The Company's products are medical devices that are subject to extensive regulation in the U.S. by the FDA for manufacturing, labeling, sale, promotion, distribution and shipping. The FDA, state authorities and international regulatory bodies have broad

enforcement powers. If the Company fails to comply with any U.S. law or any of the applicable regulatory requirements of the FDA, or federal or state agencies, or one of the international regulatory bodies, it could result in enforcement action by the agencies, which may include any of the following sanctions:

- warning letters, fines, injunctions, consent decrees and civil penalties;
- repair, replacement, recall or seizure of the Company's products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing the Company's requests for 510(k) clearance of new products, new intended uses, or modifications to existing products;
- withdrawing 510(k) clearance or pre-market approvals that have already been granted; and
- criminal prosecution.

Federal regulatory reforms and changes occurring at the FDA could adversely affect the Company's ability to sell its products profitably and financial condition.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the clearance or approval, manufacture and marketing of a device. It is impossible to predict whether legislative changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be.

In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect the Company's business and the Company's products. Changes in FDA regulations may lengthen the regulatory approval process for medical devices and require additional clinical data to support regulatory clearance for the sale and marketing of the Company's new products. In addition, it may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of the Company's products to market. Either of these changes lengthen the duration to market, increase the Company's costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for its products.

The Company supports any action that helps ensure patient safety going forward. The Company has a robust, multi-functional process that reviews its promotional claims and materials to ensure they are truthful, not misleading, fair and balanced, and supported by sound scientific evidence.

If the Company fails to comply with the FDA's Quality System Regulation and laser performance standards, the Company's manufacturing operations could be halted, and its business would suffer.

The Company is currently required to demonstrate and maintain compliance with the FDA's Quality System Regulation (the "QSR"). The QSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage and shipping of the Company's products. Because the Company's products involve the use of lasers, the Company's products also are covered by a performance standard for lasers set forth in FDA regulations. The laser performance standard imposes specific record-keeping, reporting, product testing and product labeling requirements. These requirements include affixing warning labels to laser products, as well as incorporating certain safety features in the design of laser products.

The FDA enforces the QSR and laser performance standards through periodic unannounced inspections. The Company has had multiple quality system inspections by the FDA, as well as audits the Company's Notified Body, and other foreign regulatory agencies, with the most recent inspection by the FDA occurring under the Medical Device Single Audit Program in January 2021. There were no significant findings or observations as a result of this audit. Failure to take satisfactory corrective action in response to an adverse QSR inspection or its failure to comply with applicable laser performance standards could result in enforcement actions, including a public warning letter, a shutdown of the Company's manufacturing operations, a recall of its products, civil or criminal penalties, or other sanctions, such as those described in the preceding paragraph, which would cause its sales and business to suffer.

The Company is subject to the FDA's Bioresearch Monitoring (BIMO) program. As such, the BIMO audits the Company and the Company is also subject to FDA regulations relating to the design and conduct of clinical trials. The Company is subject to unannounced BIMO audits, with the most recent inspection by FDA completed over five years ago in August 2016. There were no significant findings and only two observations as a result of this audit. The Company's responses to these observations were accepted by the FDA. Failure to take satisfactory corrective action in response to an adverse BIMO inspection or the Company's failure to comply with Good Clinical Practices could result in the Company no longer being able to sponsor Biomedical Research, the reversal of 510(k) clearances previously granted based on the results of clinical trials conducted to gain clinical data to support

those 510(k) clearances, or enforcement actions, including a public warning letter, civil or criminal penalties, or other sanctions, such as those described in the preceding paragraph, which would cause the Company's sales and business to suffer.

The Company's products may cause or contribute to adverse medical events or be subject to failures or malfunctions that the Company is required to report to the FDA, and if the Company fails to do so, the Company would be subject to sanctions that could harm its reputation, business, financial condition and results of operations. The discovery of serious safety issues with its products, or a recall of the Company's products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on the Company.

The Company is subject to the FDA's medical device reporting regulations and similar foreign regulations, which require the Company to report to the FDA when the Company receives or becomes aware of information that reasonably suggests that one or more of its products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of its obligation to report is triggered by the date the Company becomes aware of the adverse event as well as the nature of the event. The Company may fail to report adverse events of which it becomes aware within the prescribed timeframe. The Company may also fail to recognize that it has become aware of a reportable adverse event, especially if it is not reported to the Company as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If the Company fails to comply with its reporting obligations, the FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of its device clearance or approval, seizure of its products or delay in clearance or approval of future products.

The FDA and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. The Company may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by the Company could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future.

Depending on the corrective action the Company takes to redress a product's deficiencies or defects, the FDA may require, or the Company may decide, that it will need to obtain new clearances or approvals for the device before the Company may market or distribute the corrected device. Seeking such clearances or approvals may delay its ability to replace the recalled devices in a timely manner. Moreover, if the Company does not adequately address problems associated with its devices, the Company may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. The Company may initiate voluntary withdrawals or corrections for its products in the future that the Company determines do not require notification of the FDA. If the FDA disagrees with its determinations, it could require the Company to report those actions as recalls and the Company may be subject to enforcement action. A future recall announcement could harm its reputation with customers, potentially lead to product liability claims against the Company and negatively affect its sales. Any corrective action, whether voluntary or involuntary, as well as defending itself in a lawsuit, will require the dedication of its time and capital, will distract management from operating its business and may harm its reputation and financial results.

The Company may be unable to obtain or maintain international regulatory qualifications or approvals for its current or future products and indications, which could harm its business.

Sales of the Company's products outside the U.S. are subject to foreign regulatory requirements that vary widely from country to country. In addition, exports of medical devices from the U.S. are regulated by the FDA. Complying with international regulatory requirements can be an expensive and time-consuming process and approval is not certain. The time required for obtaining clearance or approvals, if required by other countries, may be longer than that required for FDA clearance or approvals, and requirements for such clearances or approvals may significantly differ from FDA requirements. The Company may be unable to obtain or maintain regulatory qualifications, clearances or approvals in other countries. The Company may also incur significant costs in attempting to obtain and in maintaining foreign regulatory approvals or qualifications. If the Company experience delays in receiving necessary qualifications, clearances or approvals to market its products outside the U.S., or if the Company fails to receive those qualifications, clearances or approvals, the Company may be unable to market its products or enhancements in international markets effectively, or at all, which could have a material adverse effect on the Company's business and growth strategy.

The Company's business could be negatively affected by litigation initiated by potential actions of activist stockholders.

On April 11, 2023, J. Daniel Plants and David H. Mowry, the Company's former Executive Chairperson and former Chief Executive Officer, respectively, filed a complaint in the Delaware Court of Chancery against five of the Company's independent directors, Gregory Barrett, Sheila Hopkins, Timothy O'Shea, Juliane Park and Janet Widmann, as defendants, and the Company, as nominal defendant (the "Delaware Litigation"), seeking a declaration that the individual defendants breached their fiduciary duties and to enjoin them from enforcing the nomination deadline under the Company's bylaws in connection with the 2023 annual meeting of stockholders, or in the alternative, a declaration that the Company must hold a special meeting of the stockholders on June 2, 2023. On May 16, 2023, Mr. Mowry filed a letter with the Court of Chancery disclosing that he had resolved his dispute with the defendants and agreed to dismiss his claims with prejudice. On May 17, 2023, the Court of Chancery granted an order for voluntary dismissal of Mr. Mowry as a plaintiff in the Delaware Litigation. The Delaware Litigation was initiated by Mr. Plants in connection with the campaign of Mr. Plants and Voce Capital Management LLC to remove certain directors from the Company's board of directors at a special meeting of stockholders and subsequently nominate new directors for election at the Company's 2023 annual meeting of stockholders. Mr. Plants withdrew his demand for a special meeting of stockholders, and the Company held the 2023 annual meeting of stockholders on July 13, 2023, having received no additional director nominations from Mr. Plants. Due to Plaintiff's failure to amend his Complaint within the time required by the Court's order dated October 6, 2023, the matter is dismissed with prejudice and each party shall bear its own attorney's fees and costs. Therefore, Cutera considers this matter closed.

Activist campaigns that contest or conflict with the Company's strategic direction or seek changes in the composition of the Company's Board or management could have an adverse effect on its operating results and financial condition. A proxy contest could require the Company to incur significant legal and advisory fees, proxy solicitation expenses and administrative and associated costs. In addition, proxy contests require significant time and attention by the Company's Board and management to address stockholder matters, diverting their attention from executing on the Company's business strategy. Any perceived uncertainties as to the Company's future direction and control, the Company's ability to execute on its strategy, or changes to the composition of its Board or senior management team arising from a proxy contest could lead to the perception of a change in the direction of the Company's business or instability which may result in the loss of potential business opportunities, be exploited by the Company's competitors, cause concern for those enrolling in the Company's clinical trials, make it more difficult to pursue its strategic initiatives, or limit its ability to attract and retain qualified personnel and business partners, any of which could adversely affect the Company's business and operating results.

Actions such as those described above could cause significant fluctuations in the Company's stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of the Company's business.

The Company's business could be negatively affected as a result of the pending securities fraud action brought against the Company and certain former officers and directors.

On May 24, 2023, purported shareholder Erie County Employees' Retirement System filed a putative class action securities fraud complaint in the U.S. District Court for the Northern District of California against the Company, David H. Mowry, Rohan Seth, and J. Daniel Plants, asserting claims for violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The case is styled Erie County Employees' Retirement System v. Cutera, Inc., et al., Case No. 4:23-cv-02560 (N.D. Cal.) (Tigar, J.).

The complaint purports to be brought on behalf of all investors who purchased or otherwise acquired Cutera stock between February 17, 2021 and May 9, 2023. According to the complaint, during that time period, defendants allegedly made materially false and misleading statements in SEC filings and press releases and during investor calls. In particular, the complaint alleges that defendants overstated the sustainability of the Company's revenue growth and failed to disclose material adverse facts regarding conflicts among senior officers and the board of directors and regarding weaknesses in the Company's internal controls over financial reporting. Additional information concerning this action is publicly available in court filings in the Northern District of California under docket number 4:23-cv-02560.

This action could divert the Company's management's attention and resources from the Company's ordinary business operations, and the Company could incur significant expenses associated with defending it (including, without limitation, substantial attorneys' fees and other fees of professional advisors and potential obligations to indemnify current and former officers and directors who are or may become parties to this action, to the extent not covered by insurance). There can also be no assurance that the Company will be successful in any defense.

The Company also may be required to pay material damages, consent to injunctions on future conduct and suffer other penalties, remedies or sanctions. In addition, the action could adversely impact Company's reputation and harm its ability to generate revenue. Accordingly, the ultimate resolution of this matter could have a material adverse effect on the Company's business.

financial condition, results of operations and cash flow and, consequently, could negatively impact the trading price of its common stock.

To successfully market and sell the Company's products internationally, the Company must address many issues that are unique to the Company's international business. Furthermore, international expansion is a key component of the Company's growth strategy, although the Company's international operations and foreign transactions expose the Company to additional operational challenges that the Company might not otherwise face.

The Company is focused on international expansion as a key component of its growth strategy and has identified specific areas of opportunity in various international markets. Revenue from customers outside of North America is a material component of the Company's business strategy and represented 50% of its total revenue in 2023 compared to 49% of the Company's total revenue in 2022. The Company employs a direct sales force in the major markets throughout Europe as well as Canada, Japan and Australia/New Zealand while using third-party distributors to sell its products in several other country in the Middle East, Asia, and South America in particular. The Company may be unable to increase or maintain its level of international revenue due to supply chain disruptions or loss of distributor relationship.

While the Company continues to have a direct sales and service organization in Australia, New Zealand, Japan, France, Belgium, Spain, Germany, Switzerland and the United Kingdom, a significant portion of its international revenue is generated through its network of distributors. Though the Company continues to evaluate and replace non-performing distributors and has recently brought greater focus to collaboration with its distribution partners, there can be no assurance given that these initiatives will result in improved international revenue or profitability in the future.

To grow the Company's business, it is essential to improve productivity in current sales territories and expand into new territories. However, direct sales productivity may not improve and distributors may not accept the Company's business or commit the necessary resources to market and sell the Company's products at the Company's expectations. If the Company is not able to increase or maintain international revenue growth, the Company's total revenue, profitability and stock price may be adversely impacted.

The Company's manufacturing operations are dependent upon third-party suppliers, making its vulnerable to supply shortages and price fluctuations, which could harm its business.

Many of the components and materials that comprise the Company's products are currently manufactured by a limited number of suppliers. A supply interruption or an increase in demand beyond the Company's current suppliers' capabilities could harm the Company's ability to manufacture its products until a new source of supply is identified and qualified. The Company's reliance on these suppliers subjects the Company to a number of risks that could harm its business, including:

- interruption of supply resulting from modifications to or discontinuation of a supplier's operations;
- delays in product shipments resulting from uncorrected defects, reliability issues or a supplier's variation in a component;
- lack of long-term supply arrangements for key components with the Company's suppliers;
- inability to obtain adequate supply in a timely manner, or on reasonable terms;
- inability to redesign one or more components in the Company's systems in the event that a supplier discontinues manufacturing such components and the Company's inability to sources it from other suppliers on reasonable terms;
- difficulty locating and qualifying alternative suppliers for the Company's components in a timely manner;
- production delays related to the evaluation and testing of products from alternative suppliers and corresponding regulatory qualifications; and delay in supplier deliveries.

Any interruption in the supply of components or materials, or the Company's inability to obtain substitute components or materials from alternate sources at acceptable prices in a timely manner, could impair its ability to meet the demand of the Company's customers, which would have an adverse effect on the Company's business.

Risks related to the reduction or interruption in supply and an inability to develop alternative sources for supply may adversely affect the Company's manufacturing operations and related product sales.

The Company maintains manufacturing operations at its facility in Brisbane, California, and purchases many of the components and raw materials used in manufacturing these products from numerous suppliers in various countries. Any problem affecting a supplier (whether due to external or internal causes) could have a negative impact on the Company.

In limited cases, specific components and raw materials are purchased from primary or main suppliers (or in some cases, a single supplier) for reasons related to quality assurance, cost-effectiveness ratio and availability. While the Company works closely with its suppliers to ensure supply continuity, the Company cannot guarantee that its efforts will always be successful. Moreover, due

to strict standards and regulations governing the manufacture and marketing its products, it may not be able to quickly locate new supply sources in response to a supply reduction or interruption, with negative effects on its ability to manufacture its products effectively and in a timely fashion.

If the Company fails to maintain or renew any of its distribution agreements before they expire, its revenues and cash flows may be adversely affected.

The Company distributes its products primarily through independent distributors in many countries outside of North America. The Company's business may suffer if any of its distribution partners terminates or otherwise fails to renew its distribution agreement with the Company and the Company is otherwise unable to replace such agreement with a distribution agreement containing similar terms. For example, in 2024, the Company terminated its relationship with ZO Skin Health ("ZO") for the distribution of ZO's skincare products after it could not agree on terms with ZO on an extension of the existing distribution agreement. In the twelve months ended December 31, 2023, and 2022, revenue from the distribution of skincare products was \$34.0 million and \$42.5 million, respectively, representing 16% and 17% of the Company's consolidated revenue, respectively.

The distributors may sell competitors' products, and if they favor competitors' products for any reason, they may fail or reduce their effort to market and sell the Company's products as effectively or to devote resources necessary to provide effective sales, which would adversely affect its financial performance.

The financial health of the Company's distributors and its continuing relationships with them are important to the Company's success. Some of these distributors, particularly smaller firms with limited working capital and resources, may not be able to withstand adverse changes in business conditions or mitigate the negative impact of a prolonged economic downturn or recession. The failure of the Company's distributors to maintain financial health and success will impact its ability to generate revenues. In addition, these distributors order the Company's products and maintain their inventory based on forecasts of potential demands from end customers, and distributors may not be able to forecast such demand accurately, which may adversely affect the Company's ability to generate sales and revenue in a timely manner. In some cases, distributors may delay ordering systems until they receive confirmation of orders from end customers, and this delay may cause disruption and make it more difficult for the Company to fill their orders timely and effectively, which may adversely affect the Company's revenue and sales.

Furthermore, the Company's relationship with distributors may change or terminate due to other factors beyond its control, including but are not limited to, acquisition of distributors by third parties may not be willing to continue the relationship with the Company; internal restructuring or a refocus of business strategies; and changes in management, all of which may negatively impact its ability to continue to sell to such distributors. Finally, the Company generally does not have long-term agreements with distributors who purchase its products primarily through purchase orders. Without an agreement, the Company is not able to guarantee that such distributors will not discontinue or terminate their relationship with the Company at any time, and any loss of distributor will negatively impact the Company's financial condition and results of operations.

To successfully market and sell third-party products internationally, the Company must address many issues that are unique to the related distribution arrangements, which could reduce the Company's available cash reserves and negatively impact the Company's profitability.

The Company has entered into distribution arrangements pursuant to which the Company utilizes its sales force and distributors to sell products manufactured by other companies. Each of these agreements requires the Company to purchase annual minimum dollar amounts of their products. Additionally, the Company has entered into distribution arrangements with other companies to promote and sell the Secret RF products.

Each of these distribution agreements presents its own unique risks and challenges. For example, to sell skincare products the Company needs to invest in creating a sales structure that is experienced in the sale of such products and not in capital equipment. The Company needs to commit resources to train the Company's sales force, obtain regulatory licenses, and develop new marketing materials to promote the sale of these products. In addition, the minimum commitments and other costs of distributing products manufactured by these companies may exceed the incremental revenue that the Company derives from the sale of their products, thereby negatively impacting the Company's profitability and reducing the Company's available cash reserves.

If the Company does not make the minimum purchases required in the distribution contracts, or if the third-party manufacturer revokes the Company's distribution rights, the Company could lose the distribution rights of the products, which would adversely affect the Company's future revenue, results of operations, cash flows and its stock price.

If customers are not trained and/or the Company's products are used by non-licensed practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company's reputation, result in product liability litigation, distract management and result in additional costs, all of which could harm the Company's business.

If the Company's products are used by non-licensed or untrained practitioners, it could result in product misuse and adverse treatment outcomes, which could harm the Company's reputation and the Company's business. U.S. federal regulations allow the Company to sell the Company's products to or on the order of "licensed practitioners." The definition of "licensed practitioners" varies from state to state. As a result, the Company's products may be purchased or operated by physicians with varying levels of training, and in many states, by non-physicians, including nurse practitioners, chiropractors and technicians. Outside the U.S., many jurisdictions do not require specific qualifications or training for purchasers or operators of its products. The Company does not supervise the procedures performed with the Company's products, nor does the Company require that direct medical supervision occur that is determined by state law. The Company and its distributors generally offer but do not require product training to the purchasers or operators of the Company's products. In addition, the Company sometimes sells its systems to companies that rent its systems to third parties and that provide a technician to perform the procedures. The lack of training and the purchase and use of its products by non-physicians may result in product misuse and adverse treatment outcomes, which could harm the Company's reputation and its business, and, in the event these actions result in product liability litigation, distract management and subject the Company to liability, including legal expenses.

Clinical trials may be necessary to support future product submissions to the FDA. The clinical trial process is lengthy and expensive with uncertain outcomes, and often requires the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Delays or failures in the Company's clinical trials will prevent it from commercializing any modified or new products and will adversely affect its business, operating results and prospects.

The Company has conducted clinical trials in the past and will likely conduct clinical trials in the future. Initiating and completing clinical trials necessary to support any future products, will be time-consuming and expensive and the outcome, uncertain. Moreover, the results of early clinical trials are not necessarily predictive of future results, and any product the Company advances into clinical trials may not have favorable results in later clinical trials. The results of preclinical studies and clinical trials of its products conducted to date and ongoing or future studies and trials of its current, planned or future products may not be predictive of the results of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. The Company's interpretation of data and results from its clinical trials do not ensure that the Company will achieve similar results in future clinical trials. In addition, preclinical and clinical data are often susceptible to various interpretations and analyses, and many companies that have believed their products performed satisfactorily in preclinical studies and earlier clinical trials have nonetheless failed to replicate results in later clinical trials. Products in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through nonclinical studies and earlier clinical trials. Failure can occur at any stage of clinical testing. The Company's clinical studies may produce negative or inconclusive results, and it may decide, or regulators may require the Company, to conduct additional clinical and non-clinical testing in addition to those the Company has planned.

- the Company may be required to submit an IDE application to the FDA, which must become effective prior to commencing certain human clinical trials of medical devices, and the FDA may reject the Company's IDE application and notify the Company that it may not begin clinical trials;
- regulators and other comparable foreign regulatory authorities may disagree as to the design or implementation of its clinical trials;
- regulators and/or an IRB, or other reviewing bodies may not authorize the Company or its investigators to commence a clinical trial, or to conduct or continue a clinical trial at a prospective or specific trial site;
- the Company may not reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- clinical trials may produce negative or inconclusive results, and the Company may decide, or regulators may require the Company to conduct additional clinical trials or abandon product development programs;
- the number of subjects or patients required for clinical trials may be larger than the Company anticipates, enrollment in these clinical trials may be insufficient or slower than the Company anticipates, and the number of clinical trials being conducted at any given time may be high and result in fewer available patients for any given clinical trial, or patients may drop out of these clinical trials at a higher rate than the Company anticipates;
- the Company's third-party contractors, including those manufacturing products or conducting clinical trials on the Company's behalf, may fail to comply with regulatory requirements or meet their contractual obligations to the Company in a timely manner, or at all;
- the Company might have to suspend or terminate clinical trials for various reasons, including a finding that the subjects are being exposed to unacceptable health risks;
- the Company may have to amend clinical trial protocols or conduct additional studies to reflect changes in regulatory requirements or guidance, which it may be required to submit to an IRB and/or regulatory authorities for re-examination;
- regulators, IRBs, or other parties may require or recommend that the Company or its investigators suspend or terminate clinical research for various reasons, including safety signals or noncompliance with regulatory requirements;

- the cost of clinical trials may be greater than the Company anticipates;
- clinical sites may not adhere to the clinical protocol or may drop out of a clinical trial;
- the Company may be unable to recruit a sufficient number of clinical trial sites;
- regulators, IRBs, or other reviewing bodies may fail to approve or subsequently find fault with its manufacturing processes or facilities of third-party manufacturers with which the Company enters into agreement for clinical and commercial supplies, the supply of devices or other materials necessary to conduct clinical trials may be insufficient, inadequate or not available at an acceptable cost, or the Company may experience interruptions in supply;
- approval policies or regulations of the FDA or applicable foreign regulatory agencies may change in a manner rendering the Company's clinical data insufficient for approval;
- the Company's current or future products may have undesirable side effects or other unexpected characteristics; and
- impacts of regional or global public health crises could adversely affect any clinical trials the Company is conducting or plan to conduct, including delays or difficulties in enrolling or onboarding patients, initiating clinical sites, or obtaining the requisite regulatory approvals, interruption of key clinical trial activities, or supply chain disruptions that delay or make it more difficult or costly to obtain the supplies and materials the Company needs for clinical trials.

Any of these occurrences may significantly harm the Company's business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of its products.

Clinical trials must be conducted in accordance with the laws and regulations of the FDA and other applicable regulatory authorities' legal requirements, regulations or guidelines, and are subject to oversight by these governmental agencies and IRBs at the medical institutions where the clinical trials are conducted. Conducting successful clinical studies will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Patient enrollment in clinical trials and completion of patient participation and follow-up depends on many factors, including the size of the patient population, the nature of the trial protocol, the attractiveness of, or the discomforts and risks associated with, the treatments received by enrolled subjects, the availability of appropriate clinical trial investigators, support staff, and proximity of patients to clinical sites and able to comply with the eligibility and exclusion criteria for participation in the clinical trial and patient compliance. For example, patients may be discouraged from enrolling in its clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and effectiveness of its products or if they determine that the treatments received under the trial protocols are not attractive or involve unacceptable risks or discomforts.

The Company depends on its collaborators and on medical institutions and CROs to conduct its clinical trials in compliance with good clinical practice ("GCP") requirements. To the extent its collaborators or the CROs fail to enroll participants for its clinical trials, fail to conduct the study to GCP standards or are delayed for a significant time in the execution of trials, including achieving full enrollment, the Company may be affected by increased costs, program delays or both. In addition, clinical trials that are conducted in countries outside the United States may subject the Company to further delays and expenses as a result of increased shipment costs, additional regulatory requirements and the engagement of non-U.S. CROs, as well as expose the Company to risks associated with clinical investigators who are unknown to the FDA, and different standards of diagnosis, screening and medical care.

Development of sufficient and appropriate clinical protocols to demonstrate safety and efficacy are required and the Company may not adequately develop such protocols to support clearance and approval. Further, the FDA may require the Company to submit data on a greater number of patients than the Company originally anticipated and/or for a longer follow-up period or change the data collection requirements or data analysis applicable to the Company's clinical trials. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may cause an increase in costs and delays in the approval and attempted commercialization of its products or result in the failure of the clinical trial. In addition, despite considerable time and expense invested in its clinical trials, the FDA may not consider the Company's data adequate to demonstrate safety and efficacy. Such increased costs and delays or failures could adversely affect its business, operating results and prospects.

Intellectual property rights may not provide adequate protection for some or all of the Company's products, which may permit third parties to compete against the Company more effectively.

The Company relies on patent, copyright, trade secret and trademark laws and confidentiality agreements to protect the Company's technology and products. As of January 19, 2024, the Company had 30 issued and unexpired U.S. patents, 9 pending U.S. patent applications, and 14 pending international applications under the Patent Cooperation Treaty ("PCT") or other national or regional patent offices. Some of the Company's components, such as the Company's laser module, electronic control system and high-voltage electronics, are not, and in the future may not be, protected by patents. Additionally, the Company's patent applications may not issue as patents or, if issued, may not issue in a form that will be advantageous to the Company. Any patents

the Company obtains may be challenged, invalidated or legally circumvented by third parties. Consequently, competitors could market products and use manufacturing processes that are substantially similar to, or superior to, the Company's. The Company may not be able to prevent the unauthorized disclosure or use of the Company's technical knowledge or other trade secrets by consultants, vendors, former employees or current employees, despite the existence generally of confidentiality agreements and other contractual restrictions. Monitoring unauthorized uses and disclosures of the Company's intellectual property is difficult, and the Company does not know whether the steps it has taken to protect the Company's intellectual property will be effective. Moreover, the laws of many foreign countries will not protect the Company's intellectual property rights to the same extent as the laws of the U.S.

The absence of complete intellectual property protection exposes the Company to a greater risk of direct competition. Competitors could purchase one of the Company's products and attempt to replicate some or all of the competitive advantages the Company derives from the Company's development efforts, design around the Company's protected technology, or develop their own competitive technologies that fall outside of the Company's intellectual property rights. If the Company's intellectual property is not adequately protected against competitors' products and methods, the Company's competitive position and its business could be adversely affected.

The expense and potential unavailability of liability insurance coverage for the Company's customers could adversely affect its ability to sell its products, and therefore adversely affect its financial condition.

Some of the Company's customers and prospective customers have had difficulty procuring or maintaining liability insurance to cover their operation and use of its products. Medical malpractice carriers are withdrawing coverage in certain states or substantially increasing premiums. If this trend continues or worsens, the Company's customers may discontinue using the Company's products and potential customers may opt against purchasing laser-based products due to the cost or inability to procure insurance coverage. The unavailability of insurance coverage for the Company's customers and prospects could adversely affect its ability to sell its products, and that could harm its financial condition.

Any acquisitions that the Company makes could result in operating difficulties, dilution, and other consequences that may adversely impact the Company's business and results of operations.

While the Company from time to time evaluates potential acquisitions of businesses, products and technologies, and anticipates continuing to make these evaluations, the Company has no present understandings, commitments or agreements with respect to any material acquisitions or collaborative projects. The Company may not be able to identify appropriate acquisition candidates or strategic partners, or successfully negotiate, finance or integrate any businesses, products or technologies that the Company acquire.

The Company has limited experience as a team with acquiring companies and products. Furthermore, the integration of any acquisition and management of any collaborative project may divert management's time and resources from the Company's core business and disrupt the Company's operations and it may incur significant legal, accounting and banking fees in connection with such a transaction. Acquisitions could diminish the Company's available cash balances for other uses, result in the incurrence of debt, contingent liabilities, or amortization expenses, and restructuring charges. Also, the anticipated benefits or value of its acquisitions or investments may not materialize and could result in an impairment of goodwill and/or purchased long-lived assets.

The Company's failure to address these risks or other problems encountered in connection with the Company's past or future acquisitions and investments could cause the Company to fail to realize the anticipated benefits of such acquisitions

Adverse developments affecting the banking industry, such as actual events or concerns involving liquidity, defaults or non-performance, could adversely affect the Company's operations and liquidity.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, or SVB, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver.

Although the U.S. Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB would have access to all of their deposits and the Company and other depositors with SVB received such access on March 13, 2023, uncertainty and liquidity concerns in the broader financial services industry remain. Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. The U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by such government securities held by financial institutions to mitigate the

risk of potential losses on the sale of such instruments. However, widespread demands for customer withdrawals or other needs of financial institutions for immediate liquidity may exceed the capacity of such program. There is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions in a timely fashion or at all.

The Company's customers' and vendors' access to cash and cash equivalents in amounts adequate to finance their operations could be significantly impaired by the financial institutions with which they have arrangements directly facing liquidity constraints or failures. Any material decline in available funding could impact the payment of invoices and the Company's supply chain.

The Company's cash, cash equivalents and marketable securities could be adversely affected by the failure of SVB or other financial institutions.

Defaults, non-performance, bankruptcy, receivership or other adverse developments that affect banking institutions where the Company has deposited its funds or other financial institutions, or concerns or rumors about any events of these kinds or other similar risks, may result in liquidity issues for the Company. On March 10, 2023, California regulators closed Silicon Valley Bank ("SVB"), and the FDIC was appointed as SVB's receiver. On March 26, 2023, the FDIC announced that it had entered into a purchase and assumption agreement with First-Citizens Bank & Trust Company under which all deposits of the former Silicon Valley Bank were assumed by First-Citizens Bank & Trust Company. Approximately \$126.7 million of the Company's total cash, and cash equivalents balance of \$143.6 million at December 31, 2023, was at SVB or SVB Asset Management. The Company now maintains these accounts and custodial arrangements with or through First-Citizens Bank & Trust Company.

Currently, the Company has full access to all funds in deposit accounts or other money management arrangements with First-Citizens Bank & Trust Company and other banks. However, those funds in bank deposit accounts in excess of the standard FDIC insurance limits are uninsured and subject to the risk of bank failure. Future adverse developments with respect to specific financial institutions or the broader financial services industry may also lead to market-wide liquidity shortages. The failure of any bank in which the Company deposits its funds could reduce the amount of cash the Company has available for its operations or delay its ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and/or custodial financial institutions. In the event the Company has a commercial relationship with a bank that has failed or is otherwise distressed, the Company may experience delays or other issues in meeting its financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, the Company's ability to access its cash and cash equivalents may be threatened and could have a material adverse effect on the Company's business and financial condition.

The Company's ability to access credit on favorable terms, if necessary, for the funding of the Company's operations and capital projects may be limited due to changes in credit markets.

The credit markets and the financial services industry have experienced disruption characterized by the bankruptcy, failure, collapse or sale of various financial institutions, increased volatility in securities prices, diminished liquidity and credit availability and intervention from the U.S. and other governments. Continued concerns about the systemic impact of potential long-term or widespread downturn, energy costs, geopolitical issues, the availability and cost of credit, the global commercial and residential real estate markets and related mortgage markets and reduced consumer confidence have contributed to increased market volatility. The cost and availability of credit has been and may continue to be adversely affected by these conditions. The Company cannot be certain that funding for the Company's capital needs will be available from the Company's existing financial institutions and the credit markets if needed, and if available, to the extent required and on acceptable terms.

Security breaches, cyber-security incidents and other disruptions could compromise the Company's information and impact the Company's business, financial condition or results of operations.

The Company relies on networks, information management software and other technology, or information systems, including the Internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing, order processing and collection of payments. The Company uses information systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. In addition, the Company depends on information systems for digital marketing activities and electronic communications among the Company's locations around the world and between company personnel as well as customers and suppliers. Because information systems are critical to many of the Company's operating activities, the Company's business processes may be impacted by system shutdowns or service disruptions. These disruptions may be caused by failures during routine operations such as system upgrades or user errors, as well as network or hardware failures, malicious or disruptive software, computer hackers, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. These events could result in unauthorized disclosure of material confidential information.

If the Company's information systems suffer severe damage, disruption or shutdown and the Company business continuity plans do not effectively resolve the issues in a timely manner, the Company could experience delays in reporting the Company's financial results and the Company may lose revenue and profits as a result of the Company's inability to timely manufacture, distribute, invoice and collect payments. Misuse, leakage or falsification of information could result in a violation of data privacy laws and regulations and damage the Company's reputation and credibility, and could expose the Company to liability. The Company may also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. Like most major corporations, the Company's information systems are a target of attacks.

A cyber security attack or other incident that bypasses the Company's information systems security could cause a security breach which may lead to a material disruption to the Company's information systems infrastructure or business and may involve a significant loss of business or patient health information. If a cyber security attack or other unauthorized attempt to access the Company's systems or facilities were successful, it could result in the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, and could cause operational or business delays that may materially impact the Company's ability to provide various healthcare services. Any successful cyber security attack or other unauthorized attempt to access the Company's systems or facilities also could result in negative publicity which could damage the Company's reputation or brand with the Company's patients, referral sources, payors or other third parties and could subject the Company to a number of adverse consequences, the vast majority of which are not insurable, including but not limited to disruptions in the Company's operations, regulatory and other civil and criminal penalties, fines, investigations and enforcement actions (including, but not limited to, those arising from the SEC, Federal Trade Commission, Office of Civil Rights, the Office of Inspector General or state attorneys general), fines, private litigation with those affected by the data breach, loss of customers, disputes with payors and increased operating expense, which either individually or in the aggregate could have a material adverse effect on the Company's business, financial position, results of operations and liquidity.

There can be no assurance that disruptions to the Company's information systems that have materially affected its business, financial condition or results of operations to the Company's may occur and have a material adverse effect on the Company in the future.

Macroeconomic political and market conditions, and catastrophic events may adversely affect the Company's business, results of operations, financial condition and the trading price of the stock.

The Company's business is influenced by a range of factors that are beyond the Company's control, including:

- general macro-economic and business conditions in the Company's key markets of North America, Japan, Asia Pacific, the Middle East, Europe and Australia;
- the lack of credit financing, or an increase in the cost of borrowing, for some of the Company's potential customers due to increasing interest rates and lending requirements;
- the overall demand for the Company's products by the core market specialties of dermatologists and plastic surgeons;
- the timing and success of new product introductions by the Company or the Company's competitors or any other change in the competitive landscape of the market for non-surgical aesthetic procedures, including consolidation among the Company's competitors;
- the level of awareness of aesthetic procedures and the market adoption of the Company's products;
- changes in the Company's pricing policies or those of the Company's competitors;
- governmental budgetary constraints or shifts in government spending priorities;
- general political developments, both domestic and in the Company's foreign markets, including economic and political uncertainty caused by elections;
- natural disasters and public health events;
- tax law changes;
- currency exchange rate fluctuations; and
- any trade restrictions or higher import taxes that may be imposed by foreign countries against products sold internationally by U.S. companies.

Macroeconomic developments, like global recessions and financial crises could negatively affect the Company's business, operating results, or financial condition which, in turn, could adversely affect the Company's stock price. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their budgets or be unable to fund product or upgrade application purchases, which could cause customers to delay, decrease or cancel purchases of the Company's products and services or cause customers not to pay the Company or to delay paying the Company for previously purchased products and services.

In addition, political unrest in regions like the Middle East, terrorist attacks around the globe and the potential for other hostilities in various parts of the world, potential public health crises and natural disasters continue to contribute to a climate of economic and political uncertainty that could adversely affect the Company's results of operations and financial condition, including the Company's revenue growth and profitability.

Macroeconomic declines, negative political developments, including volatile market conditions due to investor concerns regarding inflation and Russia's invasion of Ukraine, adverse market conditions and catastrophic events may cause a decline in the Company's revenue, negatively affect the Company's operating results, adversely affect the Company's cash flows and could result in a decline in the Company's stock price.

Certain of the Company's product platforms such as Enlighten and excel HR are only capable of being produced at the single site in Brisbane, and as such the occurrence of a catastrophic disaster or other similar event could cause damage to its facilities and equipment, which might require the Company to cease or curtail sales of these sole sourced platforms.

The Company is vulnerable to damage from various types of disasters, including fires, earthquakes, terrorist acts, floods, power losses, communications failures, pandemics and similar events. If any such disaster were to occur, the Company may not be able to operate the Company's business at the Company's facility in Brisbane, California. Before the Company could manufacture products from a replacement facility, the Company's manufacturing facilities which require regulatory agency approval, could require significant delays to obtain regulatory agency's approval. The insurance the Company maintains may not be adequate to cover the Company's losses resulting from disasters or other business interruptions. Therefore, any such catastrophe could seriously harm the Company's business and consolidated results of operations.

From time to time the Company may become subject to income tax audits or similar proceedings, and as a result the Company may incur additional costs and expenses or owe additional taxes, interest and penalties that may negatively impact its operating results.

The Company is subject to income taxes in the U.S. and certain foreign jurisdictions where it operates through a subsidiary, including Australia, Belgium, Canada, France, Germany, Hong Kong, Japan, Spain, Switzerland, Italy and the United Kingdom. The Company's determination of its tax liability is subject to review by applicable domestic and foreign tax authorities.

The Company had sales and income tax audits in the past. The final timing and resolution of any future tax examinations are subject to significant uncertainty and could result in the Company's having to pay amounts to the applicable tax authority in order to resolve examination of its tax positions. An increase or decrease of tax related to tax examination resolution could result in a change in the Company's income tax accrual and could negatively impact its financial position, results of operations or cash flows.

The Company may be adversely affected by changes in U.S. tax laws, importation taxes and other changes that may be imposed by the current administration.

The Company is subject to taxes in the U.S. and other jurisdictions. Tax rates in these jurisdictions may be subject to significant change due to economic and/or political conditions. A number of other factors may also impact the Company's future effective tax rate including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in valuation of the Company's deferred tax assets and liabilities;
- increases in expenses not deductible for tax purposes, including write-offs and impairment of goodwill in connection with acquisitions;
- changes in availability of tax credits, tax holidays, and tax deductions;
- changes in share-based compensation; and
- changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles.

Changes in accounting standards and estimates could have a material adverse effect on the Company's results of operations and financial position.

Generally accepted accounting principles and the related authoritative guidance for many aspects of the Company's business, including revenue recognition, inventories, warranties, leases, income taxes, expected credit losses, fair-value measurements, and stock-based compensation, are complex and involve subjective judgments. Changes in these rules or changes in the underlying estimates, assumptions or judgments by the Company's management could have a material adverse effect on the Company's results of operations and may retroactively affect previously reported results.

The Company has identified material weaknesses in its internal control over financial reporting related to information technology general controls ("ITGCs"); inventory controls; accounting for expense related to equity-based awards; and the design, maintenance and monitoring of a risk assessment program related to new and evolving risks, which could, if not remediated, result in material misstatements in the Company's financial statements.

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act. As disclosed in Item 9A of this Annual Report on Form 10-K, the Company identified material weaknesses in its internal control over financial reporting relating to ITGCs, inventory controls, and controls related to accounting for equity awards.

In addition to the material weaknesses above, and in conjunction with the restatements, management identified an additional material weakness. Specifically, the Company failed to design, maintain and monitor a risk assessment program at a sufficiently precise level and therefore failed to identify new and evolving risks related to accounting policies, procedures and related controls performed over areas including, but not limited to inventory, revenues and lease income, costs for leased devices, and testing of certain key reports used in controls. Consequently, the Company failed to timely implement new controls to respond to changes in the business and leadership.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. As a result of these material weaknesses, the Company concluded that its internal control over financial reporting was not effective based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-An Integrated Framework (2013).

The Company has begun the process of designing and implementing effective internal control measures to improve its internal controls over financial reporting and remediate these material weaknesses. If these remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in the Company's internal control over financial reporting are discovered or occur in the future, the Company's consolidated financial statements may contain material misstatements, and the Company could be required to restate its financial results. In addition, if the Company is unable to successfully remediate the material weakness and is unable to produce accurate and timely financial statements, its stock price may be adversely affected.

Economic and other risks associated with international sales and operations could adversely affect the Company's business.

In 2023, 50% of the Company's total revenue was from customers outside of North America. The Company expects its sales from international operations and export sales to continue to be a significant portion of the Company's revenue. The Company has placed a particular emphasis on increasing its growth and presence in international markets. The Company's international operations and sales are subject, in varying degrees, to risks inherent in doing business outside the U.S. These risks include:

- changes in trade protection measures, including embargoes, tariffs and other trade barriers, and import and export regulations and licensing requirements;
- instability and uncertainties arising from the global geopolitical environment, such as economic nationalism, populism, protectionism and anti-global sentiment;
- changes in tax laws and potential negative consequences from the interpretation, application and enforcement by governmental tax authorities of tax laws and policies;
- unanticipated changes in other laws and regulations or in how such provisions are interpreted or administered;
- reduced protection for intellectual property rights in some countries and practical difficulties of enforcing intellectual property and contract rights abroad;
- possibility of unfavorable circumstances arising from host country laws or regulations, including those related to infrastructure and data transmission, security and privacy;
- currency exchange rate fluctuations and restrictions on currency repatriation;
- difficulties and expenses related to implementing internal control over financial reporting and disclosure controls and procedures;
- disruption of sales from labor and political disturbances;
- regional safety and security considerations;
- increased costs and risks in developing, staffing and simultaneously managing global sales operations as a result of distance as well as language and cultural differences;
- increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;
- lengthy payment cycles and difficulty in collecting accounts receivable;
- preference for locally-produced products, as well as protectionist laws and business practices that favor local companies;

- outbreak or escalation of insurrection, armed conflict, terrorism or war; and
- supply chain disruption or the loss of distributor relationships.

Changes in the geopolitical or economic environments in the countries in which the Company operates could have a material adverse effect on the Company's financial condition, results of operations or cash flows. For example, changes in U.S. policy regarding international trade, including import and export regulation and international trade agreements, could also negatively impact the Company's business. The U.S. has imposed tariffs on certain goods imported from China and certain other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the U.S. on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could adversely impact the Company's financial condition and results of operations.

The Company's global operations are required to comply with the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), Chinese anti-corruption laws, U.K. Bribery Law, and similar anti-bribery laws in other jurisdictions, and with U.S. and foreign export control, trade embargo and customs laws. If the Company fails to comply with any of these laws, the Company could suffer civil and criminal sanctions.

In the European Economic Area ("EEA"), which is composed of the 27 Member States of the European Union ("EU") plus Norway, Liechtenstein, and Iceland, a single regulatory approval process exists, and conformity with the legal requirements is represented by the CE mark and corresponding EC certificate. The Company's products are regulated in the EU as medical devices per the EU Medical Devices Regulation ("MDR"). The Company's EC certificate under the EU Medical Devices Directive ("MDD") expired on April 15, 2023. However, Regulation (EU) 2023/607 effectively extends the validity of the Company's EC certificate until December 31, 2028. The Company is in the process of obtaining MDR certification for its principal products sold in the EU and expects to have MDR certification in 2024. In the UK, the implementation of the UK Conformity Assessed ("UKCA") mark has been delayed, and the CE mark will continue to be accepted until June 2028 for products certified under MDD and June 2030 for products certified under MDR. The CE mark continues to be required for goods sold in Northern Ireland. Other countries, such as Switzerland, have entered into Mutual Recognition Agreements and allow the marketing of medical devices that meet EU requirements.

In addition to the general risks that the Company faces outside the U.S., the Company's operations in emerging markets could involve additional uncertainties for the Company, including risks that governments may impose withholding or other taxes on remittances and other payments to the Company, or the amount of any such taxes may increase; governments may seek to nationalize the Company's assets; or governments may impose or increase investment barriers or other restrictions affecting the Company's business. In addition, emerging markets pose other uncertainties, including the difficulty of enforcing agreements, challenges collecting receivables, protection of the Company's intellectual property and other assets, pressure on the pricing of the Company's products and services, higher business conduct risks, ability to hire and retain qualified talent and risks of political instability. The Company cannot predict the impact such events might have on the Company's business, financial condition and results of operations.

In addition, compliance with laws and regulations applicable to the Company's international operations increases the Company's cost of doing business in foreign jurisdictions. The Company may be unable to keep current with changes in foreign government requirements and laws as they change from time to time. Failure to comply with these regulations could have adverse effects on the Company's business. In many foreign countries it is common for others to engage in business practices that are prohibited by the Company's internal policies and procedures or U.S. regulations applicable to the Company. In addition, although the Company has implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of the Company's employees, contractors, distributors and agents will comply with these laws and policies. Violations of laws or key control policies by the Company's employees, contractors, distributors or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of the Company's offerings and could have a material adverse effect on the Company's business operations and financial results.

The Company offers credit terms to some qualified customers and also to leasing companies to finance the purchase of its products. In the event that any of these customers default on the amounts payable to the Company, its earnings may be adversely affected.

The Company generally offers credit terms of 30 to 90 days to qualified customers. In addition, from time to time, it offers certain key international distributors, with whom the Company has had an extended period of relationship and payment history, payment terms that are significantly longer than the regular 30 to 90 day terms. This allows such international distribution partners to have its products in stock and provide its products to customers on a timely basis.

While the Company believes it has an adequate basis to ensure that it collects its accounts receivable, the Company cannot provide any assurance that the financial position of customers to whom it has provided payment terms will not change adversely before the Company receives payment. In the event that there is a default by any of the customers to whom the Company has provided credit terms, the Company may recognize a credit loss provision write-off charge in the Company's general and administrative expenses. If this write-off charge is material, it could negatively affect the Company's future results of operations, cash flows and its stock price.

Additionally, in the event of deterioration of general business conditions or the availability of credit, the financial strength and stability of the Company's customers and potential customers may deteriorate over time, which may cause them to cancel or delay their purchase of its products. In addition, the Company may be subject to increased risk of non-payment of its accounts receivables. The Company may also be adversely affected by bankruptcies or other business failures of the Company's customers and potential customers. A significant delay in the collection of funds or a reduction of funds collected may impact the Company's liquidity or result in credit losses.

The Company's ability to effectively compete and generate additional revenue from new and existing products depends upon the Company's ability to distinguish the Company and its products from the competitors and their products, and to develop and effectively market new and existing products. The Company's success is dependent on many factors, including the following:

- speed of new and innovative product development;
- effective strategy and execution of new product launches;
- identification and development of clinical support for new indications of the Company's existing products;
- product performance;
- product pricing;
- quality of customer support;
- development of successful distribution channels, both domestically and internationally; and
- intellectual property protection.

To compete effectively, the Company has to demonstrate that its new and existing products are attractive alternatives to other devices and treatments, by differentiating the Company's products on the basis of such factors as innovation, performance, brand name, service, and price. This is difficult to do, especially in a crowded aesthetic market. Some of the Company's competitors have newer or different products and more established customer relationships than the Company does, which could inhibit the Company's market penetration efforts. For example, the Company has encountered, and expects to continue to encounter, situations where, due to pre-existing relationships, potential customers decide to purchase additional products from the Company's competitors. Potential customers also may need to recoup the cost of products that they have already purchased from the Company's competitors and may decide not to purchase the Company's products, or to delay such purchases. If the Company is unable to increase the Company's market penetration or compete effectively, its revenue and profitability will be adversely impacted.

If there is not sufficient consumer demand for the procedures performed with the Company's products, practitioner demand for its products could be inhibited, resulting in unfavorable operating results and reduced growth potential.

Continued expansion of the global market for laser and other-energy-based aesthetic procedures is a material assumption of the Company's business strategy. Most procedures performed using the Company's products are elective procedures not reimbursable through government or private health insurance, with the costs borne by the patient. The decision to utilize the Company's products may therefore be influenced by a number of factors, including:

- consumer disposable income and access to consumer credit, which as a result of an unstable economy, may be significantly impacted;
- the cost, safety and effectiveness of alternative treatments, including treatments which are not based upon laser or other energy-based technologies and treatments which use pharmaceutical products;
- the success of the Company's sales and marketing efforts; and
- the education of the Company's customers and patients on the benefits and uses of the Company's products, compared to competitors' products and technologies.

If, as a result of these factors, there is not sufficient demand for the procedures performed with the Company's products, practitioner demand for the Company's products could be reduced, which could have a material adverse effect on the Company's business, financial condition, revenue and result of operations.

If the Company modifies one of its FDA-cleared devices, it may need to seek a new clearance, which, if not granted, would prevent the Company from selling its modified products or cause it to redesign its products.

Any modifications to an FDA-cleared device that could significantly affect its safety or effectiveness or that would constitute a major change in its intended use would require a new 510(k) clearance or possibly a pre-market approval. The Company may not be able to obtain additional 510(k) clearance or premarket approvals for new products or for modifications to, or additional indications for, its existing products in a timely fashion, or at all. Delays in obtaining future clearance would adversely affect its ability to introduce new or enhanced products in a timely manner, which in turn would harm its revenue and future profitability.

The Company has made modifications to its devices in the past and may make additional modifications in the future that it believes do not or will not require additional clearance or approvals. If the FDA disagrees, and requires new clearances or approvals for the modifications, the Company may be required to recall and to stop marketing the modified devices, which could harm the Company's operating results and require it to redesign its products.

If the Company cannot obtain and maintain Medical Device Regulation approvals, the Company will not be able to sell its products in the European Union.

The Company's products are regulated in the EU as medical devices per the MDR. The Company's EC certificate under the EU MDD expired on April 15, 2023. However, Regulation (EU) 2023/607 effectively extends the validity of the Company's EC certificate until December 31, 2028. The Company is in the process of obtaining MDR certification for its principal products sold in the EU and expects to have MDR certification in 2024.

Additionally, the Company is subject to local rules and regulations implemented by each EU Member State where it conducts business, which can increase the burden of compliance and expose the Company to greater liabilities. If the Company is not successful in meeting the conditions for extension of its current certification in accordance with MDR and local rules and regulations, the Company may be required to remove applicable medical devices from the EU market until they are certified under the MDR, which would adversely impact the Company's revenue and results of operations in Europe.

Any defects in the design, material or workmanship of its products may not be discovered prior to shipment to customers, which could materially increase its expenses, adversely impact profitability and harm its business.

The design of the Company's products is complex. To manufacture them successfully, the Company must procure quality components and employ individuals with a significant degree of technical expertise. If the Company's designs are defective, or the material components used in its products are subject to wearing out, or if suppliers fail to deliver components to specification, or if its employees fail to properly assemble, test and package its products, the reliability and performance of its products could be adversely impacted.

If the Company's products contain defects that cannot be repaired easily, inexpensively, or on a timely basis, the Company may experience:

- damage to the Company's brand reputation;
- loss of customer orders and delay in order fulfillment;
- increased costs due to product repair or replacement;
- inability to attract new customers;
- diversion of resources from the Company's manufacturing and research and development departments into the Company's service department;
- changes in share-based compensation; and
- legal action.

The occurrence of any one or more of the foregoing could materially increase expenses, adversely impact profitability and harm the Company's business.

The Company's products may in the future be subject to product recalls that could harm its reputation, business and financial results.

Medical devices can experience performance problems in the field that require review and possible corrective action. The occurrence of component failures, manufacturing errors, software errors, design defects or labeling inadequacies affecting a medical device could lead to a government-mandated or voluntary recall by the device manufacturer, in particular when such deficiencies may endanger health. The FDA requires that certain classifications of recalls be reported to the FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. The Company may initiate voluntary recalls involving its products in the future that the

Company determines do not require notification of the FDA. If the FDA disagrees with its determinations, they could require the Company to report those actions as recalls. Product recalls may divert management attention and financial resources, expose the Company to product liability or other claims, harm its reputation with customers and adversely impact its business, financial condition and results of operations.

The results of the Company's clinical trials may not support its products claims or may result in the discovery of adverse side effects.

The Company cannot be certain that the results of its future clinical trials will support its future product claims or that the FDA will agree with its conclusions regarding them. Success in pre-clinical studies and early clinical trials does not ensure that later clinical trials will be successful, and the Company cannot be sure that the later trials will replicate the results of prior trials and pre-clinical studies. The clinical trial process may fail to demonstrate that its products are safe and effective for the proposed indicated uses, which could cause the Company to abandon a product and may delay development of others. Any delay or termination of the Company's clinical trials will delay the filing of its product submissions and, ultimately, its ability to commercialize its products and generate revenues. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the future product's profile.

Product liability suits could be brought against the Company due to a defective design, material or workmanship or misuse of its products and could result in expensive and time-consuming litigation, payment of substantial damages and an increase in its insurance rates.

If the Company's products are defectively designed, manufactured or labeled, contain defective components or are misused, the Company may become subject to substantial and costly litigation by the Company's customers or their patients. Misusing the Company's products or failing to adhere to operating guidelines could cause significant eye and skin damage, and underlying tissue damage. In addition, if its operating guidelines are found to be inadequate, the Company may be subject to liability. The Company has been involved, and may in the future be involved, in litigation related to the use of its products. Product liability claims could divert management's attention from its core business, be expensive to defend and result in sizable damage awards against the Company. The Company may not have sufficient insurance coverage for all future claims. The Company may not be able to obtain insurance in amounts or scope sufficient to provide the Company with adequate coverage against all potential liabilities. Any product liability claims brought against the Company, with or without merit, could increase the Company's product liability insurance rates or prevent the Company from securing continuing coverage, could harm its reputation in the industry and could reduce product sales. In addition, the Company historically experienced steep increases in its product liability insurance premiums as a percentage of revenue. If its premiums continue to rise, the Company may no longer be able to afford adequate insurance coverage.

The Company may be involved in future costly intellectual property litigation, which could impact its future business and financial performance.

The Company's competitors or other patent holders may assert that the Company's present or future products and the methods the Company employs are covered by their patents. In addition, the Company does not know whether its competitors or other patent holders own or will obtain patents that they may claim prevent, limit or interfere with the Company's ability to make, use, sell or import the Company's products. For example, in March 2023, Serendia, LLC ("Serendia"), filed patent infringement complaints against the Company with the International Trade Commission ("ITC") and in U.S. District Court for the District of Delaware alleging infringement of six Serendia patents by the Secret RF and Secret Pro systems, which the Company distributes in the U.S. on behalf of Ilooda Co. Ltd., a Korean company ("Ilooda"). The manufacturer of these products, Ilooda, is obligated to defend the Company against these claims and, as a result, the Company has not incurred significant external legal costs. Serendia and Ilooda have agreed to a settlement of the ITC investigation, the Delaware litigation and any other past, present and future suits or claims related to the six Serendia patents and the Secret RF and Secret Pro systems. The settlement of these matters includes a non-exclusive, worldwide, fully paid up license from Serendia to Ilooda to the six Serendia patents related to the Secret RF and Secret Pro systems, which are distributed by the Company. The ITC investigation as to Ilooda and the Company was terminated as of April 10, 2024 and the Delaware litigation was dismissed as of April 3, 2024.

The Company may also become involved in litigation not only as a result of alleged infringement of a third party's intellectual property rights but also to protect the Company's own intellectual property. For example, the Company has been involved in litigation to protect the trademark rights associated with its company name or the names of its products. Infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and could divert management's attention from its core business.

The Company's failure to comply with rules relating to bribery, foreign corrupt practices, and privacy and security laws may subject the Company to penalties and adversely impact its reputation and business operations.

The Company's business is subject to regulation and oversight worldwide including:

- the FCPA, which prohibits corporations and individuals from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity;
- the UK Bribery Act, which prohibits both domestic and international bribery, as well as bribery across both public and private sectors; and bribery provisions contained in the German Criminal Code, which, pursuant to draft legislation being prepared by the German government, may make the corruption and corruptibility of physicians in private practice and other healthcare professionals a criminal offense;
- Health Insurance Portability and Accountability Act of 1996, as amended by The Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information; and
- analogous state and foreign law equivalents of each of the above laws, such as state laws that require device companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The risk of being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that some of the Company's business activities, including the Company's relationships with practitioners and thought leaders worldwide, some of whom recommend, purchase and/or use the Company's devices, as well as the Company's sales agents and distributors, could be subject to challenge under one or more of such laws. The Company is also exposed to the risk that the Company's employees, independent contractors, principal investigators, consultants, vendors, independent sales agents and distributors may engage in fraudulent or other illegal activity. While the Company has policies and procedures in place prohibiting such activity, misconduct by these parties could include, among other infractions or violations, intentional, reckless and/or negligent conduct or unauthorized activity that violates FDA regulations, including those laws that require the reporting of true, complete and accurate information to the FDA, manufacturing standards, laws that require the true, complete and accurate reporting of financial information or data or other commercial or regulatory laws or requirements. It is not always possible to identify and deter misconduct by the Company's employees and other third parties, and the precautions the Company takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations.

There are similar laws and regulations applicable to the Company outside the U.S., all of which are subject to evolving interpretations. Global enforcement of anti-corruption laws, including but not limited to the UK Bribery Act, the Brazil Clean Companies Act, and continued enforcement in the Europe, Middle East and Asia Pacific has increased substantially in recent years, with more frequent voluntary self-disclosures by companies, aggressive investigations and enforcement proceedings by governmental agencies, and assessment of significant fines and penalties against companies and individuals. The Company's operations create the risk of unauthorized payments or offers of payments by one of its employees, consultants, sales agents, or distributors because these parties are not always subject to its control. It is the Company's policy to implement safeguards to discourage these practices; however, its existing safeguards and any future improvements may prove to be less than effective, and its employees, consultants, sales agents, or distributors may engage in conduct for which the Company might be held responsible. Any alleged or actual violations of these regulations may subject the Company to government scrutiny, severe criminal or civil sanctions and other liabilities, and could negatively affect its business, reputation, operating results, and financial condition.

In March 2021, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after June 30, 2023. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established or the establishment of an alternative reference rate(s). These consequences cannot be entirely predicted and could have an adverse impact on the market value for or value of LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by the Company. Changes in market interest rates may influence returns on financial investments and could reduce its earnings and cash flows.

There can be no assurance that the policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of its employees, consultants, agents or partners and, as a result, the Company may be subject to penalties and material adverse consequences on its business, financial condition or results of operations.

Risks Related to the Company's Convertible Senior Notes

Servicing the Company's debt, including the notes, may require a significant amount of cash, and the Company may not have sufficient cash flows from its business to pay its indebtedness and the price of its common stock may suffer as a result.

As of December 31, 2023, the Company had \$429.1 million aggregate principal amount of the notes outstanding. The Company's ability to make scheduled payments of the principal of, to pay interest on or to refinance its indebtedness, including the notes, depends on its future performance, which is subject to economic, financial, competitive, and other factors beyond the Company's control. The Company's business may not generate cash flows from operations in the future sufficient to service its debt and make necessary capital expenditures. If the Company is unable to generate such cash flows, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Interest rates have increased and any refinancing would therefore occur at a higher cost to the Company. In addition, the Company's ability to refinance any indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations. In addition, any of the Company's future debt agreements may contain restrictive covenants that may prohibit the Company from adopting any of these alternatives. The Company's failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of its debt.

In addition, the Company's indebtedness, combined with its other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make the Company more vulnerable to adverse changes in general U.S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulation;
- limit the Company's flexibility in planning for, or reacting to, changes in its business and industry;
- place the Company at a disadvantage compared to its competitors who have less debt;
- limit the Company's ability to borrow additional amounts to fund acquisitions, for working capital, and for other general corporate purposes; and
- make an acquisition of the Company less attractive or more difficult.

The significant amount of debt held by the Company creates an overhang that depresses the value of its common stock. Until such time as this debt is repaid or converted, this overhang on value may persist. Any of the above factors could harm the Company's business, results of operations, and financial condition. In addition, if the Company incurs additional indebtedness, the risks related to its business and its ability to service or repay its indebtedness would increase.

The Company may not have the ability to raise the funds necessary to settle conversions of the notes in cash or to repurchase the notes upon a fundamental change, and its future debt may contain limitations on its ability to pay cash upon conversion or repurchase of the notes.

Holders of the notes have the right to require the Company to repurchase all or a portion of their notes of the applicable series upon the occurrence of a fundamental change (as defined in the applicable indenture governing such series of notes) before the applicable maturity date at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the notes, unless the Company elects to deliver solely shares of its common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), the Company will be required to settle a portion or all of its conversion obligation in respect of the notes being converted in cash. Moreover, the Company will be required to repay the notes in cash at their maturity unless earlier converted, redeemed or repurchased. However, the Company may not have enough available cash or be able to obtain financing at the time the Company is required to make repurchases of notes surrendered therefor or pay cash with respect to notes being converted or at their maturity.

In addition, the Company's ability to repurchase notes or to pay cash upon conversions of notes or at their maturity may be limited by law, regulatory authority or agreements governing its future indebtedness. The Company's failure to repurchase the notes of a series at a time when the repurchase is required by the applicable indenture or to pay cash upon conversions of notes or at their maturity as required by such indenture would constitute a default under such indenture. A default under the indenture governing a series of notes or the fundamental change itself could also lead to a default under agreements governing the Company's existing and future indebtedness. Moreover, the occurrence of a fundamental change under the indenture governing a series of notes could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, the Company may not have sufficient funds to repay the indebtedness. Any failure by the Company to repay indebtedness and repurchase the notes or make cash payments upon conversion thereof, in each case, when required to do so pursuant to the terms of the applicable indenture, could have a material adverse effect on the Company's business, financial condition, and results of operations.

The conditional conversion features of the notes, if triggered, may adversely affect the Company's financial condition and operating results.

During the second, third, and fourth quarters of 2021 and the third and fourth quarters of 2022, a conversion feature related to the sale price of the Company's common stock was triggered. No conversion requests were submitted by the holders of any series of notes related to these triggering events. In the event the conditional conversion features of a series of notes are triggered, holders of the applicable series of notes will be entitled to convert their notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless the Company elects to satisfy the Company's conversion obligation by delivering solely shares of its common stock (other than paying cash in lieu of delivering any fractional share), the Company would be required to settle a portion or all of its conversion obligation in cash, which could adversely affect the company's liquidity. In addition, even if holders of notes do not elect to convert their notes, the Company could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of its net working capital.

Transactions relating to the notes may affect the value of the Company's common stock.

The conversion of some or all of the notes would dilute the ownership interests of the Company's existing stockholders to the extent the Company elects satisfy its conversion obligation by delivering shares of the Company's common stock upon any conversion of such notes. The notes may become convertible at the option of their holders under certain circumstances set forth in the applicable indenture. If holders of the notes elect to convert their notes, the Company may settle its conversion obligation by delivering to them a significant number of shares of the Company's common stock, which would cause dilution to the existing stockholders.

In connection with the pricing of the notes, the Company entered into capped call transactions with the applicable option counterparties. The capped call transactions cover, subject to customary adjustments, the number of shares of the Company's common stock initially underlying the applicable series of notes (excluding the 2028 notes issued to Voce Capital Management LLC). The capped call transactions are expected generally to reduce the potential dilution to the Company's common stock upon any conversion of such notes and/or offset any cash payments the Company may be required to make in excess of the principal amount of such converted notes, as the case may be, with such reduction and/or offset subject to a cap.

In connection with establishing their initial hedges of the capped call transactions, the applicable option counterparties or their respective affiliates entered into various derivative transactions with respect to the Company's common stock and/or purchased shares of the Company's common stock concurrently with or shortly after the pricing of the applicable series of notes. From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to the Company's common stock and/or purchasing or selling the Company's common stock or other securities of the Company in secondary market transactions prior to the maturity of the applicable series of notes (and are likely to do so following any conversion, repurchase, or redemption of such notes, to the extent the Company exercises the relevant election under the applicable capped call transactions). This activity could also cause a decrease and/or increased volatility in the market price of the Company's common stock.

The Company is subject to counterparty risk with respect to the capped call transactions.

The counterparties to the capped call transactions that the Company entered into in connection with the pricing of the notes are financial institutions, and the Company will be subject to the risk that one or more of the counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the capped call transactions. The Company's exposure to the credit risk of the counterparties will not be secured by any collateral.

Global economic conditions have in the past resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a counterparty to one or more capped call transactions becomes subject to insolvency proceedings, the Company will become an unsecured creditor in those proceedings with a claim equal to its exposure at the time under such transaction. the Company's exposure will depend on many factors but, generally, its exposure will increase if the market price or the volatility of the Company's common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by a counterparty, the counterparty may fail to deliver the consideration required to be delivered to the Company under the capped call transactions and it may experience more dilution than the Company currently anticipates with respect to its common stock. The Company can provide no assurances as to the financial stability of the counterparties.

Risks Related to Ownership of the Company's Common Stock

Anti-takeover provisions contained in the Company's amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

The Company's amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by the Company's board of directors. Among other things, the Company's amended and restated certificate of incorporation and amended and restated bylaws include provisions:

- authorizing “blank check” preferred stock, which could be issued by the Company's board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to its common stock;
- limiting the liability of, and providing indemnification to, its directors and officers;
- limiting the ability of its stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of the Company's stockholders and for nominations of candidates for election to its board of directors; and
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Company's management.

As a Delaware corporation, the Company is also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the “DGCL”), which prevents certain stockholders holding more than 15% of its outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of the Company's outstanding common stock not held by such stockholder.

Any provision of the Company's amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for its stockholders to receive a premium for their shares of the Company's capital stock, and could also affect the price that some investors are willing to pay for its common stock.

The Company's business could be negatively affected by activist shareholders.

Responding to actions by activist shareholders could be costly and time-consuming, disrupt the Company's operations and divert the attention of management and its employees. Additionally, perceived uncertainties as to the Company's future direction as a result of shareholder activism or changes to the composition of its board of directors may lead to the perception of a change in the direction of its business or other instability, which may be exploited by its competitors, cause concern to the Company's current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with the Company or do business with its competitors instead of the Company, then the Company's business, financial condition and operating results would be adversely affected. In addition, the share price of its common stock could experience periods of increased volatility as a result of shareholder activism.

If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business, its market or its competitors, or if they adversely change their recommendations regarding the Company's common stock, the market price and trading volume of its common stock could decline.

The trading market for the Company's common stock will be influenced, to some extent, by the research and reports that securities or industry analysts publish about the Company, its business, its market or its competitors. If any of the analysts who cover the Company adversely change their recommendations regarding its common stock or provide more favorable recommendations about its competitors, the market price of the Company's common stock would likely decline. If any of the analysts who cover the Company cease coverage of the company or fail to regularly publish reports on it, the Company could lose visibility in the financial markets, which in turn could cause the market price and trading volume of its common stock to decline.

The Company does not expect to declare any dividends on its common stock in the foreseeable future.

The Company does not anticipate declaring any cash dividends to holders of its common stock in the foreseeable future. Consequently, investors may need to rely on sales of its common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of its common stock.

If the Company raises additional capital through the sale of shares of the Company's common stock, convertible securities or debt in the future, its stockholders' ownership in the Company could be diluted and restrictions could be imposed on the Company's business.

The Company may issue shares of its common stock or securities convertible into its common stock to raise additional capital in the future. To the extent the Company issues such securities, its stockholders may experience substantial dilution and the trading price of the Company's common stock could decline. If the Company obtains funds through a credit facility or through the issuance of debt or preferred securities, such debt or preferred securities could have rights senior to the existing stockholders' rights as a common shareholder, which could impair the value of the Company's common stock.

If the Company fails to maintain compliance with the listing requirements of the Nasdaq Global Select Market, the Company may be delisted and the price of the Company's common stock and the Company's ability to access the capital markets could be negatively impacted.

To maintain the listing of the Company's common stock on the Nasdaq Global Select Market, the Company is required to meet certain listing requirements, including, among others, either: (i) a minimum closing bid price of \$1.00 per share, a market value of publicly held shares (excluding shares held by the Company's executive officers, directors and 10% or more stockholders) of at least \$5 million and stockholders' equity of at least \$10 million; or (ii) a minimum closing bid price of \$1.00 per share, a market value of publicly held shares (excluding shares held by the Company's executive officers, directors, affiliates and 10% or more stockholders) of at least \$15 million and a total market value of listed securities of at least \$50.0 million.

The Company may fail to satisfy one or more the Nasdaq Global Select Market requirements for continued listing of the Company's common stock in the future. There can be no assurance that the Company will be successful in maintaining the listing of its common stock on the Nasdaq Global Select Market, or, if transferred, on the Nasdaq Capital Market. The delisting of the Company's common stock from a national exchange could impair the liquidity and market price of the Company's common stock. It could also materially, adversely affect the Company's access to the capital markets, and any limitation on market liquidity or reduction in the price of the Company's common stock as a result of that delisting could adversely affect the Company's ability to raise capital on terms acceptable to the Company, or at all.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. Cybersecurity

Risk Management and Strategy.

The Company has implemented and maintained various information security processes designed to identify, assess and manage material risks from cybersecurity threats to critical computer networks, third-party hosted services, communications systems, hardware, lab equipment, software, and critical data includes confidential, personal, proprietary, and sensitive data. Accordingly, the Company maintains certain risk assessment processes intended to identify cybersecurity threats, determines the likelihood of occurring, and assesses potential material impact to the Company's business. Based on the Company's assessment, the Company implements and maintains risk management processes designed to protect the confidentiality, integrity, and availability of its information assets and mitigate harm to its business. The Company's cybersecurity policies, standards, processes, and practices are based on recognized frameworks established by the Center for Internet Security (CIS), the National Institute of Standards and Technology (NIST) and other applicable industry standards and are integrated into the Company's overall risk management system and processes.

The Company engages in processes designed to identify such threats by, among other things, monitoring the threat environment, conducting scans of the threat environment, evaluating the Company's industry's risk profile, evaluating threats reported to the Company, coordinating with law enforcement concerning threats, conducting threat assessments for internal and external threats, and conducting vulnerability assessments to identify vulnerabilities.

The Company has not identified any risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, including its operations, business strategy, results of operations, or financial condition. The Company faces certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect the Company, including its operations, business strategy, results of operations, or financial condition. See "*Risk Factors - Security breaches, cybersecurity incidents and other disruptions could compromise the Company's information and impact the Company's business, financial condition or results of operations.*"

Governance.

The Board of Directors is responsible for oversight of the Company's risk management process. The Board administers this oversight function directly through the Board of Directors as a whole, as well as through the Audit Committee of the board. Areas of focus include economic risk, operational risk, financial risk (accounting, investment or liquidity, and tax), competitive risk, legal and regulatory risk, cybersecurity risk and compliance and reputational risks. The Board of Directors is supported by regular reporting by leaders from the Company's finance, cyber security, privacy, legal and compliance teams, who have an average of approximately 15 years of experience, which is designed to give the Board of Directors visibility over the Company's operations and activities to adequately identify key risks and understand management's risk mitigation strategies.

ITEM 2. PROPERTIES***United States***

The Company occupies 66,000 square feet for its U.S. corporate office in Brisbane, California, under a lease which extends through January 31, 2028. The original lease expired on December 31, 2017, and the Company entered into a Second Amendment on July 6, 2017 that extended the term of the lease to January 31, 2023 and a Third Amendment on July 9, 2020 that extended the term of the lease to January 31, 2028. The amendment provides for the following: a) the extension of the lease term, with the extended term to begin on February 1, 2023 and continue until January 31, 2028; b) the abatement of the monthly base rent for the four month period beginning September 1, 2020 and ending December 31, 2020; c) the amendment of monthly base rent during the extension term to approximately \$0.2 million for January 2021 with annual increases of 3.5% thereafter; and d) the waiver by the Company of its early termination right in the lease. Pursuant to the terms of the Third Amendment to the Lease Agreement, the Company has the option to extend the term of the lease by an additional 60 months.

On January 16, 2024, the Company entered into a 37-month lease agreement. The lease is for 53,000 square feet of warehouse space in Hayward, California. This space was leased to consolidate current inventory locations in Northern California. The term of the lease expires on February 28, 2027, and requires total payments over the lease term of approximately \$2.5 million.

International

In addition, the Company has leased office facilities in certain countries as follows:

Country	Square Footage	Lease termination or Expiration
Japan	Approximately 10,760	Four leases, expiring between March 2025 and March 2027.
France	Approximately 2,239	One lease, which expires in June 2031.
Belgium	Approximately 151	One lease, which expires in February 2026.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company may be involved in legal and administrative proceedings and claims of various types. For a description of material pending legal and regulatory proceedings and settlements as of December 31, 2023, see *Note 13* to the Company's consolidated financial statements entitled "Commitments and Contingencies," Part II Item 8, included in this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Listing

The Company’s common stock trades on the NASDAQ Global Select Market under the symbol “CUTR.” As of May 8, 2024, the closing sale price of its common stock was \$2.51 per share.

Common Stockholders

The Company had approximately 150 stockholders of record as of December 31, 2023. The Company believes the actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in “street” name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Issuer Purchases of Equity Securities

There were no repurchases of the Company’s common stock in 2023 under the Company’s Stock Repurchase Program.

Sales of Unregistered Securities

None.

Dividends

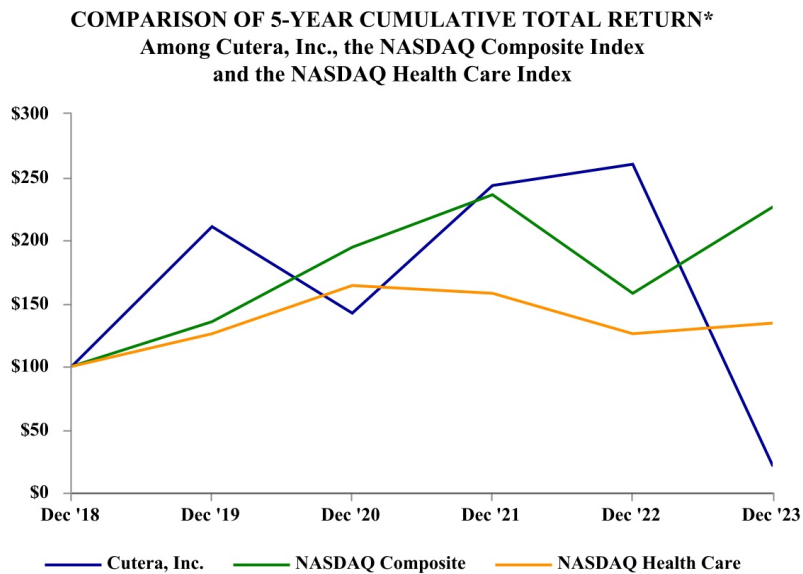
For a discussion regarding the Company’s intentions with respect to dividends, see the section titled “Stock-based Compensation Expense” set forth in Part II Item 7 of this Annual Report on Form 10-K.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this Item regarding equity compensation plans is incorporated by reference to the information set forth in Part III Item 12 of this Annual Report on Form 10-K.

Performance Graph

The graph below compares Cutera, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Health Care index. The graph tracks the performance of a \$100 investment in the Company's common stock and in each index (with the reinvestment of all dividends) from December 31, 2018 to December 31, 2023.



*\$100 invested on December 31, 2018 in stock or index, including reinvestment of dividends.

In accordance with SEC rules, the information contained under "Performance Graph" shall not be deemed to be "soliciting material," or to be "filed" with the SEC or subject to the SEC's Regulation 14A or 14C, other than as provided under Item 201(e) of Regulation S-K, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically request that the information be treated as soliciting material or specifically incorporate it by reference into a document filed under the Securities Act, or the Securities Exchange Act of 1934, as amended.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2023. This Annual Report on Form 10-K, including the following sections, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Throughout this Report, and particularly in this Item 7, the forward-looking statements are based upon the Company's current expectations, estimates and projections and that reflect the Company's beliefs and assumptions based upon information available to the Company at the date of this Report. In some cases, you can identify these statements by words such as "may," "might," "could," "will," "should," "expects," "plans," "anticipates," "likely," "believes," "estimates," "intends," "forecasts," "foresees," "predicts," "potential" or "continue," and other similar terms. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions that are difficult to predict. The Company's actual results, performance or achievements could differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements include, but are not limited to, statements relating to the Company's future financial performance, the ability to grow the Company's business, increase the Company's revenue, manage expenses, generate additional cash, achieve and maintain profitability, develop and commercialize existing and new products and applications, improve the performance of the Company's worldwide sales and distribution network, and to the outlook regarding long term prospects. The Company cautions you not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Annual Report on Form 10-K. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Form 10-K.

Some of the important factors that could cause the Company's results to differ materially from those in the Company's forward-looking statements, and a discussion of other risks and uncertainties, are discussed in Item 1A—Risk Factors. The Company encourages you to read that section carefully as well as other risks detailed from time to time in the Company's filings with the SEC.

Introduction

The Management's Discussion and Analysis ("MD&A") is organized as follows:

- Executive Summary. This section provides a general description and history of the Company's business, a brief discussion of the Company's product lines and the opportunities, trends, challenges and risks the Company focuses on in the operation of the Company's business.
- Critical Accounting Policies and Estimates. This section describes the key accounting policies that are affected by critical accounting estimates.
- Results of Operations. This section provides the Company's analysis and outlook for the significant line items on the Company's Consolidated Statements of Operations.
- Liquidity and Capital Resources. This section provides an analysis of the Company's liquidity and cash flows, as well as a discussion of the Company's commitments that existed as of December 31, 2023.

The Company has omitted discussion of 2022 results where it would be redundant to the discussion previously included in Management's Discussion and Analysis of Financial Condition and Results of Operations on Form 10-K for the year ended December 31, 2022, which has been filed with the SEC.

Executive Summary

Company Description

Cutera, Inc. ("Cutera" or the "Company") develops, manufactures, distributes, and markets energy-based product platforms for medical practitioners, enabling them to offer safe and effective treatments to their customers. In addition, the Company distributes third-party manufactured skincare products. The Company currently markets the following system platforms: AviClear, enlighten, excel, truSculpt, Secret PRO, Secret RF, and xeo — each of which enables medical practitioners to perform safe and effective procedures, including treatment for acne, body contouring, skin resurfacing and revitalization, hair and tattoo removal, removal of benign pigmented lesions, and vascular conditions. Several of the Company's systems offer multiple hand pieces and applications, providing customers the flexibility to upgrade their systems.

The Company's corporate headquarters and U.S. operations are located in Brisbane, California, where the Company conducts manufacturing, warehousing, research and development, regulatory, sales and marketing, service, and administrative activities. The Company also maintains regional distribution centers ("RDCs") in selection locations across the U.S. These RDCs serve as forward warehousing for systems and service parts in various geographies. The Company markets and services the Company's products through direct sales and service employees in North America (including Canada), Australia, New Zealand,

Austria, France, Germany, Hong Kong, Japan, Switzerland, the United Kingdom and Ireland. Sales and services outside of these direct markets are made through a worldwide distributor network in over 37 countries. The consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company transactions and balances have been eliminated.

The Company's trademarks include: "ACUTIP 500®," "AVI™," "AVICLEAR®," "AVICOOOL®," "AVIANALYTICSTM," "CUCF®," "CUTERA®," "CUTERA UNIVERSITY CLINICAL FORUM®," "ENLIGHTEN®," "EXCEL HR®," "EXCEL V®," "GENESIS™," "LASER GENESIS™," "LIMELIGHT®," "PICO GENESIS®," "PICO TONING®," "PROWAVE 770®," "SOLERA®," "TITAN®," "TRUBODY®," "TRUSCULPT FLEX®," "TRUFLEX™," "TRUSCULPT®," "TRUSCULPT ID®," and "XEO®." The Company's logo and other Company trade names, trademarks, and service marks appearing in this document are the Company's property. Other trade names, trademarks, and service marks appearing in this Annual Report on Form 10-K are the property of their respective owners. Solely for convenience, the Company's trade names, trademarks and service marks referred to in this Annual Report on Form 10-K appear without the ® or TM symbols, but those references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, the Company's rights, or the right of the applicable licensor to these trade names, trademarks and service marks.

Products and Services

The Company derives revenue from the sale of products and services. Product revenue includes revenue from the sale of systems, hand pieces, upgrade of systems, and leasing and direct sales of AviClear devices (collectively "Systems" revenue); replacement hand pieces, truSculpt cycle refills, truFlex cycle refills, AviClear treatment fees, and single use disposable tips applicable to Secret RF (collectively "Consumables" revenue); and the sale of third-party manufactured skincare products ("Skincare" revenue). A system consists of a console that incorporates a universal graphic user interface, a laser and (or) an energy-based module, control system software and high voltage electronics, as well as one or more hand pieces. However, depending on the application, the laser or other energy-based module is sometimes contained in the hand piece, such as with the Company's Pearl and Pearl Fractional applications, instead of within the console.

The Company currently markets the following key platforms: AviClear, enlighten, excel, truSculpt, Secret PRO, Secret RF, and xeo — each of which enables medical practitioners to perform safe and effective procedures, including treatment for acne, body contouring, skin resurfacing and revitalization, hair and tattoo removal, removal of benign pigmented lesions, and vascular conditions.

Several of the Company's systems offer multiple hand pieces and applications, providing customers the flexibility to upgrade their systems whenever they choose and provides the Company with a source of additional Systems revenue.

Skincare revenue relates to the distribution of ZO's skincare products in Japan. The skincare products were purchased from a third-party manufacturer and sold to medical offices and licensed physicians. On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement with ZO, which terminated all agreements related to the distribution by the Company of ZO's products in Japan. The Company acted as the principal in this arrangement, as the Company determined the price to charge customers for the skincare products and controlled the products before they were transferred to the customer.

Service includes prepaid service contracts, and labor, time and material on out-of-warranty products.

Significant Business Trends

The Company believes that the ability to grow revenue will be primarily impacted by the following:

- capturing market share in the Acne space and capitalizing on the momentum in AviClear;
- continuing to expand the Company's product offerings, both through internal development and sourcing from other vendors;
- ongoing investment in the Company's global sales and marketing infrastructure;
- use of clinical results to support new aesthetic products and applications;
- enhanced luminary development and reference selling efforts (to develop a location where Company's products can be displayed and used to assist in selling efforts);
- customer demand for the Company's products;
- consumer demand for the application of the Company's products;
- marketing to physicians in the core dermatology and plastic surgeon specialties, as well as outside those specialties; and
- generating recurring revenue from the Company's growing installed base of customers through the sale of system upgrades, services, hand piece refills, truSculpt cycles, skincare products and replacement tips for Secret RF products.

For a detailed discussion of the significant business trends impacting the Company's business, please see the section titled "Results of Operations" below.

Critical Accounting Policies and Use of Estimates

The preparation of the Company's audited consolidated financial statements and related notes requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company has based its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. The Company periodically reviews its estimates and makes adjustments when facts and circumstances dictate. To the extent that there are material differences between these estimates and actual results, its financial condition or results of operations will be affected.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. The Company believes that its critical accounting policies reflect the more significant estimates and assumptions used in the preparation of its audited consolidated financial statements.

The Company's critical accounting policies are described in Note 1 "Summary of significant accounting policies". The following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Company's consolidated financial statements.

Inventory Valuation

The Company estimates an excess and obsolete inventory reserve based on expected inventory usage. The Company's estimate of inventory consumption is based on historic consumption and sales patterns, expected future sales demand, and obsolescence, market opportunity, existent quality control issues, and actual and planned product releases. The Company develops an estimate of these factors through analysis of historic and budgeted data, and inquiries of manufacturing and sales departmental leaders. The Company evaluates the excess and obsolete model and the resulting reserve on a quarterly basis through review of historical inventory reserve and write-off patterns.

Income Taxes and Valuation Allowance

The Company estimates whether a valuation allowance is necessary for the Company's deferred tax assets by evaluating evidence of the existence of sufficient taxable income within the permitted carryback and carryforward periods. The most significant deferred tax assets relate to the Company's accumulated net operating losses of \$290.1 million at December 31, 2023, and unutilized tax credit balance of \$23.6 million at December 31, 2023. The Company considers positive and negative evidence in evaluating the likelihood that these net operating losses and tax credits can be utilized and places greatest reliance on the most objective available evidence, including the Company's recent operating loss history or profitability by tax jurisdiction, the timing of the expiration of net operating losses, and credit carryforwards and potential reversal of deferred tax liabilities that would give rise to future taxable income.

Results of Operations

The following table sets forth selected consolidated financial data expressed as a percentage of net revenue. Percentages in this table and throughout its discussion and analysis of financial condition and results of operations may reflect rounding adjustments.

	Year Ended December 31,		
	2023	2022	2021
Net revenue	100 %	100 %	100 %
Cost of revenue	80 %	45 %	42 %
Gross margin	20 %	55 %	58 %
Operating expenses:			
Sales and marketing	53 %	42 %	33 %
Research and development	10 %	10 %	9 %
General and administrative	30 %	18 %	14 %
Total operating expenses	93 %	71 %	57 %
Income (loss) from operations	(74)%	(15)%	1 %
Amortization of debt issuance costs	(1)%	(1)%	— %
Interest on convertible notes	(6)%	(2)%	(1)%
Loss on extinguishment of convertible notes	— %	(14)%	— %
Gain on extinguishment of PPP loan	— %	— %	3 %
Interest income (expense), net	4 %	1 %	— %
Other expense, net	— %	(2)%	(1)%
Income (loss) before income taxes	(76)%	(32)%	2 %
Income tax expense	1 %	1 %	1 %
Net income (loss)	(77)%	(33)%	1 %

Net Revenue

The following table sets forth selected consolidated revenue by major geographic area and product category with changes thereof.

(Dollars in thousands)	Year Ended December 31,				
	2023	% Change	2022	% Change	2021
Revenue mix by geography:					
North America	\$ 106,786	(17)%	\$ 128,418	15 %	\$ 111,621
Japan	52,134	(20)%	64,921	(8)%	70,235
Rest of World	53,449	(10)%	59,060	20 %	49,414
Consolidated total revenue	<u>\$ 212,369</u>	<u>(16)%</u>	<u>\$ 252,399</u>	<u>9 %</u>	<u>\$ 231,270</u>
<i>North America as a percentage of total revenue</i>	50 %		51 %		48 %
<i>Japan as a percentage of total revenue</i>	25 %		26 %		31 %
<i>Rest of World as a percentage of total revenue</i>	25 %		23 %		21 %
Revenue mix by product category:					
Systems - North America	\$ 75,206	(24)%	\$ 99,267	15 %	\$ 86,100
Systems - Rest of World (including Japan)	55,322	(15)%	65,292	22 %	53,533
<i>Total Systems</i>	130,528	(21)%	164,559	18 %	139,633
Consumables	25,302	16 %	21,737	33 %	16,401
Skincare	33,983	(20)%	42,500	(14)%	49,669
<i>Total Products</i>	189,813	(17)%	228,796	11 %	205,703
Service	22,556	(4)%	23,603	(8)%	25,567
<i>Total Net revenue</i>	<u>\$ 212,369</u>	<u>(16)%</u>	<u>\$ 252,399</u>	<u>9 %</u>	<u>\$ 231,270</u>

Total Net Revenue

The Company's total revenue decreased by \$40.0 million, or 15.9%, for the year ended December 31, 2023, compared to 2022, mainly due to a decrease in revenue from System sales of \$34.0 million. Skincare revenue decreased \$8.5 million, of which \$5.6 million reflects increased competition from alternative products and procedures and \$2.9 million relates to adverse impact from the weakening Japanese Yen.

These decreases in total revenue were partially offset by an increase in consumables of \$3.6 million, which was driven by an increase in AviClear treatment volumes of \$6.9 million, partially offset by a decrease in other consumables revenue of \$3.3 million attributable to an industry wide slow down.

The Company received FDA clearance related to its AviClear device in March 2022. From April 2022 through November 2022, the Company earned revenue from a limited commercial release and after November 2022 earned revenue from a full commercial release.

Foreign currency devaluations in Japan and Australia adversely impacted total revenue in 2023 by approximately \$5.5 million.

Revenue by Geography

The Company's North America revenue decreased by \$21.6 million, or 16.8%, for the year ended December 31, 2023, compared to 2022. This decrease is due to a decrease of \$24.1 million in Systems revenue, attributable to the tightening financing and economic environment, partially offset by \$4.0 million in Consumables revenue driven by AviClear treatment revenue.

The Company's revenue in Japan decreased by \$12.8 million, or 19.7%, for the year ended December 31, 2023, compared to 2022. This decrease was driven by a \$8.5 million decrease in Skincare revenue and \$4.0 million in systems revenue due to lower volumes and the devaluation of the Japanese Yen in 2023.

The Company's Rest of World revenue decreased by \$5.6 million, or 9.5%, for the year ended December 31, 2023, compared to 2022, driven by system softness in all geographies, specifically in global distributor markets and Australia.

Revenue by Product Type

Systems Revenue

Systems revenue in North America decreased by \$24.1 million, or 24.2%, for the year ended December 31, 2023, compared to 2022, due to tightening financing markets and the macroeconomic environment in North America. The Rest of the World systems revenue decreased by \$10.0 million, or 15.3%, compared to 2022, for the same reason.

Consumables Revenue

Consumables revenue increased by \$3.6 million, or 16.4%, for the year ended December 31, 2023, compared to 2022. The increase was driven by an increase in AviClear treatment volumes of \$6.9 million, partially offset by a decrease in other consumables revenue of \$3.3 million attributable to an industry-wide slow down.

Skincare Revenue

The Company's revenue from Skincare products in Japan decreased \$8.5 million, or 20.0%, for the year ended December 31, 2023, compared to 2022. This decrease is attributed to the competitive environment and the adverse impact from the weakening Japanese Yen. On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement with ZO, which terminated all agreements related to the distribution by the Company of ZO's products in Japan.

Service Revenue

The Company's Service revenue decreased \$1.0 million, or 4.4%, for the year ended December 31, 2023, compared to 2022. This decrease was due to reduced service contracts in North America.

Gross Profit

(Dollars in thousands)	Year Ended December 31,				
	2023	Change	2022	Change	2021
Gross profit	\$ 41,494	\$ (98,335)	\$ 139,829	\$ 6,724	\$ 133,105
As a percentage of total net revenue	19.5 %	(35.9)%	55.4 %	(2.2)%	57.6 %

Gross profit as a percentage of revenue for the year ended December 31, 2023, was 19.5%, compared to 55.4% in 2022.

Geographic and product revenue mix and the decline in revenue adversely impacted the Company's gross margin rate by 5.0 percentage points. Increases in material costs, lower cost absorption attributable to lower production and inventory write-offs adversely impacted the Company's gross margin rate by 11.3 percentage points. Increases in the Company's reserve for excess inventory parts adversely impacted the Company's gross margin by 13.3 percentage points. In the fourth quarter of fiscal year 2023, the Company incurred a loss, equivalent to an adverse gross margin impact of 2.7 percentage points, related to payments to be made to Jabil as compensation for expenses either previously incurred by Jabil or associated with the non-renewal of the Manufacturing Services Agreement. Other factors, including freight and clinical training, adversely impacted the Company's gross margin rate by 3.6 percentage points.

Sales and Marketing

(Dollars in thousands)	Year Ended December 31,				
	2023	Change	2022	Change	2021
Sales and marketing	\$ 113,003	\$ 6,056	\$ 106,947	\$ 30,185	\$ 76,762
As a percentage of total net revenue	53.2 %	10.8 %	42.4 %	9.2 %	33.2 %

Sales and marketing expenses consist primarily of personnel expenses, expenses associated with customer-attended workshops and trade shows, post-marketing studies, advertising, and training. Sales and marketing expenses for the year ended December 31, 2023, increased \$6.1 million, or 5.7%, compared to 2022.

The increase in sales and marketing expenses is attributable to headcount growth related to promoting and selling AviClear, particularly in relation to the increased sale commission expense, which increased by \$4.7 million in fiscal year 2023. Another factor contributing to the increase was increased spending on consulting services, which increased by \$2.9 million in fiscal year 2023. These increases were partially offset by a decrease in stock-based compensation expense of \$1.6 million.

Research and Development ("R&D")

(Dollars in thousands)	Year Ended December 31,				
	2023	Change	2022	Change	2021
Research and development	\$ 21,408	\$ (3,747)	\$ 25,155	\$ 3,587	\$ 21,568
As a percentage of total net revenue	10.1 %	0.1 %	10.0 %	0.7 %	9.3 %

R&D expenses consist primarily of personnel expenses, clinical research, regulatory and material costs. R&D expenses decreased by \$3.7 million, or 14.9%, for the year ended December 31, 2023, compared to 2022.

The decrease in R&D expenses reflects a decrease in stock-based compensation expense of \$1.3 million and a decrease in outside consultancy services utilized by the Company of \$2.6 million.

General and Administrative ("G&A")

(Dollars in thousands)	Year Ended December 31,				
	2023	Change	2022	Change	2021
General and administrative	\$ 63,313	\$ 17,396	\$ 45,917	\$ 12,972	\$ 32,945
As a percentage of total net revenue	29.8 %	11.6 %	18.2 %	4.0 %	14.2 %

G&A expenses consist primarily of personnel expenses, legal, accounting, audit and tax consulting fees, as well as other general and administrative expenses. G&A expenses increased by \$17.4 million, or 37.9%, for the year ended December 31, 2023, compared to 2022.

The increase in G&A expenses was primarily due to \$12.3 million incurred in connection with the Company's response to litigation and shareholder activism related to the Company's 2023 annual meeting of stockholders. Increases in the Company's allowance for credit losses resulted in an increase in expense of \$6.4 million. These increases were partially offset by a decrease in stock-based compensation expense of \$2.5 million, primarily resulting from the departure of several executives and Board directors during the year.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, consists of the following:

(Dollars in thousands)	Year Ended December 31,				
	2023	Change	2022	Change	2021
Amortization of debt issuance costs	\$ (2,236)	\$ (881)	\$ (1,355)	\$ (645)	\$ (710)
Interest on convertible notes	(11,780)	(6,122)	(5,658)	(3,144)	(2,514)
Loss on extinguishment of convertible notes	—	34,423	(34,423)	(34,423)	—
Gain on extinguishment of PPP loan	—	—	—	(7,185)	7,185
Interest income	9,191	5,964	3,227	3,210	17
Other expense, net	(244)	4,059	(4,303)	(1,880)	(2,423)
Interest and other income (expense), net	\$ (5,069)	\$ 37,443	\$ (42,512)	\$ (44,067)	\$ 1,555

Interest and other income (expense), net, changed from a net expense of \$42.5 million in 2022 to \$5.1 million in 2023.

In fiscal year 2022, the Company incurred a loss of \$34.4 million associated with the partial extinguishment of the 2026 Notes. The increase in interest on convertible notes amounted to \$6.1 million, primarily due to the issuance timing of the 2028 Notes and 2029 Notes. This increase in interest expense was offset by a corresponding increase in interest income of \$6.0 million derived from marketable securities. Other expense, net, mainly consists of realized and unrealized foreign exchange gains and losses recognized during the fiscal year.

Income Tax Provision

(Dollars in thousands)	Year Ended December 31,					
	2023	Change	2022	Change	2021	
Income tax provision	\$ 1,534	\$ (104)	\$ 1,638	\$ 315	\$ 1,323	

Income tax provision decreased \$0.1 million, or 6.3%, for the year ended December 31, 2023, compared to 2022.

This decrease reflects reduced net earnings from the Company's foreign subsidiaries in 2023.

Liquidity and Capital Resources

Sources and Uses of Cash

The Company's principal source of liquidity is cash generated from the issuance of convertible notes. The Company actively manages its cash usage to ensure the maintenance of sufficient funds to meet its cash requirements. The majority of the Company's cash and cash equivalents is held in U.S. banks and its foreign subsidiaries maintain a limited amount of cash in their local banks to cover their short-term operating expenses.

As of December 31, 2023 and 2022, the Company had \$181.4 million and \$345.4 million of working capital, respectively. Cash and cash equivalents decreased by \$2.3 million to \$143.6 million as of December 31, 2023, from \$145.9 million as of December 31, 2022, due to cash outflows for operations and the purchase of parts for the manufacturing of AviClear devices, partially offset by net proceeds from the maturities of marketable securities.

When preparing financial statements, management has the responsibility to evaluate if the Company has adequate liquidity to continue to operate for the next twelve months. In applying this accounting guidance, management considered the Company's current financial condition and liquidity sources, including current funds, forecasted future cash flows and its unconditional obligations due over the next twelve months. In addition, management evaluates the history of the Company's financial performance, and determined that the Company has had a historic trend of operating losses, which continues to have an unfavorable impact on the Company's overall liquidity. Most recently, the Company reported net losses of \$162.8 million and \$82.3 million for fiscal year ended December 31, 2023 and 2022, respectively.

The Company continues to develop plans and take proactive steps to grow its revenues and enhance its operations. These plans include a revised business model for AviClear and cost savings through workforce reductions, restructuring supplier and manufacturing relationships, and implementing other cost reduction strategies. The Company has also undertaken initiatives to improve inventory and receivables management. Company management's current plans mitigate the unfavorable impact that the factors described above have had on the Company's liquidity and believes that its current cash and cash equivalents balances will be sufficient to enable the Company to meet its obligations for at least the next twelve months from the date of this report. However, the Company's liquidity assumptions may prove to be incorrect or it may fail to execute on its revised business model or its cost reduction strategies, and the Company could exhaust its available financial resources sooner than it currently anticipates. Additional factors considered in the Company's assessment include its current cash on hand, its forecast of future operating results for the next twelve months from the date of this report, and the actions the Company has taken to improve its liquidity.

The Company intends to continue to evaluate market conditions and may in the future pursue additional sources of funding to enhance its financial position and to execute on its business strategy. In addition, should prevailing economic, financial, business or other factors adversely affect its ability to meet its operating cash requirements, the Company could be required to obtain funding through the credit or capital markets. Any equity financing obtained by the Company would dilute existing stockholders and any debt financing could contain restrictive covenants, which would reduce management's flexibility to run the Company's business or present a risk of default. If the Company raises funds through collaborations or licensing arrangements, the Company may be required to relinquish significant rights to its technologies or products or grant licenses on terms that are not favorable to the Company. The Company cannot be certain that additional funds would be available to it on favorable terms when required, or at all.

Cash, Cash Equivalents, Restricted Cash and Marketable Investments

The following table summarizes the Company's cash, cash equivalents and restricted cash (in thousands):

(Dollars in thousands)	Year ended December 31,		
	2023	2022	Change
Cash and cash equivalents	\$ 143,612	\$ 145,924	\$ (2,312)
Restricted cash	—	700	(700)
Marketable investments	—	171,390	(171,390)
Cash and cash equivalents	\$ 143,612	\$ 318,014	\$ (174,402)

Consolidated Cash Flow Data

In summary, the Company's cash flows were as follows:

(Dollars in thousands)	Year ended December 31,		
	2023	2022	2021
Cash flows provided by (used in):			
Operating activities	\$ (137,870)	\$ (66,995)	\$ 1,235
Investing activities	137,426	(194,182)	(944)
Financing activities	(2,568)	242,937	117,526
Net increase (decrease) in cash and cash equivalents	\$ (3,012)	\$ (18,240)	\$ 117,817

Cash Flows from Operating Activities

Net cash used in operating activities for the year ended December 31, 2023, was \$137.9 million, which reflected net loss, adjusted for non-cash items of \$126.7 million.

The net cash used in operating activities was also adversely impacted by an increase in working capital of \$11.2 million. The increase in the Company's working capital primarily resulted from the decreases in accounts payable and accrued liabilities, reflecting proactive measures by the Company's management to reduce the aging of payables and obligations.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2023, was \$137.4 million, due to net proceeds from the maturities of marketable securities of \$170.4 million, partially offset by capital expenditures of \$33.0 million.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2023, was \$2.6 million, which relates primarily to taxes paid related to net share settlement of employee equity awards.

Adequacy of Cash Resources to Meet Future Needs

The Company had cash and cash equivalents, including marketable securities, of \$143.6 million, as of December 31, 2023.

For the fiscal year ended December 31, 2023, the Company's principal source of liquidity was cash generated from proceeds received from the issuance of the Convertible Notes in March 2021, May 2022, and December 2022. The Company has reported operating losses in recent quarters and intends to use its remaining cash resources to develop plans and take proactive steps to grow revenue and enhance its operations as further explained in the preceding *Sources and Uses of Cash* section.

The Company believes that the existing cash and cash equivalents will be sufficient to meet the Company's anticipated cash needs for at least the next 12 months from the date the financial statements are issued.

Debt

In March 2021, the Company issued \$138.3 million aggregate principal amount of 2026 Notes in a private placement offering. The 2026 Notes bear interest at a rate of 2.25% per year payable semiannually in arrears on March 15 and September 15 of each year. Upon conversion, the 2026 Notes will be convertible into either cash, shares of the Company's common stock or a combination thereof, at the Company's election. The convertible notes are presented as convertible notes, net of unamortized

debt issuance costs, on the consolidated balance sheets. The aggregate proceeds from the offering were approximately \$133.6 million, net of issuance costs, including initial purchasers' fees.

In May 2022, the Company issued \$240.0 million aggregate principal amount of 2028 Notes. The 2028 Notes bear interest at a rate of 2.25% per year payable semiannually in arrears on June 1 and December 1 of each year. A total of \$230.0 million of aggregate principal amount of 2028 Notes was issued in a private placement offering and concurrently with this private placement, the Company entered into a purchase agreement with Voce Capital Management LLC, an entity affiliated with J. Daniel Plants, the Company's former Executive Chairperson, pursuant to which the Company issued to Voce \$10.0 million aggregate principal amount of 2028 Notes on the same terms and conditions. The aggregate proceeds from the offering of 2028 Notes were approximately \$232.4 million, net of issuance costs, including initial purchasers fees.

In December 2022, the Company issued \$120.0 million aggregate principal amount of 2029 Notes in a private placement offering. The 2029 Notes bear interest at a rate of 4.00% per year payable semiannually in arrears on June 1 and December 1 of each year. Upon conversion, the 2029 Notes will be convertible into either cash, shares of the Company's common stock or a combination thereof, at the Company's election. The Convertible notes are presented as Convertible notes, net of unamortized debt issuance costs, on the consolidated balance sheets. The aggregate proceeds from the offering were approximately \$115.8 million, net of issuance costs, including initial purchasers fees.

The Company's Loan and Security Agreement for the Revolving Line of Credit, which was entered on July 9, 2020, was terminated by the Company on April 3, 2024.

Purchase Commitments

The Company maintains certain open inventory purchase commitments with its suppliers to ensure a smooth and continuous supply for key components. The Company's liability in these purchase commitments is generally restricted to an agreed-upon period. Such time periods can vary among different suppliers. The Company believes it has adequate funds to fulfill any such commitments in the future using the sources discussed in this Item 7 – Management's Discussion & Analysis of Financial Condition and Results of Operations.

Other

In the normal course of business, the Company enters into agreements that contain a variety of representations, warranties, and indemnification obligations. For example, the Company has entered into indemnification agreements with each of the Company's directors and executive officers. The Company's exposure under the various indemnification obligations is unknown and not reasonably estimable as they involve future claims that may be made against the Company. As such, the Company has not accrued any amounts for such obligations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The conditional conversion feature of the convertible notes, if triggered, may adversely affect the Company's financial condition and operating results.

2026 Notes:

Holders may convert their Notes at their option prior to the close of business on the business day immediately preceding December 15, 2025, in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ended on June 30, 2021 (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the convertible notes on each applicable trading day;
- During the five-business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of convertible notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- The Company calls such convertible notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after December 15, 2025, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets of the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2026 Notes are not convertible. The 2026 Notes may become convertible in future periods. Upon any conversion requests of the 2026 Notes, the Company would be required to pay or deliver cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2026 Notes have been included as Long-term debt on the consolidated balance sheets.

If one or more holders elect to convert their convertible notes, unless the Company elects to satisfy its conversion obligation by delivering solely shares of its common stock, the Company would be required to settle a portion or all of its conversion obligation through the payment of cash, which could adversely affect the Company's liquidity.

2028 Notes:

Holders may convert their 2028 Notes at their option prior to the close of business on the business day immediately preceding March 1, 2028, in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on September 30, 2022 (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the 2028 Notes on each applicable trading day;
- During the five-business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of 2028 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- The Company calls such convertible notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after March 1, 2028, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2028 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets in the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2028 Notes are not convertible. The 2028 Notes may become convertible in future periods. Upon any conversion requests of the 2028 Notes, the Company would be required to pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2028 Notes have been included as Long-term debt on the consolidated balance sheets.

The Company may not redeem the 2028 Notes prior to June 5, 2025. On or after June 5, 2025, the Company may redeem for cash all or any portion of the 2028 Notes, at the Company's option, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2028 Notes, at least \$100.0 million aggregate principal amount of 2028 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If a specified corporate event occurs, note holders have the option to require the Company to repurchase any portion or all of their 2028 Notes in \$1,000 principal increments for cash. The price for such repurchase is calculated as 100% of the principal amounts of 2028 Notes, plus accrued and unpaid interest to the day immediately preceding the Fundamental Change repurchase date. Additionally, holders of the 2028 Notes who convert in connection with a fundamental change are, under certain circumstances, entitled to an increase in conversion rate.

The 2028 Notes are general senior unsecured obligations that rank senior to any of the Company's indebtedness that is explicitly subordinated to the 2028 Notes. The 2028 Notes have equal rank in right of payment with all existing and future unsecured indebtedness that is not subordinated to the 2028 Notes (including the 2026 Notes). The 2028 Notes will be junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness.

2029 Notes:

Holders may convert their 2029 Notes at their option prior to the close of business on the business day immediately preceding March 1, 2029, in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the 2029 Notes on each applicable trading day;
- During the five-business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of 2029 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- The Company calls such 2029 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after March 1, 2029, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2029 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets in the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2029 Notes are not convertible. The 2029 Notes may become convertible in future periods. Upon any conversion requests of the 2029 Notes, the Company would be required to pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2029 Notes have been included as Long-term debt on the consolidated balance sheets.

The Company may not redeem the 2029 Notes prior to December 5, 2025. On or after December 5, 2025, the Company may redeem for cash all or any portion of the 2029 Notes, at the Company's option, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2029 Notes, at least \$100.0 million aggregate principal amount of 2029 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If a specified corporate event occurs, 2029 Note holders have the option to require the Company to repurchase any portion or all of their 2029 Notes in \$1,000 principal increments for cash. The price for such repurchase is calculated as 100% of the principal amounts of 2029 Notes, plus accrued and unpaid interest to the day immediately preceding the Fundamental Change repurchase date. Additionally, holders of the 2029 Notes who convert in connection with a fundamental change are, under certain circumstances, entitled to an increase in conversion rate.

The 2029 Notes are general senior unsecured obligations that rank senior to any of the Company's indebtedness that is explicitly subordinated to the 2029 Notes. The 2029 Notes have equal rank in right of payment with all existing and future unsecured indebtedness that is not subordinated to the 2029 Notes (including the 2026 Notes and 2028 Notes). The 2029 Notes will be junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness.

Certain Covenants for the Convertible Notes

Pursuant to the terms of the indentures that govern the Convertible Notes, the Company is required to file with U.S. Bank Trust Company, National Association (the "Trustee"), as trustee under each of the indentures governing the Convertible Notes, within 15 days after the same are required to be filed with the SEC (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act), copies of any annual report on Form 10-K or quarterly reports on Form 10-Q that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. To the extent the Company elects, the sole remedy for an event of default under the indenture governing a series of Convertible Notes relating to its failure to comply with this obligation (which shall occur upon failure by the Company for 60 days after receipt of written notice from the Trustee or the holders of 25% in aggregate principal amount the Convertible Notes of such series to comply with this obligation) shall, for the first 360 days after the occurrence of such an event of default, consist exclusively of the right for the holders of Convertible Notes of such series to receive additional interest on their Convertible Notes at a rate equal to (i) 0.25% per year for each day during the first 180 days after the occurrence and during the continuance of such event of default and (ii) 0.50% per year for each day from, and including, the 181st day to, but excluding, the 360th day after the occurrence and during the continuance of such event of default. On the 361st day after such event of default, if not previously cured or waived, the Convertible Notes of the applicable series shall be subject to acceleration pursuant to the terms of the indenture governing the Convertible Notes of such series. In the event the Company does not elect to pay additional interest on a series of Convertible Notes prior to the occurrence of an event of default relating to the Company's failure to comply with this obligation, or the Company elects to make such payment but does not pay the additional interest on such Convertible Notes when due, the Convertible Notes of such series shall be immediately subject to acceleration at the election of either the Trustee or the holders of at least 25% in aggregate principal amount of the Convertible Notes of such series.

Additionally, if at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of a series of Convertible Notes, the Company fails to timely file any document or report that it is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace period thereunder and other than reports on Form 8-K), or the Convertible Notes of such series are not otherwise freely tradable pursuant to Rule 144 as promulgated under the Securities Act of 1933, as amended, the Company shall pay additional interest on such Convertible Notes at a rate of 0.50% per year for each day during such period for which the Company's failure to file has occurred and is continuing or such Convertible Notes are not otherwise freely tradable pursuant to Rule 144. Additional interest pursuant to the foregoing accrued on the outstanding principal amount of the 2029 Notes from November 24, 2023 to the one-year anniversary of the last date of original issuance of the 2029 Notes on December 12, 2023 was not material.

The Convertible Notes contain additional customary operating covenants, which include restrictions on the Company's ability to undergo a merger or consolidation transaction, or transfer or lease substantially all of the consolidated properties and assets of the Company. The Convertible Notes do not contain any financial covenants or restrictions on the payment of dividends, the issuance of other indebtedness or the issuance or repurchase of securities by the Company.

Interest Rate and Market Risk

As of December 31, 2023, the Company had not drawn on the Revolving Line of Credit. On April 3, 2024, the Loan and Security Agreement for the Revolving Line of Credit was terminated by the Company. Interest rate sensitivity is primarily influenced by any amount borrowed on the line of credit and the prevailing interest rate on the line of credit facility. The effective interest rate on the line of credit facility is based on a floating per annum rate equal to the Prime rate. The Prime rate was 8.50% as of December 31, 2023.

Inflation

The Company experienced inflationary pressure on its business, but the impact was mitigated through ongoing cost improvement initiatives. If the Company's costs were to become subject to significant inflationary pressures, the Company may not be able to fully offset such higher costs through price increases. The Company's inability or failure to do so could harm the Company's business, financial condition, and results of operations.

Foreign Exchange Fluctuations

The Company generates revenue in Japanese Yen, Euros, Australian Dollars, Canadian Dollars, British Pounds, Swiss Francs, Hong Kong Dollars, and New Zealand Dollars. Additionally, a portion of the Company's operating expenses, and assets and liabilities are denominated in each of these currencies. Therefore, fluctuations in these currencies against the U.S. dollar could materially and adversely affect the Company's results of operations upon translation of the Company's revenue denominated in these currencies, as well as the re-measurement of the Company's international subsidiaries' financial statements into U.S. dollars.

In 2023, the Company experienced an adverse impact on revenues and net loss of devaluations in the currencies of Japan, Europe and Australia. These devaluations adversely impacted total revenue and net loss in 2023 by approximately \$5 million and \$6 million, respectively. As of December 31, 2023, the effect of a hypothetical 10% unfavorable change in exchange rates on currencies denominated in other than their functional currency would result in a potential reduction of future revenue and increase in the Company's net loss in the consolidated statements of operations of approximately \$5 million and \$1 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CUTERA, INC. AND SUBSIDIARY COMPANIES

ANNUAL REPORT ON FORM 10-K

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following Consolidated Financial Statements of the Registrant and its subsidiaries are required to be included in Item 8:

	<u>Page</u>
Reports of Independent Registered Public Accounting Firm (BDO USA, P.C.; San Francisco, California; PCAOB ID#243)	72
Consolidated Balance Sheets	76
Consolidated Statements of Operations	77
Consolidated Statements of Comprehensive Income (Loss)	78
Consolidated Statements of Stockholders' Deficit	79
Consolidated Statements of Cash Flows	80
Notes to Consolidated Financial Statements	81
Schedule II - Valuation and Qualifying Accounts	123

All other required schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the Consolidated Financial Statements or the Notes thereto.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Cutera, Inc.
Brisbane, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Cutera, Inc. (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income (loss), stockholders’ deficit, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and schedule (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated May 10, 2024 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters do not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition – Contracts with International Distributors

The Company recognized total net revenue of approximately \$212.4 million for the year ended December 31, 2023. As described in Note 1 to the consolidated financial statements, the Company recognizes revenue in a manner that best depicts the transfer of control of promised products or services to the customer, in an amount that reflects the consideration to which the Company expects to be entitled. The Company’s contracts with customers may include, individually, or in combination, systems, extended service contracts, training, marketing support and accessories. Certain of the Company’s contracts, which include some with international distributors, can include non-standard payment and other sales terms that can impact management’s conclusions as to the determination of the transaction price and/or whether control has transferred to the customer. Management applies significant effort and judgment in evaluating the impact of these non-standard payment and sales terms on revenue recognition.

We identified the accounting for revenue recognition in the Company’s contracts with international distributors as a critical audit matter. The principal considerations for our determination are the judgments related to the identification and, if present,

the evaluation of: (i) non-standard payment terms, and (ii) certain other sales terms related to the transfer of control. Auditing these elements involved subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Examining certain international distributor contracts, including amendments or modifications, for non-standard payment terms, and where such terms are present, assessing the impact on the determination of the transaction price, based on a consideration of indicators of the international distributor's collection and credit memo history.
- Examining certain international distributor contracts, including amendments or modifications, for non-standard terms governing transfer of control, and where such terms are present, assessing the transfer of control based on considerations including whether the international distributor has physical possession and legal title to the product, whether the Company has a present right to payment, and other factors relevant to the determination of whether the international distributor has the ability to direct the use of and obtain substantially all of the remaining benefit from the product.

Valuation of Long-Term Inventories

As described in Note 1 to the consolidated financial statements, the Company's consolidated inventories are stated at the lower of cost or net realizable value. The cost basis of the Company's inventory is reduced for any products that are considered excessive or obsolete based upon assumptions about future demand and market conditions. As further described in Note 5, valuation adjustments for excess and obsolete inventory, reflected as a reduction of long-term inventory at December 31, 2023, was \$12.8 million. The Company's long-term inventories relate to AviClear devices, and parts for device manufacturing, not expected to be sold in the twelve months ended December 31, 2024.

We identified the valuation of long-term inventories as a critical audit matter due to the significant judgments and estimates required by management. Determining whether a decline in value has occurred requires significant judgments related to: (i) the appropriateness of the inventory valuation methodology related to long-term inventories, (ii) the expected obsolescence, and (iii) the future demand for units on hand over multiple years based on market size and historical sales of existing and legacy systems. Auditing these judgments was especially challenging and involved subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the appropriateness of management's inventory valuation methodology related to long-term inventories by considering certain qualitative and quantitative factors which include: (i) assessing historical changes in product composition to determine expected obsolescence, (ii) verifying the reliability of historical data for existing and legacy systems, (iii) assessing pricing trends of existing and legacy systems, and (iv) assessing potential changes in market and other conditions over the period during which the long-term inventory is expected to be sold.
- Testing the completeness and accuracy of certain reports used in management's long-term inventory valuation analysis by agreeing certain inputs to underlying support.
- Assessing the reasonableness of certain assumptions related to future demand by: (i) considering market opportunity based on review of relevant industry reports, (ii) comparing to sales trends and total unit sales for existing and legacy systems, and (iii) comparing the forecast to available actual results.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2014.

San Francisco, California

May 10, 2024

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Cutera, Inc.
Brisbane, California

Opinion on Internal Control over Financial Reporting

We have audited Cutera, Inc. (the “Company’s”) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO criteria”). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management’s statements referring to any corrective actions taken by the Company after the date of management’s assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive income (loss), stockholders’ deficit, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and schedule (collectively referred to as “the consolidated financial statements”) and our report dated May 10, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses have been identified and described in management’s assessment. These material weaknesses related to Management’s failure to design and maintain effective controls over financial reporting, specifically related to the following: (1) information technology controls (“ITGCs”) including segregation of duties, user access, and reports produced by certain information technology (“IT”) systems that support the Company’s financial reporting process including those related to implementation of an Enterprise Resource Planning (“ERP”) system; (2) inventory controls related to completeness, existence, and cut-off of inventories held at third parties, inventories held by sales personnel, and inventories in transit, and controls related to the calculation of adjustments to inventory for items considered excessive and obsolete; (3) controls related to completeness and accuracy of expense for routine and non-routine equity-based awards; (4) the design, maintenance, and monitoring of a risk assessment program at a sufficiently precise level to identify new and evolving risks related to accounting policies, procedures, and related controls performed over areas including, but not limited to, inventory, revenues and lease income, costs for leased devices, and testing of certain key reports used in controls. Consequently, the Company failed to timely implement new controls to respond to changes in the business and leadership.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated May 10, 2024 on those financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ BDO USA, P.C.
San Francisco, California
May 10, 2024

CUTERA, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 143,612	\$ 145,924
Marketable investments	—	171,390
Accounts receivable, net of allowance for credit losses of \$9,878 and \$2,497, respectively	43,121	45,562
Inventories	62,600	63,628
Other current assets and prepaid expenses	19,852	24,036
Restricted cash	—	700
Total current assets	269,185	451,240
Long-term inventories	16,283	—
Property and equipment, net	37,275	40,368
Deferred tax assets	579	590
Operating lease right-of-use assets	10,055	12,831
Goodwill	1,339	1,339
Other long-term assets	11,575	14,620
Total assets	\$ 346,291	\$ 520,988
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 19,829	\$ 33,736
Accrued liabilities	55,055	57,452
Operating lease liabilities	2,441	2,810
Deferred revenue	10,422	11,841
Total current liabilities	87,747	105,839
Deferred revenue, net of current portion	1,494	1,657
Operating lease liabilities, net of current portion	8,887	11,352
Convertible notes, net of unamortized debt issuance costs of \$10,430 and \$12,666, respectively	418,695	416,459
Other long-term liabilities	1,298	862
Total liabilities	518,121	536,169
Commitments and contingencies (Note 13).		
Stockholders' deficit:		
Common stock, \$0.001 par value: Authorized: 50,000,000 shares; Issued and outstanding: 19,960,622 and 19,668,603 shares at December 31, 2023 and 2022, respectively	20	20
Additional paid-in capital	131,496	125,406
Accumulated other comprehensive loss	—	(94)
Accumulated deficit	(303,346)	(140,513)
Total stockholders' deficit	(171,830)	(15,181)
Total liabilities and stockholders' deficit	\$ 346,291	\$ 520,988

The accompanying notes are an integral part of these consolidated financial statements.

CUTERA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Net revenue:			
Products	\$ 189,813	\$ 228,796	\$ 205,703
Service	22,556	23,603	25,567
Total net revenue	<u>212,369</u>	<u>252,399</u>	<u>231,270</u>
Cost of revenue:			
Products	158,299	100,254	83,048
Service	12,576	12,316	15,117
Total cost of revenue	<u>170,875</u>	<u>112,570</u>	<u>98,165</u>
Gross profit	<u>41,494</u>	<u>139,829</u>	<u>133,105</u>
Operating expenses:			
Sales and marketing	113,003	106,947	76,762
Research and development	21,408	25,155	21,568
General and administrative	63,313	45,917	32,945
Total operating expenses	<u>197,724</u>	<u>178,019</u>	<u>131,275</u>
Income (loss) from operations	<u>(156,230)</u>	<u>(38,190)</u>	<u>1,830</u>
Interest and other income (expense), net:			
Amortization of debt issuance costs	(2,236)	(1,355)	(710)
Interest on Convertible notes	(11,780)	(5,658)	(2,514)
Loss on extinguishment of convertible notes	—	(34,423)	—
Gain on extinguishment of PPP loan	—	—	7,185
Interest income	9,191	3,227	17
Other expense, net	(244)	(4,303)	(2,423)
Total interest and other income (expense)	<u>(5,069)</u>	<u>(42,512)</u>	<u>1,555</u>
Income (loss) before income taxes	<u>(161,299)</u>	<u>(80,702)</u>	<u>3,385</u>
Income tax expense	1,534	1,638	1,323
Net income (loss)	<u>\$ (162,833)</u>	<u>\$ (82,340)</u>	<u>\$ 2,062</u>
Net income (loss) per share:			
Basic	\$ (8.19)	\$ (4.39)	\$ 0.12
Diluted	\$ (8.19)	\$ (4.39)	\$ 0.11
Weighted-average number of shares used in per share calculations:			
Basic	19,885	18,747	17,891
Diluted	19,885	18,747	18,362

The accompanying notes are an integral part of these consolidated financial statements.

CUTERA, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	\$ (162,833)	\$ (82,340)	\$ 2,062
Other comprehensive income (loss):			
Net change in unrealized gain (loss) on available-for-sale investments	94	(94)	—
Other comprehensive income (loss), net of tax	94	(94)	—
Comprehensive income (loss)	<u>\$ (162,739)</u>	<u>\$ (82,434)</u>	<u>\$ 2,062</u>

The accompanying notes are an integral part of these consolidated financial statements.

CUTERA, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2020	17,679,232	\$ 18	\$ 117,097	\$ (60,235)	\$ —	\$ 56,880
Issuance of common stock for employee purchase plan	59,635	—	1,184	—	—	1,184
Exercise of stock options	71,798	—	1,581	—	—	1,581
Purchase of capped call	—	—	(16,134)	—	—	(16,134)
Issuance of common stock in settlement of restricted and performance stock units, net of shares withheld for employee taxes	184,679	—	(2,176)	—	—	(2,176)
Stock-based compensation expense	—	—	13,172	—	—	13,172
Net income	—	—	—	2,062	—	2,062
Balance at December 31, 2021	17,995,344	\$ 18	\$ 114,724	\$ (58,173)	\$ —	\$ 56,569
Issuance of common stock for employee purchase plan	49,306	—	1,873	—	—	1,873
Exercise of stock options	39,960	—	850	—	—	850
Purchase of capped call, inclusive of issuance costs of \$452	—	—	(57,132)	—	—	(57,132)
Issuance of common stock in settlement of restricted and performance stock units, net of shares withheld for employee taxes	229,645	—	(5,256)	—	—	(5,256)
Stock-based compensation expense	—	—	14,400	—	—	14,400
Issuance of common stock in repayment of convertible notes	1,354,348	2	55,947	—	—	55,949
Net loss	—	—	—	(82,340)	—	(82,340)
Net change in unrealized gain (loss) on available-for-sale investments	—	—	—	—	(94)	(94)
Balance at December 31, 2022	19,668,603	\$ 20	\$ 125,406	\$ (140,513)	\$ (94)	\$ (15,181)
Issuance of common stock for employee purchase plan	51,786	—	711	—	—	711
Exercise of stock options	42,234	—	612	—	—	612
Issuance of common stock in settlement of restricted and performance stock units, net of shares withheld for employee taxes	197,999	—	(3,297)	—	—	(3,297)
Stock-based compensation expense	—	—	8,064	—	—	8,064
Net loss	—	—	—	(162,833)	—	(162,833)
Net change in unrealized gain (loss) on available-for-sale investments	—	—	—	—	94	94
Balance at December 31, 2023	19,960,622	\$ 20	\$ 131,496	\$ (303,346)	\$ —	\$ (171,830)

The accompanying notes are an integral part of these consolidated financial statements.

CUTERA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	\$ (162,833)	\$ (82,340)	\$ 2,062
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Stock-based compensation	8,064	14,400	13,172
Depreciation and amortization	8,575	2,621	1,344
Amortization of contract acquisition costs	8,847	3,200	1,857
Amortization of debt issuance costs	2,236	1,355	710
Unrealized loss on foreign exchange forward	—	558	—
Impairment of capitalized cloud computing costs	—	—	182
Change in deferred tax assets	11	188	(135)
Provision for credit losses	7,381	1,787	87
Accretion of discount on investment securities and investment income, net	1,048	—	—
Loss on disposal of property and equipment	—	168	—
Gain on extinguishment of PPP loan	—	—	(7,185)
Loss on extinguishment of convertible notes	—	34,423	—
Changes in assets and liabilities:			
Accounts receivable	(4,940)	(15,900)	(9,574)
Inventories	15,574	(36,305)	(10,936)
Other current assets and prepaid expenses	4,137	(10,049)	(5,765)
Other long-term assets	(6,243)	(8,091)	(7,128)
Accounts payable	(14,866)	20,979	1,207
Accrued liabilities	(3,221)	3,282	21,608
Operating leases, net	(58)	56	141
Deferred revenue	(1,582)	2,673	(412)
Net cash provided by (used in) operating activities	(137,870)	(66,995)	1,235
Cash flows from investing activities:			
Acquisition of property and equipment	(33,010)	(22,698)	(1,015)
Disposal of property and equipment	—	—	71
Proceeds from maturities of marketable investments	193,903	158,000	—
Purchase of marketable investments	(23,467)	(329,484)	—
Net cash provided by (used in) investing activities	137,426	(194,182)	(944)
Cash flows from financing activities:			
Proceeds from exercise of stock options and employee stock purchase plan	1,323	2,723	2,765
Purchase of capped call	—	(56,680)	(16,134)
Payment of issuance costs of capped call	—	(352)	—
Proceeds from issuance of convertible notes	—	360,000	138,250
Payment of issuance costs of convertible notes	—	(11,202)	(4,717)
Extinguishment of convertible notes	—	(45,776)	—
Taxes paid related to net share settlement of equity awards	(3,297)	(5,256)	(2,176)
Payments on finance lease obligation	(594)	(520)	(462)
Net cash provided by (used in) financing activities	(2,568)	242,937	117,526
Net increase (decrease) in cash, cash equivalents, and restricted cash	(3,012)	(18,240)	117,817
Cash, cash equivalents, and restricted cash at beginning of year	146,624	164,864	47,047
Cash, cash equivalents, and restricted cash at end of year	\$ 143,612	\$ 146,624	\$ 164,864
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 11,696	\$ 5,486	\$ 1,663
Cash paid for income taxes, net of refunds	\$ 1,418	\$ 2,004	\$ 891
Supplemental non-cash investing and financing activities:			
Issuance of common stock in repayment of convertible notes	\$ —	\$ 55,947	\$ —
Assets acquired under finance lease	\$ 1,853	\$ 689	\$ 828
Assets acquired under operating lease	\$ 57	\$ 908	\$ 123
Extinguishment of PPP loan	\$ —	\$ —	\$ 7,185
Debt issuance cost accrued	\$ —	\$ 635	\$ —
Capped call costs accrued	\$ —	\$ 100	\$ —
Transfer of inventory to property and equipment	\$ —	\$ 12,180	\$ —
Transfer of property and equipment to inventory	\$ 27,757	\$ —	\$ —
Acquisition of property, equipment and software	\$ 5,090	\$ 4,131	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

CUTERA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations and Principles of Consolidation

Cutera, Inc. (“Cutera” or the “Company”) develops, manufactures, distributes, and markets energy-based product platforms for medical practitioners, enabling them to offer treatments to their customers. In addition, the Company distributes third-party manufactured skincare products and Secret PRO and Secret RF systems and consumables. The Company currently markets the following system platforms: *AviClear*, *enlighten*, *excel*, *truSculpt*, *Secret PRO*, *Secret RF*, and *xeo* — each of which enables medical practitioners to perform procedures including treatment for acne, body contouring, skin resurfacing and revitalization, hair and tattoo removal, removal of benign pigmented lesions, and vascular conditions. Several of the Company’s systems offer multiple hand pieces and applications, providing customers the flexibility to upgrade their systems. The sale of systems, hand pieces, upgrade of systems, and leasing and direct sales of *AviClear* devices (collectively “Systems” revenue); replacement hand pieces, *truSculpt* cycle refills, *truFlex* cycle refills, *AviClear* treatment fees, and single use disposable tips applicable to Secret RF (“Consumables” revenue); and the distribution of third-party manufactured skincare products (“Skincare”) revenue are collectively classified as “Products” revenue. In addition to Products revenue, the Company generates revenue from the sale of post-warranty service contracts and service parts and labor for the repair and maintenance of products that are out of warranty, all of which are collectively classified as “Service” revenue.

The Company’s corporate headquarters and U.S. operations are located in Brisbane, California, where the Company conducts manufacturing, warehousing, research and development, regulatory, sales and marketing, service, and administrative activities. The Company also maintains regional distribution centers (“RDCs”) in selection locations across the U.S. These RDCs serve as forward warehousing for systems and service parts in various geographies. The Company markets, sells and services the Company’s products through direct sales and service employees in North America (including Canada), Australia, New Zealand, Austria, France, Germany, Hong Kong, Japan, Switzerland, the United Kingdom and Ireland. Sales and services outside of these direct markets are made through a worldwide distributor network in over 37 countries. The consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company transactions and balances have been eliminated.

Liquidity and Management’s Plans

When preparing financial statements, management has the responsibility to evaluate if the Company has adequate liquidity to continue to operate for the next twelve months. In performing this assessment, management considered the Company’s current financial condition and liquidity sources, including current funds, forecasted future cash flows and unconditional obligations due over the next twelve months. In addition, management evaluated the history of the Company’s financial performance, and determined that the Company has had a historic trend of operating losses, which continues to have an unfavorable impact on the Company’s overall liquidity. Most recently, the Company reported net losses of \$162.8 million and \$82.3 million for the years ended December 31, 2023 and 2022.

The Company believes that it will continue as a going concern for the twelve months from the issuance of its consolidated financial statements. The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company’s continued operations will depend on several factors, including but not limited to, growth of revenues from its revised business model for *AviClear* announced in November 2023, which entails transitioning from a lease model to a direct sales model, maintaining or increasing revenues from sales of legacy systems, consumables and services, achieving cost savings as a result of workforce reductions implemented in the fourth quarter of 2023, restructuring of supplier and manufacturing relationships, and initiatives to improve inventory and receivables management. Failure to increase revenue, achieve cost savings, raise additional financing or re-finance the existing convertible notes when they become due, would adversely affect the Company’s ability to achieve its intended business objectives. There can be no assurances that financing will be available on terms favorable to the Company, if at all, and delays may occur in completing the operating activities.

Basis of Presentation

The Consolidated Financial Statements have been prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Reclassification

Certain reclassifications of prior period amounts have been made in the Company's consolidated statement of cash flows to conform to the current period presentation. These reclassifications had no effect on the reported net changes in operating, investing and financing activities, as well as net change in cash, cash equivalents, and restricted cash.

Certain reclassifications of prior period amounts have been made in the Company's consolidated statement of operations to conform to the current period presentation. These reclassifications had no effect on the reported net income (loss).

Risks and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, continued acceptance of the Company's products, stability of global financial markets, cybersecurity breaches and other disruptions that could compromise the Company's information or results, business disruptions that are caused by natural disasters or pandemic events, management of international activities, competition from substitute products and larger companies, the Company's ability to obtain and maintain regulatory approvals, government regulations and oversight, patent and other types of litigation, the Company's ability to protect proprietary technology from counterfeit versions of the Company's products and its intellectual property rights generally, the successful execution of new product launches, the continuation of strategic relationships, such as the Company's distribution of third-party products, and dependence on key individuals.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the accompanying notes, and the reported amounts of revenue and expenses during the reported periods. Actual results could differ materially from those estimates.

On an ongoing basis, management evaluates its estimates, including those related to warranty obligations, sales commissions, allowance for credit losses, sales allowances, fair value of investments, valuation of inventories, fair value of goodwill, useful lives of property and equipment, impairment testing for long-lived assets, implicit and incremental borrowing rates related to the Company's leases, variables used in calculating the fair value of the Company's equity awards, expected achievement of performance-based vesting criteria and management performance bonuses, assumptions used in operating and sales-type lease classifications, the standalone selling price of the Company's products and services, the period of benefit used to capitalize and amortize contract acquisition costs, variable considerations, contingent liabilities, recoverability of deferred tax assets, residual value of leased equipment, lease term and effective income tax rates. Management bases estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Recently Issued Accounting Pronouncements Not Yet Adopted by the Company

In December 2023, the FASB issued ASU No. 2023-09, "*Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*," to enhance the transparency and usefulness of income tax disclosures. The update requires enhancements to the annual rate reconciliation, including disclosure of specific categories and additional information for reconciling items meeting a quantitative threshold. The update also requires disclosure of income taxes paid disaggregated by federal, state and foreign taxes, and individual jurisdictions meeting a quantitative threshold. The amendments in this update are effective for public business entities for annual periods beginning after December 15, 2024, and may be adopted on a prospective or retrospective basis. Early adoption is permitted. The Company is currently evaluating the effect that the updated standard will have on the Company's financial statement disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*," which will require the Company to disclose segment expenses that are significant and regularly provided to the Company's chief operating decision maker ("CODM"). In addition, ASU 2023-07 will require the Company to disclose the title and position of its CODM and how the CODM uses segment profit or loss information in assessing segment performance and deciding how to allocate resources. The Company is currently evaluating the effect that the updated standard will have on the Company's financial statement disclosures.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services. The Company's performance obligations are satisfied either over time or at a point in time. Revenue from performance obligations that are transferred to customers over time accounted for approximately 11%, 8%, and 11%, respectively, of the Company's total revenue for the years ended December 31, 2023, 2022, and 2021.

The Company has certain system sale arrangements that contain multiple products and services. For these bundled sale arrangements, the Company accounts for individual products and services as separate performance obligations if they are distinct. The Company's products and services are distinct if a customer can benefit from the product or service on its own or with other resources that are readily available to the customer, and if the Company's promise to transfer the products or service to the customer is separately identifiable from other promises in the sale arrangements. The Company's system sale arrangements can include all or a combination of the following performance obligations: the system and software license (considered as one performance obligation), system accessories (hand pieces), training, other accessories, extended service contracts, marketing services, and time and materials services.

For the Company's system sale arrangements that include an extended service contract, the period of service commences at the expiration of the Company's standard warranty offered at the time of the system sale. The Company considers the extended service contracts terms in the arrangements that are legally enforceable to be performance obligations. Other than extended service contracts and marketing services, which are satisfied over time, the Company generally satisfies all performance obligations at a point in time. Systems, system accessories (hand pieces), training, and time and materials services are also sold on a stand-alone basis, and these performance obligations are satisfied at a point in time. For contracts with multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation on a relative standalone selling price basis.

Nature of Products and Services

Systems

Systems revenue is generated from the sale of systems and from the sale of upgrades to existing systems. A system consists of a console that incorporates a universal graphic user interface, a laser or other energy-based module, control system software and high voltage electronics, as well as one or more hand pieces. In certain applications, the laser or other energy-based module is contained in the hand piece rather than within the console.

The Company offers customers the ability to select the system that best fits their practice at the time of purchase and then to cost-effectively add applications to their system as their practice grows. This provides customers the flexibility to upgrade their systems whenever they choose and provides the Company with a source of additional Systems revenue.

The system or upgrade and the right to use the embedded software represent a single performance obligation as the software license is integral to the functionality of the system or upgrade.

For systems sold directly to end-customers that are credit approved, revenue is recognized when the Company transfers control to the end-customer, which occurs when the product is shipped to the customer or when the customer receives the product, depending on the nature of the arrangement. When collectability is not established in advance of receipt of payment from the customer, revenue is recognized upon the later of the receipt of payment or the satisfaction of the performance obligation. For systems sold through credit approved distributors, revenue is recognized at the time of shipment to the distributor.

The Company leases certain AviClear devices to customers and receives a fixed annual license fee over the term of the arrangement and variable lease income related to treatments performed by the lessee. In the fourth quarter of 2023, the Company announced a change in the AviClear business strategy and moved towards a direct sales model rather than a leasing model, whereby certain existing lessees were offered an option to purchase the leased AviClear device. For the devices under the leasing model, the Company classifies its lease income and direct sales as product revenue and classifies the AviClear lease contracts as operating leases. The fixed annual license fee is recognized evenly over the period of the lease contract on a straight-line basis. The treatment fee is recognized as consumable revenue in the period the treatment protocol is initiated.

The Company's payment terms for its system consoles and other accessories require payment within 30 days of shipment. Certain international distributor arrangements allow for longer payment terms.

Consumables and other accessories

The Company classifies its customers' purchases of replacement cycles for *truSculpt* and *truFlex*, as well as replacement hand pieces, *xeo* and *truSculpt 3D* hand pieces, *AviClear* treatment fee revenue, and single use disposable tips applicable to *Secret PRO*, and *Secret RF* as Consumable revenue. The *Secret PRO* and *Secret RF* products' single use disposable tips must be replaced after every treatment. The Company's systems offer multiple hand pieces and applications, which allow customers to upgrade their systems. Revenue for consumables and other accessories is recognized when products are shipped to customers.

Skincare products

The Company sold third-party manufactured skincare products in Japan. The skincare products were purchased from a third-party manufacturer and sold to medical offices and licensed physicians. The Company warranted that the skincare products are free of significant defects in workmanship and materials for 90 days from shipment. On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement with ZO USA and its Japanese subsidiary, ZO Skin Health GK ("ZO Japan" and together with ZO USA and their affiliates, "ZO"), which terminated all agreements related to the distribution by the Company of ZO's products in Japan. The Company acted as the principal in this arrangement, as the Company determined the price to charge customers for the skincare products and controlled the products before they were transferred to the customer. The Company recognized revenue for skincare products at a point in time upon shipment.

Extended service contracts

The Company offers post-warranty services to its customers through extended service contracts that cover parts and labor for a term of one to three years. Service contract revenue is recognized over time, using a time-based measure of progress, as customers benefit from the service throughout the service period. The Company also offers services on a time-and-materials basis for systems and detachable hand piece replacements. Revenue related to services performed on a time-and-materials basis is recognized when performed.

Training

Sales of systems to customers include training on the use of the system to be provided within 90 days of purchase. The Company considers training a separate performance obligation as customers can immediately benefit from the training together with the customer's system. Training is also sold separately from systems. The Company recognizes revenue for training when the training is provided.

Significant Judgments

The Company determines standalone selling price ("SSP") for each performance obligation as follows:

- Systems: The SSPs for systems are based on directly observable sales in similar circumstances to similar customers.
- Service contracts: SSP is based on observable price when sold on a standalone basis to similar customers.

Deferred Sales Commissions

Incremental costs of obtaining a contract which consist primarily of commissions and related payroll taxes, are capitalized, and amortized on a straight-line basis over the expected period of benefit, except for costs that are recognized when product is sold. The Company uses the portfolio method to recognize the amortization expense related to these capitalized costs related to initial contracts and such expense is recognized over a period associated with the revenue of the related portfolio, which is generally two to three years.

Total capitalized costs for the years ended December 31, 2023 and December 31, 2022 were \$1.0 million and \$2.0 million, respectively. Amortization expenses for these assets were \$2.4 million, \$2.4 million and \$1.9 million, respectively, during the years ended December 31, 2023, 2022 and 2021 and were included in sales and marketing expense in the Company's consolidated statement of operations. Total capitalized costs as of December 31, 2023 and December 31, 2022 were \$2.4 million and \$3.8 million, respectively, and are included in Other long-term assets in the Company's consolidated balance sheet.

Cash and Cash Equivalents

The Company invests its cash primarily in money market funds. All highly liquid investments with stated maturities of three months or less from date of purchase are classified as cash equivalents; all highly liquid investments with stated maturities of greater than three months are classified as marketable investments. Credit card receivables, that are collected in a short period of time are also classified as cash and cash equivalents. The majority of the Company's cash and investments are held in U.S.

banks and the Company's foreign subsidiaries maintain a limited amount of cash in their local banks to cover short term operating expenses.

Fair Value of Financial Instruments

Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels of inputs that may be used to measure fair value, in accordance with ASC 820, as follows:

- Level 1: inputs, which include quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs, which include observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. For available-for-sale securities, the Company reviews trading activity and pricing as of the measurement date. When sufficient quoted pricing for identical securities is not available, the Company uses market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data; and
- Level 3: inputs, which include unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies, or similar valuation techniques, as well as significant management judgment or estimation.

Financial instruments consist of cash and cash equivalents, restricted cash, accounts receivables, derivative financial instruments, accounts payables, and accrued liabilities. Cash and cash equivalents, restricted cash, accounts receivables, accounts payables, and accrued liabilities are stated at their carrying value, which approximates fair value due to their short-term nature. Cash equivalents are stated at fair value on a recurring basis as disclosed in Note 3 below.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Allowance for Sales Returns and Credit Losses

The allowance for sales returns represents the Company's estimate of potential future product returns and other allowances related to current period product revenue, based on the Company's analysis of historical returns and current economic trends.

The allowance for credit losses on trade receivables is based on the credit quality of customers, current economic conditions, the age of the accounts receivable balances, historical loss information, current conditions and forecasted information. The Company writes off trade receivables when they are deemed uncollectible.

Concentration of Credit Risk and Other Risks and Uncertainties

The Company operates in markets that are highly competitive and rapidly changing. Significant technological changes, shifting customer needs, the emergence of competitive products or services with new capabilities and other factors could negatively impact the Company's operating results.

The Company is also subject to risks related to changes in the value of the Company's significant balance of financial instruments. Financial instruments that potentially subject the Company to concentrations of risk consist principally of cash, cash equivalents, marketable investments, and accounts receivable. The Company's cash and cash equivalents are primarily invested in deposits and money market accounts with two major financial institutions in the U.S. In addition, the Company has operating cash balances in banks in each of the international locations in which it operates. Deposits in these banks may exceed the federally insured limits or any other insurance provided on such deposits, if any. The Company has accounts with Silicon Valley Bank ("SVB"). On March 10, 2023, California regulators shut down SVB and the FDIC was appointed as SVB's receiver.

On March 26, 2023, the FDIC announced that it had entered into a purchase and assumption agreement with First-Citizens Bank & Trust Company under which all deposits of the former Silicon Valley Bank were assumed by First-Citizens Bank & Trust Company. To date, the Company has not experienced any losses on its deposits of cash, cash equivalents, and marketable investments and continues to have access to these funds.

Accounts receivable are recorded net of an allowance for credit losses and are typically unsecured and are derived from revenue earned from worldwide customers. The Company controls credit risk through credit approvals, credit limits, and monitoring procedures. The Company performs credit evaluations of its customers and maintains an allowance for potential credit losses. As of December 31, 2023 and 2022, no customer represented more than 10% of the Company's net accounts receivable. During the years ended December 31, 2023, 2022, and 2021, domestic revenue accounted for 42%, 43%, and 42%, respectively, of total revenue, while international revenue accounted for 58%, 57% and 58%, respectively, of total revenue. No single customer represented more than 10% of total revenue for any of the years ended December 31, 2023, 2022, and 2021.

Distribution of Third-Party Products

The Company generated revenue from the distribution of skincare products, which were manufactured by ZO Skin Health, Inc. ("ZO"), and sold in the Japanese market. In the years ended December 31, 2023, 2022, and 2021 revenue from the distribution of skincare products was \$34.0 million, \$42.5 million, and \$49.7 million, respectively, representing 16%, 17%, and 21% of the Company's consolidated revenue, respectively.

On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement with ZO, which terminated all agreements related to the distribution by the Company of ZO's products in Japan, as further disclosed in *Note 16. Subsequent Events* to the Company's consolidated financial statements.

The Company generates revenue from the distribution of the Secret systems, which are manufactured by Ilooda Co. Ltd. ("Ilooda"). The Company is the exclusive distributor for all systems sold in North America and the United Kingdom; the exclusive distributor for certain systems in France and Spain; and the non-exclusive distributor for systems sold in Austria and Germany. In the years ended December 31, 2023, 2022, and 2021, revenue from the distribution of Secret products was \$9.2 million, \$14.8 million, and \$12.3 million, respectively, representing 4%, 6%, and 5% of the Company's consolidated revenue, respectively. The Company's Ilooda distribution agreement expires on June 30, 2026.

In March 2023, Serendia, LLC ("Serendia") filed patent infringement complaints against the Company regarding the Secret RF and Secret Pro systems distributed by the Company on behalf of Ilooda. The complaints alleged infringement of six Serendia patents. Serendia and Ilooda have moved to terminate the ITC Investigation as to Ilooda and Cutera on the basis of settlement with Serendia. The ITC investigation as to Ilooda and the Company was terminated as of April 10, 2024 and the Delaware litigation was dismissed as of April 3, 2024.

Supplier concentration

The Company relies on third parties for the supply of components of its products, as well as third-party logistics providers. In instances where these parties fail to perform their obligations, the Company may be unable to find alternative suppliers or satisfactorily deliver its products to its customers. The Company largest supplier provided approximately 7%, 10% and 14% of the Company's total purchases in the years ended December 31, 2023, 2022, and 2021, respectively.

Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a standard cost basis which approximates actual cost on a first-in, first-out basis. Net realizable value is the estimated selling prices in the ordinary course of the Company's business, less reasonably predictable costs of completion, disposal, and transportation. The cost basis of the Company's inventory is reduced for any products that are considered excessive or obsolete based upon assumptions about future demand and market conditions.

The Company includes demonstration units within inventories. Demonstration units are carried at cost and amortized over an estimated economic life of two years. Amortization expense related to demonstration units is recorded in products cost of revenue or in the respective operating expense line based on which function and purpose for which the demonstration units are being used. Proceeds from the sale of demonstration units are recorded as revenue and all costs incurred to refurbish the systems prior to sale are charged to product cost of revenue. As of December 31, 2023 and 2022, demonstration inventories, net of accumulated depreciation, included in finished goods inventory was \$5.8 million and \$5.7 million, respectively.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation expense recognized is on a straight-line basis over the estimated useful lives of the assets, generally as follows:

	Useful Lives (Years)
Leasehold improvements	Lesser of useful life or term of lease
Equipment leasing	4.5
AviClear devices	7
Office equipment and furniture	3
Machinery and equipment	3

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is reflected in operating expenses. Maintenance and repairs are charged to operations as incurred.

Depreciation expense related to property and equipment for the years ended December 31, 2023, 2022 and 2021, was \$8.1 million, \$2.2 million, and \$1.3 million, respectively. Amortization expense for vehicles leased under capital leases is included in depreciation expense.

Capitalized Cloud Computing Set-up Cost

The Company capitalizes certain set-up costs for the Company's cloud computing arrangements. The capitalized implementation costs are then amortized over the term of the cloud computing arrangement inclusive of expected contract renewals, which are generally three years to ten years. As of December 31, 2023 and 2022, the Company had capitalized cloud computing set-up costs with a carrying amount of \$0.4 million and \$0.4 million, respectively, in Other current assets and prepaid expenses, and \$3.1 million and \$3.5 million, respectively, in Other long-term assets. During the years ended December 31, 2023, 2022, and 2021, there was \$0.4 million, \$0.4 million, and zero, amortization expense recorded, respectively. The Company periodically assesses the capitalized asset for impairment and, when required, will record an associated impairment loss.

Goodwill and Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually during the fourth quarter of the Company's fiscal year, or if circumstances indicate their value may no longer be recoverable. Goodwill represents the excess of the purchase price over the fair value of net identifiable assets and liabilities.

As of December 31, 2023, there has been no impairment of goodwill. All acquired intangible assets have been fully amortized as of December 31, 2023.

Warranty Obligations

The Company provides a 12-month warranty for direct sales to customers. For sales to distributors, the Company generally provides a 14-month warranty for parts only, with labor being provided to the end customer by the distributor.

After the original warranty period, maintenance and support are offered on an extended service contract basis or on a time and materials basis.

Leases

The Company incurs costs to fulfill its lease agreement obligations with its AviClear device lessees. These costs consist of freight, installation, and training. In addition to these mobilization costs, the Company incurs commission costs associated with the placement of the AviClear device. The Company capitalizes commission costs and has made a policy election to capitalize the mobilization costs.

Accounting for Leases as a Lessee

The Company adopted a right-of-use ("ROU") model requiring lessees to record a right-of-use asset ("ROU asset") and lease obligations on the balance sheet for all leases with terms longer than 12 months. The Company determines if an arrangement is a lease at inception. Where an arrangement is a lease the Company determines if it is an operating lease or a finance lease. At

lease commencement, the Company records a lease liability and corresponding ROU asset. Lease liabilities represent the present value of the Company's future lease payments over the expected lease term which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The present value of the Company's lease liability is determined using its incremental collateralized borrowing rate at lease inception. ROU assets represent its right to control the use of the leased asset during the lease and are recognized in an amount equal to the lease liability for leases with an initial term greater than 12 months. Over the lease term (operating leases only), the Company uses the effective interest rate method to account for the lease liability as lease payments are made and the ROU asset is amortized to consolidated statements of operations in a manner that results in straight-line expense recognition. The Company does not apply lease recognition requirements for short-term leases. Instead, the Company recognizes payments related to these arrangements in the consolidated statements of operations as lease costs on a straight-line basis over the lease term.

Accounting for Leases as a Lessor

The Company leases certain Aviclear devices to customers and receives a fixed annual license fee over the term of the arrangement and variable lease income related to treatments performed by the lessee. The Company classifies its lease income as product revenue and classifies the Aviclear contracts as operating leases. The fixed annual license fee is recognized evenly over the period of the lease contract on a straight-line basis. The treatment fee is recognized as consumable revenue in the period the treatment protocol is initiated.

See Note 13 to the consolidated financial statements for more information regarding leasing arrangements.

Cost of Revenue

Cost of revenue consists primarily of material, finished and semi-finished products purchased from third-party manufacturers, labor including stock-based compensation expenses, overhead involved in the Company's internal manufacturing processes, service contracts, technology license amortization and royalties, costs associated with equipment leasing, costs associated with product warranties and any inventory write-downs.

The Company's system sales include a control console, universal graphic user interface, control system software, high voltage electronics and a combination of applications (referred to as "hand pieces"). Hand pieces are programmed to have a limited number of uses to ensure the safety of the device to patients. The Company sells refurbished hand pieces, or "refills," of its *Titan* and *truSculpt 3D* products and provides for the cost of refurbishment of these hand pieces as part of cost of revenue. When customers purchase a replacement hand piece or are provided a replacement hand piece under a warranty or service contract, the Company ships the customer a previously refurbished unit. Upon the receipt of the expended hand piece from the customer, the Company capitalizes the expended hand piece as inventory at the estimated fair value. Cost of service revenue includes the costs incurred to refurbish hand pieces.

Research and Development Expenditures

Research and development costs are expensed as incurred and include costs related to research, design, development, testing of products, salaries, benefits and other headcount related costs, facilities, material, third-party contractors, regulatory affairs, clinical and development costs.

Advertising Costs

Advertising costs are included as part of sales and marketing expense and are expensed as incurred. Advertising expenses for 2023, 2022 and 2021 were \$4.5 million, \$4.9 million and \$2.1 million, respectively.

Stock-based Compensation

The Company accounts for stock-based employee compensation plans using the fair value recognition and measurement provisions under U.S. GAAP. The Company's share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense on a straight-line basis over the requisite service period.

The fair value of restricted stock units ("RSUs") granted are measured on the grant date. The fair value of Performance Stock Units ("PSUs") that have operational measurement goals are measured on the grant date using the closing price of the Company's common shares on the grant date.

The fair value of each option is determined using the Black-Scholes option pricing model, which used the following inputs:

Expected Term: The expected term represents the weighted-average period that the stock options are expected to be outstanding prior to being exercised. The Company determines expected term based on historical exercise patterns and its expectation of the time it will take for employees to exercise options still outstanding.

Expected Volatility: For the underlying stock price volatility of the Company's stock, the Company estimates volatility based on the historical volatility of the Company's stock price.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. treasury yield curve in effect at the time of grant for the expected term of the stock option.

The amount of stock-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. Under ASC 718, the Company has made an accounting policy to estimate forfeitures at the time awards are granted and revises, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company accounts for all stock options awarded to non-employees at the fair value of the award issued on the day of the grant.

See Note 8 - "Stockholders' Equity, Stock Plans and Stock-Based Compensation Expense" for a detailed discussion of the Company's stock plans and share-based compensation expense.

Income Taxes

The Company is subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the Company's provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

The Company records a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, the Company recognizes deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as for loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The Company recognizes the deferred income tax effects of a change in tax rates in the period of enactment. The Company records a valuation allowance to reduce the Company's deferred tax assets to the net amount that the Company believes is more likely than not to be realized.

The Company recognizes tax benefits from uncertain tax positions if the Company believes that it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position. Although the Company believes it has adequately reserved for the Company's uncertain tax positions (including net interest and penalties), the Company can provide no assurance that the final tax outcome of these matters will not be different. The Company makes adjustments to these reserves in accordance with income tax accounting guidance when facts and circumstances change, such as the closing of a tax audit. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences may impact the provision for income taxes in the period in which such determination is made. The Company records interest and penalties related to the Company's uncertain tax positions in the Company's provision for income taxes.

The Company's effective tax rates have differed from the statutory rate primarily due to changes in the valuation allowance and certain benefits realized related to stock option activity. The Company's current effective tax rate does not assume U.S. taxes on undistributed profits of foreign subsidiaries. These earnings could become subject to incremental foreign withholding or U.S. federal and state taxes, should they either be deemed or actually remitted to the U.S. The Company's future effective tax rates could be adversely affected by earnings being lower in countries where the Company has lower statutory rates and being higher in countries where the Company has higher statutory rates, or by changes in tax laws, accounting principles, interpretations thereof, net operating loss carryback, research and development tax credits, and due to changes in the valuation allowance of its U.S. deferred tax assets. In addition, the Company is subject to the examination of the Company's income tax returns by the Internal Revenue Service and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of the Company's provision for income taxes.

Undistributed earnings of the Company's foreign subsidiaries at December 31, 2023 are considered to be indefinitely reinvested and, accordingly, no provision for state income taxes has been provided thereon. Due to the Transition Tax and Global Intangible Low-Tax Income ("GILTI") regimes as enacted by the 2017 Tax Act, those foreign earnings will not be subject to federal income taxes when actually distributed in the form of a dividend or otherwise. The Company, however, could still be

subject to state income taxes and withholding taxes payable to various foreign countries. The amounts of taxes which the Company could be subject to are not material to the accompanying financial statements.

On March 27, 2020, the U.S. federal government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act changed several of the existing U.S. corporate income tax laws by, among other things, increasing the amount of deductible interest, allowing companies to carry back certain Net Operating Losses ("NOLs") and increasing the amount of NOLs that corporations can use to offset income. The CARES Act did not have a material impact on the Company's income tax provision, deferred tax assets and liabilities, and related taxes payable.

Computation of Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method and the if-converted method. Dilutive potential common shares include outstanding stock options, restricted stock units, performance stock units, employee stock purchase plan (ESPP) shares and conversion shares under the convertible notes. On January 1, 2021, the Company adopted the accounting standard update to simplify the accounting for convertible debt instruments. The Company now uses the if-converted method for its convertible notes in calculating the diluted net income (loss) per share, and includes the effect of potential share settlement for the convertible notes, if the effect is dilutive. The diluted net income per share is computed with the assumption that the Company will settle the convertible debt in shares, rather than cash.

Diluted earnings per share is the same as basic earnings per share for the periods in which the Company had a net loss because the inclusion of outstanding common stock equivalents would be anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) includes all changes in stockholders' equity except those resulting from investments or contributions by stockholders. For the periods presented, the accumulated other comprehensive income (loss) consisted solely of the unrealized gains or losses on the Company's available-for-sale investments, net of tax.

Foreign Currency

The U.S. Dollar is the functional currency of the Company's subsidiaries and the Company's reporting currency. Monetary assets and liabilities are re-measured into U.S. Dollars at the applicable period end exchange rate. Sales and operating expenses are re-measured at average exchange rates in effect during each period. Gains resulting from foreign currency transactions included in net income (loss) were \$0.3 million in the year ended December 31, 2023 and losses were \$3.6 million and \$1.8 million in the years ended December 31, 2022 and 2021, respectively. The effect of exchange rate changes on cash and cash equivalents was insignificant for the years ended December 31, 2023, 2022 and 2021.

Segments

The Company operates in one segment and reports segment information in accordance with ASC 280, Segment Reporting. Management uses one measure of profitability and does not segregate its business for internal reporting. Revenue is attributed to a geographic region based on the location of the end customer. See *Note 12. Segment Information and Revenue by Geography and Products* for details relating to revenue by geography.

NOTE 2. CASH, CASH EQUIVALENTS, MARKETABLE SECURITIES, AND RESTRICTED CASH

The Company determines the appropriate classification of its investments in marketable securities at the time of purchase and re-evaluates such designation at each balance sheet date. The Company's marketable securities have been classified and accounted for as available-for-sale securities. Investments with remaining maturities of more than one year are viewed by the Company as available to support current operations and are classified as current assets under the caption marketable investments in the accompanying consolidated balance sheets. Investments in available-for-sale debt securities are measured at fair value under the guidance in ASC 320. Credit losses on impaired available-for-sale debt securities are recognized through an allowance for credit losses. Under ASC 326, credit losses recognized on an available-for-sale debt security should not reduce the net carrying amount of the available-for-sale debt security below its fair value. Any changes in fair value unrelated to credit are recognized as an unrealized gain or loss in other comprehensive income.

The Company's cash and cash equivalents was \$143.6 million as of December 31, 2023. There were no marketable investments or restricted cash as of December 31, 2023. The following table summarizes the Company's cash and cash equivalents and marketable investments (in thousands) as of December 31, 2022:

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Cash and cash equivalents	N/A	N/A	N/A	\$ 145,924
Current restricted cash	N/A	N/A	N/A	700
Cash, cash equivalents, and restricted cash as reported within the Consolidated Statements of Cash Flows	N/A	N/A	N/A	146,624
Marketable investments - U.S. Treasury	171,484	8	(102)	171,390
Total	\$ 171,484	\$ 8	\$ (102)	\$ 318,014

At December 31, 2022, the net unrealized losses were \$0.1 million, and were related to interest rate changes on available-for-sale marketable investments. No securities were in an unrealized loss position for more than 12 months. The restricted cash balance related to an outstanding letter of credit for \$0.7 million provided to a supplier.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures certain financial assets at fair value, including cash and cash equivalents.

As of December 31, 2023, financial assets and liabilities measured and recognized at fair value on a recurring basis and classified under the appropriate level of the fair value hierarchy as described above were as follows (in thousands):

December 31, 2023	Level 1	Level 2
Cash equivalents:		
Money market funds	\$ 123,387	\$ —
Total	\$ 123,387	\$ —

As of December 31, 2022, financial assets and liabilities measured and recognized at fair value on a recurring basis and classified under the appropriate level of the fair value hierarchy as described above were as follows (in thousands):

December 31, 2022	Level 1	Level 2
Cash equivalents:		
Money market funds	\$ 26,408	\$ —
Marketable investments:		
Available-for-sale securities	171,390	—
Derivative liabilities:		
Foreign exchange forward	—	(558)
Total	\$ 197,798	\$ (558)

The Company's cash, accounts receivable, and accounts payable are reflected on the accompanying consolidated balance sheets at cost, which approximated estimated fair value due to short-term nature of such accounts, using Level 1 inputs. The Company classifies its money market funds and available-for-sale securities within Level 1 because they are valued based on quoted market prices in active markets.

The Company classifies its derivative financial instruments within Level 2 because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded. None of the Company's financial instruments were classified as Level 3 as of December 31, 2023 and 2022.

See *Note 14. Debt* for the carrying amount and estimated fair value of the Company's 2.25% Convertible Senior Notes due 2026 (the "2026 Notes"), 2.25% Convertible Senior Notes due 2028 (the "2028 Notes") and, 4.00% Convertible Senior Notes due 2029 (the "2029 Notes"), together with the 2026 Notes and 2028 Notes, (the "Convertible Notes").

NOTE 4. DERIVATIVE INSTRUMENTS

The Company uses foreign currency exchange forward contracts to manage the impact of currency exchange fluctuations on earnings and cash flows. The Company does not enter into derivative instruments for speculative purposes. The Company is exposed to potential credit loss in the event of nonperformance by counterparties on its outstanding derivative instruments but the Company does not anticipate nonperformance by any of its counterparties. Should a counterparty default, the Company's maximum loss exposure would be the potential asset balance of the instrument.

The cash flow effect of the derivative instruments settlement is recorded in cash flows from operations.

There were no derivative instruments outstanding as of December 31, 2023 and the dollar amounts of outstanding derivative instruments as of December 31, 2022 is presented in thousands below:

December 31, 2022	Classification	Foreign Exchange Forward	
(Dollars in thousands)			
Gross notional amount	N/A	\$	6,128
Fair value	Accrued liabilities	\$	558
Unrealized loss	Other income (expense), net	\$	(558)

NOTE 5. BALANCE SHEET DETAIL***Inventories***

Valuation adjustments for excess and obsolete inventory, reflected as a reduction of inventory at December 31, 2023 and 2022, were \$13.0 million and \$3.6 million, respectively.

Inventories of these adjustments, consist of the following (in thousands):

	December 31,	
	2023	2022
Raw materials	\$ 36,970	\$ 36,323
Work in process	889	2,117
Finished goods	24,741	25,188
Total	<u>\$ 62,600</u>	<u>\$ 63,628</u>

Long-term inventories

Valuation adjustments for excess and obsolete inventory, reflected as a reduction of long-term inventory at December 31, 2023, was \$12.8 million. The Company's long-term inventories relate to AviClear devices, and parts for device manufacturing, not expected to be sold in the twelve months ended December 31, 2024.

Long-term inventories of these adjustments, consist of the following (in thousands):

	December 31,	
	2023	2022
Raw materials	\$ 8,672	\$ —
Work in process	2,049	—
Finished goods	5,562	—
Total	<u>\$ 16,283</u>	<u>\$ —</u>

Other current assets and prepaid expenses

Other current assets and a prepaid expenses, consists of the following (in thousands):

	December 31,	
	2023	2022
Deposits with vendors	\$ 9,501	\$ 13,917
Foreign tax receivable	6,307	7,147
Prepayments	3,819	2,972
Other	225	—
Total	<u>\$ 19,852</u>	<u>\$ 24,036</u>

Property and Equipment, net

Property and equipment, net, consists of the following (in thousands):

	December 31,	
	2023	2022
Leasehold improvements	\$ 1,010	\$ 793
AviClear devices	38,490	19,904
Office equipment and furniture	1,884	1,936
Machinery and equipment	4,944	5,106
Assets under construction	1,274	17,876
	47,602	45,615
Less: Accumulated depreciation	(10,327)	(5,247)
Property and equipment, net	\$ 37,275	\$ 40,368

In November 2023, the Company introduced a new business model for AviClear, providing for the purchase of the device upfront. From the FDA approval in April 2022 through October 2023, AviClear devices were leased to customers, and parts and devices not yet placed in service were recorded as property and equipment on the consolidated balance sheet, and further categorized as assets under construction. As a result of the new business model, the Company has determined to classify AviClear parts and devices not currently leased as inventories at December 31, 2023. AviClear devices currently leased continue to be classified as property and equipment on the consolidated balance sheet.

The Company identified indicators of impairment during the twelve months ended December 31, 2023, including a decline in financial results and market capitalization. The Company evaluated its long-lived assets, including property and equipment, for potential impairment and concluded that an impairment was not required. An impairment may potentially result in partial or full write-down of these balances. The Company will continue to monitor financial results and market capitalization. Should the financial results continue to deteriorate, an impairment of long-lived assets, including property and equipment, may become reasonably possible.

Goodwill

Goodwill is related to the acquisition of Iridex's aesthetic business unit, and customer relationships in the Benelux countries acquired from a former distributor in 2013. Goodwill was \$1.3 million as of December 31, 2023 and 2022.

The Company assesses goodwill for impairment at the reporting unit level at least annually and may test more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

In the fourth quarter of 2023, the Company identified indicators of impairment, including a decline in the market capitalization. The Company performed an impairment test by comparing the fair value with its carrying value, including goodwill, and concluded it is unlikely to have a fair value below the carrying value. The Company concluded that no impairment charges were required during the year ended December 31, 2023.

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2023	2022
Bonus and payroll-related accruals	\$ 13,949	\$ 18,951
Accrued sales tax	6,325	9,066
Liability for inventory in transit	5,461	7,028
Sales and marketing accruals	4,929	5,347
Product warranty	2,593	3,254
Jabil settlement obligation, net (Note 16)	8,908	—
Other accrued liabilities	12,890	13,806
Total	\$ 55,055	\$ 57,452

NOTE 6. PRODUCT WARRANTY

The Company has a direct field service organization in North America (including Canada). Internationally, the Company provides direct service support in Australia, Austria, Belgium, France, Germany, Hong Kong, Japan, the Netherlands, and Switzerland, as well as through third-party service providers in Spain and the United Kingdom. In several other countries, where the Company does not have a direct presence, the Company provides service through a network of distributors and third-party service providers.

After the original warranty period, maintenance and support are offered on an extended service contract basis or on a time and materials basis. The Company provides the estimated cost to repair or replace products under standard warranty at the time of sale. Costs in connection with extended service contracts are recognized at the time when costs are incurred. The following table provides the changes in the product standard warranty accrual for the years ended December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Balance at beginning of year	\$ 3,254	\$ 3,947
Add: Accruals for warranties issued during the period	4,987	3,710
Less: Settlements made during the period	(5,648)	(4,403)
Balance at end of year	<u>\$ 2,593</u>	<u>\$ 3,254</u>

NOTE 7. DEFERRED REVENUE

The Company records deferred revenue when revenue is to be recognized subsequent to invoicing. For extended service contracts, the Company generally invoices customers at the beginning of the extended service contract term. The Company's extended service contracts typically have one to three-year terms. The Company leases certain AviClear devices to customers and receives a fixed annual license fee over the term of the arrangement and variable lease income related to treatments performed by the lessee. The fixed annual license fee is recognized evenly over the period of the lease contract on a straight-line basis. Deferred revenue also includes payments for training not yet delivered. Approximately 87% of the Company's deferred revenue balance of \$11.9 million as of December 31, 2023, will be recognized over the next 12 months.

The following table provides changes in the deferred revenue balance for the years ended December 31, 2023 and 2022 (in thousands):

	December 31,	
	2023	2022
Beginning balance	\$ 13,498	\$ 10,825
Add: Payments received from current period sales	21,040	21,984
Less: Revenue recognized from current period sales	(11,732)	(9,928)
Less: Revenue recognized from beginning balance	(10,890)	(9,383)
Ending balance	\$ 11,916	\$ 13,498

The fixed annual license fees received related to the AviClear contracts are deferred and recognized over the annual lease period. The AviClear deferred license fee balance included in the total deferred revenue balance as of December 31, 2023 and 2022, was \$2.1 million and \$2.3 million, respectively.

Costs for extended service contracts were \$7.3 million, \$6.3 million and \$8.3 million, respectively, in cost of revenue on the consolidated statements of operations for the years ended December 31, 2023, 2022 and 2021.

Accounts receivable, net as of December 31, 2021 was \$31.4 million.

NOTE 8. STOCKHOLDERS' EQUITY, STOCK PLANS AND STOCK-BASED COMPENSATION EXPENSE

As of December 31, 2023, the Company had one class of issued common stock with a par value of \$0.001. Authorized capital stock consists of 55,000,000 shares comprised of two classes: (i) 50,000,000 shares of Common Stock, of which 19,960,622 shares are issued and outstanding as of December 31, 2023, and (ii) 5,000,000 shares of preferred stock, par value \$0.001 per share ("Preferred Stock"), of which no shares are issued and outstanding.

As of December 31, 2023, the Company had the following stock-based employee compensation plans:

2004 Equity Incentive Plan

In 1998, the Company adopted the 1998 Stock Plan, or 1998 Plan, under which 4,650,000 shares of the Company's common stock were reserved for issuance to employees, directors and consultants.

In 2004, the Board of Directors ("the Board") adopted the 2004 Equity Incentive Plan. A total of 1,750,000 shares of common stock were originally reserved for issuance pursuant to the 2004 Equity Incentive Plan. In addition, the shares reserved for issuance under the 2004 Equity Incentive Plan included shares reserved but un-issued under the 1998 Plan and shares returned to the 1998 Plan as the result of termination of options or the repurchase of shares. In 2012 the stockholders approved a "fungible share" provision whereby each full-value award issued under the 2004 Equity Incentive Plan results in a requirement to subtract 2.12 shares from the shares reserved under the Plan.

2019 Equity Incentive Plan

At the Company's Annual Meeting of Stockholders in 2019, the Company's stockholders approved the 2019 Equity Incentive Plan, which is an amendment and restatement of the 2004 Equity Incentive Plan. The 2004 Equity Incentive Plan was amended to: (i) increase the number of shares available for future grant by 700,000 (in addition to the 9,701,192 shares provided under the 2004 Equity Incentive Plan); (ii) extend the term of the 2004 Equity Incentive Plan to the date of the Annual Meeting of the Company's stockholders in 2029; (iii) amend the 2004 Equity Incentive Plan to eliminate the requirement for awards granted on or after June 14, 2019 that any shares subject to awards with an exercise price less than fair market value on the date of such grant will be counted against the Plan as 2.12 shares for each full value share awarded in accordance with the 2004 Equity Incentive Plan; (iv) amend the 2004 Equity Incentive Plan to remove the requirement that any shares subject to awards with an exercise price less than fair market value on the date of such grant will be counted against the Plan as 2.12 shares for each full value share awarded; (v) amend the 2004 Equity Incentive Plan to remove certain provisions relating to the "performance based compensation" exception under Section 162(m) of the Internal Revenue Code of 1986, as amended; (vi) include a minimum one-year vesting period with respect to awards granted under the 2004 Equity Incentive Plan.

Also in 2019, the Board also amended the Company's Stock Ownership Guidelines to require all officers (as defined by Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) to hold at least 50% of any shares received pursuant to stock options, stock appreciation rights, vested restricted stock awards ("RSAs"), restricted stock units ("RSUs"), or performance stock units ("PSUs") (net of taxes) for a minimum of one year following vesting and delivery.

In 2019, the Board also adopted a clawback policy to permit recovery of certain compensation paid to Named Executive Officers (as defined in Item 402 of Regulation S-K) of the Company if the Compensation Committee of the Board determines that a Named Executive Officer (i) has violated law, the Company's Code of Business Conduct and Ethics, or any significant ethics or compliance policies, and (ii) such conduct results in material financial or reputational harm, or results in a need for a restatement of the Company's consolidated financial statements. The Amended and Restated Plan provides for the grant of incentive stock options, non-statutory stock options, RSAs, RSUs, stock appreciation rights, PSUs, and other stock or cash awards.

In 2020, the Company's stockholders approved an amendment and restatement of the 2019 Equity Incentive Plan and approved an additional 600,000 shares, available for future grants.

In June 2021, stockholders approved an amendment and restatement of the 2019 Equity Incentive Plan and approved an additional 450,000 shares, available for future grants.

In June 2022, stockholders approved an amendment and restatement of the 2019 Equity Incentive Plan and approved an additional 600,000 shares, available for future grants.

In July 2023, stockholders approved an amendment and restatement of the 2019 Equity Incentive Plan and approved an additional 1,300,000 shares, available for future grants.

The Company's non-employee directors are granted \$150,000 of RSUs or non-statutory stock options annually on the date of the Company's Annual Meeting of stockholders. These grants cliff-vest on the one-year anniversary of the grant date. In the years ended December 31, 2023, 2022 and 2021, the Company issued 57,039, 12,496 and 41,301 RSUs, respectively, to its non-employee directors. In the year ended December 31, 2023, the Company issued 73,964 non-statutory stock options to its non-employee directors.

In the years ended December 31, 2023, 2022 and 2021, the Company's Board of Directors granted 533,981, 191,993 and 219,686 RSUs, respectively, to its executive officers, directors and certain members of the Company's management related to annual grants and new hire grants. The new hire RSUs vest quarterly on each of the first four annual anniversaries of the grant date and the annual grant RSUs vest one quarter on the first annual anniversary and monthly thereafter for 36 months. The Company measured the fair market values of the underlying stock on the dates of grant and recognizes the stock-based compensation expense over the vesting period. On the vesting date, the Company issues common stock, net of stock withheld to settle the recipient's minimum statutory tax liability.

In the years ended December 31, 2023, 2022 and 2021 the Company's Board of Directors granted its executive officers and certain senior management employees 239,777, 169,785, and 178,222 PSUs, respectively, related to its annual grants. The 2020 grant vested on the first anniversary subject to the achievement of pre-established performance goals. The 2021 and 2022 grants vest one half on the first anniversary subject to the achievement of pre-established performance goals and the remaining half vests on the second anniversary subject to the recipient's continued service. In addition to the 2021 annual PSU grants, in July 2021, the Company granted 265,002 PSUs to certain employees. This grant consists of four separate vesting tranches that will vest from April 2023 through June 2025 upon the achievement of operational milestones associated with each tranche and continued service.

2023 Inducement Equity Incentive Plan

At the Company's Annual Meeting of Stockholders in 2023, the Company stockholders approved the 2023 Inducement Equity Incentive Plan, which permits the grant of equity-based awards, restricted stock units, restricted stock, stock appreciation rights, and performance awards to individuals not previously employees of the Company as an inducement material to the individuals' entry into employment with the Company. The maximum aggregate number of shares of common stock that may be awarded and sold under the 2023 Inducement Equity Incentive Plan is 2,500,000. In 2023, 2,500,000 shares were approved and reserved to be available for future grants. In the year ended December 31, 2023, the Company issued 95,920 incentive equity awards under the 2023 Inducement Equity Incentive Plan.

Employee Stock Purchase Plan

On January 12, 2004, the Board of Directors adopted the 2004 Employee Stock Purchase Plan. Under the 2004 Employee Stock Purchase Plan, or 2004 ESPP, eligible employees are permitted to purchase common stock at a discount through payroll deductions. The 2004 ESPP offering and purchase periods are for six months. The 2004 ESPP has an evergreen provision based on which shares of common stock eligible for purchase are increased on the first day of each fiscal year by an amount equal to the lesser of:

- 600,000 shares;
- 2.0% of the outstanding shares of common stock on such date; or
- an amount as determined by the Board of Directors.

The price of the common stock purchased is the lower of 85% of the fair market value of the common stock at the beginning or end of the six-month offering period. In the years ended December 31, 2023, 2022, and 2021, under the 2004 ESPP, the Company issued 51,786, 49,306, and 59,635 shares, respectively. At December 31, 2023, 326,800 shares remained available for future issuance.

Due to the late filing of the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2023, participation in the ESPP was suspended.

Option and Award Activity

Activities under 2004 Equity Incentive Plan, 2019 Equity Incentive Plan and 2023 Inducement Equity Incentive Plan are summarized as follows:

	Options Outstanding				
	Shares Available For Grant	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions) ⁽¹⁾
Balances as of December 31, 2020	<u>1,085,170</u>	<u>217,007</u>	\$ 22.35	3.75	\$ 1.47
Additional shares reserved ⁽²⁾	450,000				
Options granted	(172,139)	172,139	\$ 30.71		
Options exercised	—	(71,798)	\$ 22.02		
Options cancelled (expired or forfeited)	30,173	(30,173)	\$ 37.14		
Stock awards granted	(744,949)	—	—		
Stock awards cancelled (expired or forfeited)	299,092	—	—		
Balances as of December 31, 2021	<u>947,347</u>	<u>287,175</u>	\$ 25.89	4.92	\$ 4.46
Additional shares reserved ⁽²⁾	600,000				
Options granted	(296,238)	296,238	\$ 40.95		
Options exercised	—	(39,960)	\$ 21.28		
Options cancelled (expired or forfeited)	29,518	(29,518)	\$ 34.91		
Stock awards granted	(374,274)	—	—		
Stock awards cancelled (expired or forfeited)	164,572	—	—		
Balances as of December 31, 2022	<u>1,070,925</u>	<u>513,935</u>	\$ 34.41	6.63	\$ 5.99
Additional shares reserved ⁽²⁾	3,800,000				
Options granted	—	1,099,075	\$ 13.10		
Options exercised	—	(42,234)	\$ 14.50		
Options cancelled (expired or forfeited)	288,536	(288,536)	\$ 29.21		
Stock awards granted	(2,144,988)	—	—		
Stock awards cancelled (expired or forfeited)	540,064	—	—		
Balances as of December 31, 2023	<u>3,554,537</u>	<u>1,282,240</u>	\$ 17.97	8.21	\$ —
Exercisable as of December 31, 2023		190,997	\$ 36.39	3.36	\$ —
Vested and expected to vest, net of estimated forfeitures, as of December 31, 2023		1,180,944	\$ 18.37	8.11	\$ —

(1) Based on the closing stock price of \$3.53 of the Company's stock on December 31, 2023, \$44.22 on December 31, 2022, \$41.32 on December 31, 2021 and \$24.11 on December 31, 2020.

(2) Approved by the board of directors and stockholders in 2023, 2022 and 2021.

The equity plans deduct the shares available for issuance by the gross number of shares for which an award is exercised or vests, not the net number of shares actually issued upon exercise, in the event the exercise price is paid in shares of the Company's common stock or shares are withheld to satisfy tax withholding obligations. Any RSU or PSU shares granted on or after July 13, 2023 are counted against the shares available for grant at a ratio of 1.65 shares for every one share granted.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value and is the aggregate difference between the Company's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The aggregate intrinsic amount changes based on the fair market value of the Company's common stock. Total intrinsic value of options exercised in 2023, 2022 and 2021 was \$0.3 million, \$1.1 million, and \$1.3 million, respectively. The options outstanding and exercisable at December 31, 2023 were in the following exercise price ranges:

Exercise Prices		Number of Shares Outstanding	Contractual Life (in years)	Number of Shares Exercisable
\$3.67		31,256	6.85	—
\$11.02		735,295	9.63	—
\$14.04	\$18.55	87,001	8.81	3,250
\$19.44		147,455	9.15	—
\$25.70	\$33.45	187,927	3.37	121,909
\$36.55	\$39.30	30,881	1.20	30,881
\$39.88		2,187	5.00	1,393
\$41.39		21,220	8.18	10,168
\$47.40		4,745	0.96	4,745
\$63.62		34,273	7.13	18,651
\$3.67	\$63.62	1,282,240	8.21	190,997

Stock Awards (RSU and PSU) Activity Table

Information with respect to RSUs and PSUs activity is as follows:

	Number of Shares	Weighted-Average Grant- Date Fair Value	Aggregate Fair Value ⁽¹⁾ (in thousands)	Aggregate Intrinsic Value ⁽²⁾ (in thousands)
Outstanding at December 31, 2020	779,757	\$ 23.96		\$ 18,800
Granted	744,949	\$ 40.16		
Vested ⁽³⁾	(254,946)	\$ 22.94	\$ 8,287 ⁽⁴⁾	
Forfeited	(236,856)	\$ 27.33		
Outstanding at December 31, 2021	1,032,904	\$ 35.00		\$ 42,680
Granted	374,274	\$ 45.36		
Vested ⁽³⁾	(340,836)	\$ 29.04	\$ 15,443 ⁽⁵⁾	
Forfeited	(160,131)	\$ 41.48		
Outstanding at December 31, 2022	906,211	\$ 40.39		\$ 40,073
Granted	829,866	\$ 14.43		
Vested ⁽³⁾	(298,485)	\$ 35.61	\$ 9,597 ⁽⁶⁾	
Forfeited	(527,730)	\$ 36.56		
Outstanding at December 31, 2023	909,862	\$ 20.46		\$ 3,212

(1) Represents the value of the Company's stock on the date that the restricted stock units and performance stock units vest.

(2) Based on the closing stock price of the Company's stock of \$3.53 on December 31, 2023, \$44.22 on December 31, 2022, \$41.32 on December 31, 2021, and \$24.11 on December 31, 2020.

(3) The number of restricted stock units vested includes shares that the Company withheld on behalf of the employees to satisfy the statutory tax withholding requirements.

(4) On the grant date, the fair value for these vested awards was \$5.8 million.

(5) On the grant date, the fair value for these vested awards was \$9.9 million.

(6) On the grant date, the fair value for these vested awards was \$10.6 million.

Stock-Based Compensation

Stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021 was as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Stock options	\$ 2,227	\$ 2,175	\$ 782
RSUs	6,100	6,979	5,305
PSUs	(586)	4,430	6,591
ESPP	323	816	494
Total stock-based compensation expense	\$ 8,064	\$ 14,400	\$ 13,172

Total stock-based compensation expense recognized during the years ended December 31, 2023, 2022 and 2021 was recorded in the Consolidated Statements of Operations as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 751	\$ 1,665	\$ 1,408
Sales and marketing	3,387	4,998	3,160
Research and development	1,082	2,405	2,784
General and administrative	2,844	5,332	5,820
Total stock-based compensation expense	\$ 8,064	\$ 14,400	\$ 13,172

In the year ended December 31, 2023, stock-based compensation expense was impacted by the Company reducing its estimate of the probability of certain performance stock unit grants vesting, and by the reversal of previously reported stock-based compensation expense upon the forfeiture of unvested equity-based awards.

Valuation Assumptions and Fair Value of Stock Options and ESPP Grants

The Company uses the Black-Scholes option pricing model to estimate the fair value of options granted under its equity incentive plans and rights to acquire stock granted under its employee stock purchase plan. The weighted average estimated fair values of the employee stock options and rights granted under the employee stock purchase plan and the weighted average assumptions used to calculate the grant date fair values, are as follows:

	Stock Options			Stock Purchase Plan (ESPP)		
	2023	2022	2021	2023	2022	2021
Expected term (in years)	4.17	4.03	3.97	0.50	0.49	0.50
Risk-free interest rate	4.06 %	1.99 %	0.48 %	4.70 %	3.79 %	0.14 %
Volatility	67 %	66 %	66 %	70 %	69 %	36 %
Dividend yield ⁽¹⁾	— %	— %	— %	— %	— %	— %
Weighted average estimated fair value at grant date	\$ 7.04	\$ 19.76	\$ 15.09	\$ 14.83	\$ 15.77	\$ 9.64

(1) The Company has not paid dividends since its inception.

NOTE 9. INCOME TAXES

The Company files income tax returns in the U.S. federal and various state and local jurisdictions and foreign jurisdictions. The Company's income (loss) before provision for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2023	2022	2021
U.S.	\$ (165,784)	\$ (84,189)	\$ (356)
Foreign	4,485	3,487	3,741
Income (loss) before income taxes	<u>\$ (161,299)</u>	<u>\$ (80,702)</u>	<u>\$ 3,385</u>

The components of the provision for income taxes are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ —	\$ 52	\$ —
State	46	126	(87)
Foreign	1,471	1,275	1,512
Total Current	<u>1,517</u>	<u>1,453</u>	<u>1,425</u>
Deferred:			
Federal	6	2	2
State	1	1	1
Foreign	10	182	(105)
Total Deferred	<u>17</u>	<u>185</u>	<u>(102)</u>
Tax provision	<u>\$ 1,534</u>	<u>\$ 1,638</u>	<u>\$ 1,323</u>

The Company's net deferred tax assets consist of the following (in thousands):

	December 31,	
	2023	2022
Net operating loss carryforwards	\$ 47,406	\$ 21,443
Stock-based compensation	2,014	2,594
Other accruals and reserves	12,552	4,592
Credits	18,614	14,908
Accrued warranty	759	778
Depreciation and amortization	1,241	1,857
Section 174 Costs	13,391	7,578
Other	2,965	1,541
Operating lease liability	2,842	3,384
Deferred tax asset before valuation allowance	101,784	58,675
Valuation allowance	(97,280)	(53,118)
Deferred tax asset after valuation allowance	4,504	5,557
Deferred contract acquisition costs	(1,287)	(1,763)
Goodwill	(159)	(138)
Right of use asset	(2,479)	(3,066)
Net deferred tax asset (liability)	<u>\$ 579</u>	<u>\$ 590</u>

The differences between the U.S. federal statutory income tax rates to the Company's effective tax rate are as follows:

	Year Ended December 31,		
	2023	2022	2021
U.S. federal statutory income tax rate	21.00 %	21.00 %	21.00 %
State tax rate	(0.02)	(0.16)	(2.55)
Meals and entertainment	(0.25)	(0.47)	9.28
Permanent differences	0.24	(0.07)	1.11
Stock-based compensation	(0.43)	0.89	(13.08)
Extinguishment of PPP loan	(0.07)	—	(44.59)
Debt extinguishment costs	—	(8.48)	—
Excess compensation	(0.19)	(1.34)	7.88
Foreign rate differential	(0.31)	(0.76)	17.03
General business credit	0.71	0.78	(17.95)
Valuation allowance	(21.52)	(11.41)	72.82
Change in prior year reserves	—	—	(0.08)
Deferred true-up	(0.33)	(2.02)	(11.76)
Effective tax rate	(1.17)%	(2.04)%	39.11 %

As of December 31, 2023, the Company recorded a valuation allowance of \$97.3 million for the portion of the deferred tax asset that it does not expect to be realized. The valuation allowance on the Company's net deferred taxes increased by \$44.2 million and \$12.6 million during the years ended December 31, 2023 and 2022, respectively. The changes in valuation allowance are primarily due to additional U.S. deferred tax assets and liabilities incurred in the respective year. The Company has \$0.6 million of net deferred tax assets in foreign jurisdictions, which management believes are more-likely-than-not to be realized given the expectation of future earnings in these jurisdictions. The Company continues to monitor the realizability of the U.S. deferred tax assets taking into account multiple factors, including the results of operations and magnitude of excess tax deductions for stock-based compensation. The Company intends to continue maintaining a full valuation allowance on its U.S. deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Release of all, or a portion, of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded.

At December 31, 2023, the Company had approximately \$190.7 million and \$99.4 million of federal and state net operating loss carryforwards, respectively, available to offset future taxable income. The federal and state net operating loss carryforwards, if not utilized, will generally begin to expire in 2030 through 2040, respectively. Approximately \$154.2 million of total federal net operating loss carryforwards were generated after December 31, 2017 and have no expiration. At December 31, 2023, the Company had research and development tax credits available to offset federal and California tax liabilities in the amount of \$11.5 million and \$12.1 million, respectively. Federal credits will begin to expire in 2024 and California state tax credits have no expiration.

Federal and state laws can impose substantial restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an "ownership change," as defined in Section 382 of the Internal Revenue Code. The Company has determined that no significant limitation would be placed on the utilization of the Company's net operating loss and tax credit carryforwards due to prior ownership changes.

No deferred tax liabilities have been recorded relating to the earnings of the Company's foreign subsidiaries since all such earnings are intended to be indefinitely reinvested. The amount of the unrecognized deferred tax liability associated with these earnings is immaterial.

Uncertain Tax Positions

The Company establishes reserves for uncertain tax positions based on the largest amount that is more-likely-than-not to be sustained. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company performs a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Although the Company believes it has adequately reserved for its uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. The Company adjusts these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties.

The Company files U.S., state, and foreign income tax returns in jurisdictions with varying statutes of limitations. Tax years after 2009 remain subject to examination by U.S. federal and California state tax authorities due to the Company's net operating loss and credit carryforwards. For significant foreign jurisdictions, tax years after 2018 remain subject to examination by their respective tax authorities.

The following table summarizes the activity related to the Company's gross unrecognized tax benefits, excluding related interest and penalties, in December 31, 2021 to December 31, 2023 (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance at beginning of year	\$ 3,725	\$ 2,746	\$ 1,864
Increase (decrease) related to prior year tax positions	258	(36)	(37)
Increase related to current year tax positions	1,013	1,015	919
Balance at end of year	<u>\$ 4,996</u>	<u>\$ 3,725</u>	<u>\$ 2,746</u>

NOTE 10. NET INCOME (LOSS) PER SHARE

As of December 31, 2023, the Company's convertible notes were potentially convertible into 8,696,792 shares of common stock. The Company used the if-converted method to calculate the potential dilutive effect of the conversion spread on diluted net income per share for the years ended December 31, 2023, 2022 and 2021.

The denominator for diluted net income (loss) per share does not include any effect from the capped call transactions the Company entered into concurrently with the issuance of the convertible notes, as this effect would be anti-dilutive. In the event of conversion of a convertible note, shares delivered to the Company under the capped call will offset the dilutive effect of the shares that the Company would issue under the convertible notes.

For the years ended December 31, 2023 and 2022, basic loss per common share and diluted loss per common share are the same in each respective period, as the inclusion of any potentially issuable shares would be anti-dilutive.

The following table sets forth the computation of basic and diluted net loss and the weighted average number of shares used in computing basic and diluted net loss per share (in thousands, except per share data):

	Year Ended December 31,		
	2023	2022	2021
<i>Numerator:</i>			
Net income (loss)	\$ (162,833)	\$ (82,340)	\$ 2,062
<i>Denominator:</i>			
Weighted average shares of common stock outstanding used in computing net income (loss) per share, basic	19,885	18,747	17,891
Dilutive effect of incremental shares and share equivalents:			
Options	—	—	68
RSUs	—	—	294
PSUs	—	—	104
ESPP	—	—	5
Weighted average shares of common stock outstanding used in computing net income (loss) per share, diluted	<u>19,885</u>	<u>18,747</u>	<u>18,362</u>
<i>Net income (loss) per share:</i>			
Net income (loss) per share, basic	<u>\$ (8.19)</u>	<u>\$ (4.39)</u>	<u>\$ 0.12</u>
Net income (loss) per share, diluted	<u>\$ (8.19)</u>	<u>\$ (4.39)</u>	<u>\$ 0.11</u>

The following numbers of shares outstanding, prior to the application of the treasury stock method and the if-converted method, were excluded from the computation of diluted net income (loss) per common share for the periods presented because including them would have had an anti-dilutive effect (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Capped call	10,780	10,780	4,167
Convertible debt	8,697	8,697	4,167
Options to purchase common stock	1,282	514	166
Restricted stock units	682	460	32
Employee stock purchase plan shares	—	38	—
Performance stock units	227	446	120
Total	<u>21,668</u>	<u>20,935</u>	<u>8,652</u>

NOTE 11. DEFINED CONTRIBUTION PLAN

In the U.S., the Company has an employee savings plan (“401(k) Plan”) that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Eligible employees may make voluntary contributions to the 401(k) Plan up to 100% of their annual compensation, subject to statutory annual limitations. In the years ended December 31, 2023, 2022 and 2021, the Company made discretionary contributions under the 401(k) Plan of \$0.5 million, \$0.5 million and \$0.3 million, respectively.

For the Company’s Japanese subsidiary, a discretionary employee retirement plan has been established. In addition, for some of the Company’s other foreign subsidiaries, the Company deposits funds with insurance companies, third-party trustees, or into government-managed accounts consistent with the requirements of local laws. The Company has fully funded or accrued for its obligations as of December 31, 2023, and the related expense for each of the three years then ended was not significant.

NOTE 12. SEGMENT INFORMATION AND REVENUE BY GEOGRAPHY AND PRODUCTS

Segment reporting is based on the “management approach,” following the method that management organizes the Company’s reportable segments for which separate financial information is made available to, and evaluated regularly by, the chief operating decision maker in allocating resources and in assessing performance. The Company’s chief operating decision maker (“CODM”) is its Chief Executive Officer (“CEO”), who makes decisions on allocating resources and in assessing performance.

In the fourth quarter of fiscal year ending December 31, 2023, the Company concluded a realignment of its operating segments to further drive its long-term strategic objectives. At the direction of the CEO, management reorganized its management reporting structure and began to manage its operations under one segment structure. The CEO, in making operating decisions, reviews consolidated financial information, accompanied by disaggregated information about revenues by geography and product. All of the Company’s principal operations and decision-making functions are located in the U.S. Substantially all of the Company’s long-lived assets are located in the U.S.

The Company reassessed its reportable segments in the fourth quarter of fiscal year 2023 and determined it had one consolidated reportable segment beginning in the fourth quarter of fiscal year ending December 31, 2023.

The following table presents a summary of revenue by geography and product category for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Revenue mix by geography:			
United States	\$ 88,378	\$ 107,453	\$ 96,629
Japan	52,135	64,920	70,235
Asia, excluding Japan	18,702	21,873	12,649
Europe	20,330	20,882	19,444
Rest of the world, other than United States, Asia and Europe	32,824	37,271	32,313
Total consolidated revenue	<u>\$ 212,369</u>	<u>\$ 252,399</u>	<u>\$ 231,270</u>
Revenue mix by product category:			
Systems	\$ 130,528	\$ 164,559	\$ 139,633
Consumables	25,302	21,737	16,401
Skincare	33,983	42,500	49,669
Total product revenue	189,813	228,796	205,703
Service	22,556	23,603	25,567
Total consolidated revenue	<u>\$ 212,369</u>	<u>\$ 252,399</u>	<u>\$ 231,270</u>

As of December 31, 2023 and 2022, 99.6% and 99.8% of long-lived assets were in the United States, respectively.

NOTE 13. COMMITMENTS AND CONTINGENCIES
LEASES
Lessee

The Company is a party to certain operating and finance leases for vehicles, office space and storage facilities. The Company's material operating leases consist of office space, as well as storage facilities and finance leases consist of automobiles leases. The Company's leases generally have remaining terms of one to 7 years, some of which include options to renew the leases for up to five years. The Company leases space for operations in the United States, Japan, Belgium, France, and Spain.

The Company determines if a contract contains a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, the Company estimates the incremental secured borrowing rates corresponding to the maturities of the leases. The Company based the rate estimates on prevailing financial market conditions, credit analysis, and management judgment.

Tenant incentives used to fund leasehold improvements are recognized when earned and reduce the Company's right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term.

Below is supplemental balance sheet information related to leases (in thousands):

		Year Ended December 31,	
		2023	2022
Assets	Classification		
Right-of-use assets	Operating lease right-of-use assets	\$ 10,055	\$ 12,831
Finance lease	Property and equipment, net	2,516	1,606
Total leased assets		<u>\$ 12,571</u>	<u>\$ 14,437</u>
		Year Ended December 31,	
		2023	2022
Liabilities	Classification		
Operating lease liabilities, current	Operating lease liabilities	\$ 2,441	\$ 2,810
Operating lease liabilities, non-current	Operating lease liabilities, net of current portion	8,887	11,352
Total Operating lease liabilities		<u>\$ 11,328</u>	<u>\$ 14,162</u>
		Year Ended December 31,	
		2023	2022
Finance lease liabilities	Classification		
Finance lease liabilities, current	Accrued liabilities	\$ 825	\$ 485
Finance lease liabilities, non-current	Other long-term liabilities	1,064	825
Total Finance lease liabilities		<u>\$ 1,889</u>	<u>\$ 1,310</u>

Lease costs during the twelve months ended December 31, 2023, 2022 and 2021 (in thousands):

		Year Ended December 31,		
		2023	2022	2021
Finance lease cost	Amortization expense	\$ 790	\$ 643	\$ 484
Finance lease cost	Interest for finance lease	\$ 116	\$ 76	\$ 59
Operating lease cost	Operating lease expense	\$ 3,598	\$ 3,560	\$ 3,542

Cash paid for amounts included in the measurement of lease liabilities during the twelve months ended December 31, 2023, 2022 and 2021 were as follows (in thousands):

		Year Ended December 31,		
		2023	2022	2021
Operating cash flows	Finance lease	\$ 87	\$ 78	\$ 56
Financing cash flows	Finance lease	\$ 594	\$ 520	\$ 462
Operating cash flows	Operating lease	\$ 3,297	\$ 2,526	\$ 3,092

Maturities of lease liabilities

Maturities of operating lease liabilities were as follows as of December 31, 2023 (in thousands):

	Amount
2024	\$ 2,932
2025	2,935
2026	3,030
2027	3,133
2028	325
Thereafter	147
Total lease payments	12,502
Less: imputed interest	(1,174)
Present value of lease liabilities	\$ 11,328

Vehicle Leases

As of December 31, 2023, the Company was committed to minimum lease payments for vehicles leased under long-term non-cancelable finance leases as follows (in thousands):

	Amount
2024	\$ 954
2025	704
2026	424
2027	16
Total lease payments	2,098
Less: imputed interest	(209)
Present value of lease liabilities	\$ 1,889

Weighted-average remaining lease term and discount rate, as of December 31, 2023, were as follows:

Lease Term and Discount Rate

Weighted-average remaining lease term (years)	
Operating leases	4.2
Finance leases	2.4
Weighted-average discount rate	
Operating leases	4.8 %
Finance leases	9.0 %

Lessor - AviClear

Lessor revenue

The Company leases certain AviClear devices to customers and receives a fixed annual license fee over the term of the arrangement and revenue related to treatments performed by the lessee. The contractual term of the lease agreement is three years with a one-year autorenewal feature. Certain lease agreements' terms in excess of one year can be terminated without financial penalty, and these agreements are accounted for as having a lease term of one year. The AviClear lease agreements are

accounted for as operating leases. In the fourth quarter of 2023, the Company announced a change in the AviClear business strategy and moved towards a direct sales model rather than a leasing model, whereby certain existing lessees were offered an option to purchase the leased AviClear device. For the devices under the leasing model, the Company concluded the classification of the AviClear lease contracts remains as operating leases.

The fixed annual license fee is recognized evenly throughout the period of the lease agreement on a straight-line basis. The treatment revenue is recognized in the period the lessee has the ability to perform the patient treatment.

The following table summarizes the amount of operating lease income included in product revenue in the accompanying consolidated statements of operations (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
AviClear operating lease license fee revenue	\$ 5,386	\$ 922
AviClear operating lease treatment revenue	10,451	3,534
Total AviClear revenue	<u>\$ 15,837</u>	<u>\$ 4,456</u>

The AviClear device being leased has a useful life of seven years.

The following is the minimum future lease payments as of December 31, 2023, under non-cancelable operating leases, assuming the minimum contractual lease term (in thousands):

	Amount
2024	\$ 7,220
2025	3,185
Total	<u>\$ 10,405</u>

Practical Expedients

The Company elected a practical expedient applied to operating leases to elect not to separate lease and nonlease components as long as the lease and at least one nonlease component have the same timing and pattern of transfer. As such, updates or upgrades on a when-and-if available basis to the AviClear device are combined with the operating lease revenue. The combined component is being accounted for under ASC 842. Additionally, the Company made an accounting policy election to present AviClear revenue net of sales and other similar taxes.

Capitalized sales commissions

Sales commissions related to obtaining AviClear lease agreements are accounted for as initial direct costs and are capitalized and amortized on a straight-line basis over the lease term.

Total capitalized costs for the years ended December 31, 2023 and 2022 were \$3.8 million for both fiscal years. Amortization expenses for these assets were \$4.3 million and \$0.5 million, respectively during the fiscal years ended December 31, 2023 and 2022, and were included in sales and marketing expense in the Company's consolidated statements of operations.

Total capitalized costs as of December 31, 2023 and 2022, were \$2.7 million and \$3.3 million, respectively, and were included in other long-term assets in the Company's consolidated balance sheets.

Lease installment costs

The Company capitalizes fulfillment costs incurred before AviClear lease commencement and these costs include freight, installation, and training costs.

Total capitalized costs for the years ended December 31, 2023 and 2022 were \$2.8 million and \$1.7 million, respectively. Amortization expenses for these assets were \$2.1 million and \$0.3 million during the fiscal years ended December 31, 2023, and were included in cost of revenue in the Company's consolidated statements of operations.

Total lease installment costs as of December 31, 2023 and 2022, were \$2.1 million and \$1.4 million, respectively, and were included in other long-term assets in the Company's consolidated balance sheets.

Purchase Commitments

The Company maintains certain open inventory purchase commitments with its suppliers to ensure a smooth and continuous supply for key components. The Company's liability in these purchase commitments is generally restricted to an agreed-upon period. These periods can vary among different suppliers. Although open purchase orders are considered enforceable and legally binding, the terms generally allow the Company the option to cancel, reschedule, and adjust their requirements based on the Company's business needs prior to the delivery of goods or performance of services.

As of December 31, 2023, the Company had \$10.7 million of non-cancelable inventory purchase obligations with a certain vendor due in 2024.

Indemnifications

In the normal course of the Company's business, the Company enters into agreements that contain a variety of representations, warranties, and indemnification obligations. For example, the Company has entered into indemnification agreements with each of its directors and executive officers and certain key employees. The Company's exposure under its various indemnification obligations is unknown and not reasonably estimable as they involve future claims that may be made against the Company. As such, the Company has not accrued any amounts for such obligations.

Contingencies

The Company is named from time to time as a party to other legal proceedings, product liability, intellectual property disputes, commercial disputes, employee disputes, and contractual lawsuits. A liability and related charge are recorded to earnings in the Company's consolidated financial statements for legal contingencies when the loss is considered probable and the amount can be reasonably estimated. The assessment is re-evaluated each accounting period and is based on all available information, including discussion with outside legal counsel. If a reasonable estimate of a known or probable loss cannot be made, but a range of probable losses can be estimated, the low-end of the range of losses is recognized if no amount within the range is a better estimate than any other. If a material loss is reasonably possible, but not probable and can be reasonably estimated, the estimated loss or range of loss is disclosed in the notes to the consolidated financial statements. The Company expenses legal fees as incurred. Certain of the cases below are still in the preliminary stages, and the Company is not able to quantify the extent of its potential liability, if any, other than as described. The outcome of litigation is inherently unpredictable and subject to significant uncertainties. If any of these matters are resolved adversely to the Company, this could have a material adverse effect on its business, financial condition, results of operations, and cash flows. In addition, defending these legal proceedings is likely to be costly, which may have a material adverse effect on the Company's financial condition, results of operations and cash flows, and may divert management's attention from the day-to-day operations of its business.

As of December 31, 2023 and 2022, the Company had accrued \$3.3 million and \$0.5 million, respectively, related to various pending commercial and product liability lawsuits. The Company does not believe that a material loss in excess of accrued amounts is reasonably possible.

On January 31, 2020, Cutera filed a lawsuit against Lutronic Aesthetics in the United States District Court for the Eastern District of California. Lutronic employs numerous former Cutera employees. The complaint against Lutronic generally alleges claims for (1) misappropriation of trade secrets in violation of state and federal law; (2) violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO"); (3) interference with contractual relations; (4) interference with prospective economic advantage; (5) unfair competition; and (6) aiding and abetting. On March 13, 2020, the court entered a temporary restraining order ("TRO") against Lutronic generally prohibiting it from using or disseminating Cutera confidential, proprietary, or trade secret information. The order also prohibits Lutronic, for two years, from using such information for the purpose of soliciting, or conducting business with, certain specified customers. On April 9, 2020, the parties stipulated to the entry of a preliminary injunction providing for the same relief afforded by the TRO. On August 4, 2022, Cutera filed a second amended complaint. In addition to the above referenced claims, Cutera alleges claims for violation of the Lanham Act, unlawful business practices, false advertising and trademark infringement. Discovery is ongoing. No trial date has been scheduled. On April 27, 2023, Lutronic filed a complaint for trade libel, intentional interference with prospective economic advantage, misappropriation of trade secrets and unfair business practices against Cutera in California State Court. Discovery has not yet commenced and no trial date has been scheduled. The Company denies the allegations of the complaint and has instructed counsel to defend the matter vigorously. Discovery is ongoing and no trial date has been scheduled.

In March 2023, Serendia, LLC (“Serendia”), filed patent infringement complaints against the Company with the International Trade Commission (“ITC”) and in U.S. District Court for the District of Delaware alleging infringement of six Serendia patents by the Secret RF and Secret Pro systems, which the Company distributes in the U.S. on behalf of Ilooda Co. Ltd., a Korean company (“Ilooda”). The manufacturer of these products, Ilooda, is obligated to defend the Company against these claims and, as a result, the Company has not incurred significant external legal costs. Serendia and Ilooda have agreed to a settlement of the ITC investigation, the Delaware litigation and any other past, present and future suits or claims related to the six Serendia patents and the Secret RF and Secret Pro systems. The settlement of these matters includes a non-exclusive, worldwide, fully paid up license from Serendia to Ilooda to the six Serendia patents related to the Secret RF and Secret Pro systems, which are distributed by the Company. The ITC investigation as to Ilooda and the Company was terminated as of April 10, 2024 and the Delaware litigation was dismissed as of April 3, 2024.

On April 11, 2023, J. Daniel Plants, the Company’s former Executive Chairperson, and David Mowry, the Company’s former Chief Executive Officer, filed a complaint in the Delaware Court of Chancery against directors Gregory Barrett, Sheila Hopkins, Timothy O’Shea, Juliane Park and Janet Widmann, as defendants, and the Company, as nominal defendant (the “Delaware Litigation”) seeking a declaration that the individual defendants breached their fiduciary duties and enjoining them from enforcing the nomination deadline under the Company’s Amended and Restated Bylaws in connection with the 2023 annual meeting of stockholders, or in the alternative, a declaration that the Company must hold a special meeting of the stockholders on June 2, 2023. Mr. Plants and Mr. Mowry filed a motion for expedited proceedings with their complaint. Mr. Plants and Mr. Mowry subsequently agreed that the determination made by the Special Committee of the Board to hold a special meeting of the stockholders on June 9, 2023 mooted their request in the Delaware Litigation for a declaration that the Company hold a special meeting of the stockholders. On April 18, 2023, the Court of Chancery denied Mr. Plants and Mr. Mowry’s motion for expedited proceedings.

On May 16, 2023, Mr. Mowry filed a letter with the Court of Chancery disclosing that he had resolved his dispute with the defendants and agreed to dismiss his claims with prejudice. On May 17, 2023, the Court of Chancery granted an order for voluntary dismissal of Mr. Mowry as a plaintiff in the Delaware Litigation. Mr. Plants subsequently publicly voiced opposition to certain aspects of the Company’s corporate governance and strategy but did not submit a notice of nomination of director candidates for the Company’s 2023 annual meeting of stockholders and did not purport to nominate any director candidates at the Company’s annual meeting of stockholders held on July 13, 2023. Due to Plaintiff’s failure to amend his Complaint within the time required by the Court’s order dated October 6, 2023, the Delaware Litigation was dismissed with prejudice.

On October 5, 2023, Mr. Plants filed a Sarbanes-Oxley (“SOX”) discrimination claim (the “SOX Whistleblower Complaint”) with the U.S. Department of Labor Occupational Safety and Health Administration (“OSHA”). Mr. Plants alleges that he was terminated on April 11, 2023, in retaliation for reporting to the Board of Directors (the “Board”) his concerns that budgeting and guiding to higher forecasts for 2023 would be misleading to shareholders. The SOX Whistleblower Complaint referenced the April 3, 2023 letter from Mr. Plants to the Company’s Board that articulated Mr. Plants’ concerns. The Company received notice of the SOX Whistleblower Complaint on November 8, 2023. On December 7, 2023, Mr. Plants made an arbitration demand in JAMS against the Company, Mr. Barrett, Ms. Hopkins, Mr. O’Shea, Ms. Park and Ms. Widmann for claims related to the termination of his employment (the “Arbitration Demand”). Mr. Plants alleged several claims: breach of his change of control and severance agreement; wrongful termination; retaliation in violation of California’s whistleblower laws; retaliation in violation of SOX; defamation/libel; tortious interference with prospective economic advantage; and breach of oral contract. He sought compensatory, special, and punitive damages, as well as reinstatement, civil penalties, and attorneys’ fees and costs. Mr. Plants and the Company have settled all claims against the Company and the parties listed in the Arbitration Demand. The Company paid Mr. Plants approximately \$1 million in settlement of all claims. The OSHA investigation was officially closed on April 26, 2024, and the JAMS arbitration was dismissed as of April 19, 2024.

NOTE 14. DEBT**Convertible notes, net of unamortized debt issuance costs**

The following table presents the outstanding principal amount and carrying value of the Company's Convertible Notes (in thousands):

	Year Ended December 31,	
	2023	2022
Notes due in 2026		
Outstanding principal amount	\$ 69,125	\$ 69,125
Unamortized debt issuance costs	(1,084)	(1,553)
Carrying Value	<u>\$ 68,041</u>	<u>\$ 67,572</u>
Notes due in 2028		
Outstanding principal amount	\$ 240,000	\$ 240,000
Unamortized debt issuance costs	(5,714)	(6,908)
Carrying Value	<u>\$ 234,286</u>	<u>\$ 233,092</u>
Notes due in 2029		
Outstanding principal amount	\$ 120,000	\$ 120,000
Unamortized debt issuance costs	(3,632)	(4,205)
Carrying Value	<u>\$ 116,368</u>	<u>\$ 115,795</u>
Convertible notes, net	<u><u>\$ 418,695</u></u>	<u><u>\$ 416,459</u></u>

Issuance of convertible notes due in 2026

In March 2021, the Company issued \$138.3 million aggregate principal amount of 2026 Notes in a private placement offering. The 2026 Notes bear interest at a rate of 2.25% per year payable semiannually in arrears on March 15 and September 15 of each year. Upon conversion, the 2026 Notes will be convertible into either cash, shares of the Company's common stock or a combination thereof, at the Company's election. The Convertible notes are presented as Convertible notes, net of unamortized debt issuance costs, on the consolidated balance sheets. The aggregate proceeds from the offering were approximately \$133.6 million, net of issuance costs, including initial purchasers fees.

Each \$1,000 principal amount of the 2026 Notes is initially convertible into 30.1427 shares of the Company's common stock, which is equivalent to a conversion price of approximately \$33.18 per share. The conversion rate for the 2026 Notes is subject to adjustment for certain events as set forth in the indenture governing the 2026 Notes. The 2026 Notes will mature on March 15, 2026, unless earlier converted, redeemed, or repurchased in accordance with the terms of the 2026 Notes.

Issuance of convertible notes due in 2028

In May 2022, the Company issued \$240.0 million aggregate principal amount of 2028 Notes. The 2028 Notes bear interest at a rate of 2.25% per year payable semiannually in arrears on June 1 and December 1 of each year. A total of \$230.0 million of aggregate principal amount of 2028 Notes was issued in a private placement offering and concurrently with this private placement, the Company entered into a purchase agreement with Voce, an entity affiliated with J. Daniel Plants, the Company's former Executive Chairperson, pursuant to which the Company issued to Voce \$10.0 million aggregate principal amount of 2028 Notes on the same terms and conditions. The aggregate proceeds from the offering of 2028 Notes were approximately \$232.4 million, net of issuance costs, including initial purchaser fees.

The 2028 Notes bear interest at a rate of 2.25% per year payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2022. Upon conversion, the 2028 Notes will be convertible into either cash, shares of the Company's common stock or a combination thereof, at the Company's election. Each \$1,000 principal amount of the 2028 Notes is initially convertible into 18.9860 shares of the Company's common stock, which is equivalent to an initial conversion price of approximately \$52.67 per share. The conversion rate for the 2028 Notes is subject to adjustment for certain events as

set forth in the indenture governing the 2028 Notes. The 2028 Notes will mature on March 1, 2028, unless earlier converted, redeemed, or repurchased in accordance with the terms of the 2028 Notes.

Issuance of convertible notes due in 2029

In December 2022, the Company issued \$120.0 million aggregate principal amount of 2029 Notes in a private placement offering. The 2029 Notes bear interest at a rate of 4.00% per year payable semiannually in arrears on June 1 and December 1 of each year. Upon conversion, the 2029 Notes will be convertible into either cash, shares of the Company's common stock or a combination thereof, at the Company's election. The Convertible notes are presented as Convertible notes, net of unamortized debt issuance costs, on the consolidated balance sheets. The aggregate proceeds from the offering were approximately \$115.8 million, net of issuance costs, including initial purchasers fees.

Each \$1,000 principal amount of the 2029 Notes is initially convertible into 17.1378 shares of the Company's common stock, which is equivalent to a conversion price of approximately \$58.35 per share. The conversion rate for the 2029 Notes is subject to adjustment for certain events as set forth in the indenture governing the 2029 Notes. The 2029 Notes will mature on June 1, 2029, unless earlier converted, redeemed, or repurchased in accordance with the terms of the 2029 Notes.

2026 Notes exchange

In May 2022, the Company entered into privately-negotiated exchange agreements with certain holders of the Company's outstanding 2026 Notes with respect to the exchange of \$45.8 million in cash (excluding \$0.3 million in cash for the payment of accrued interest) and 1,354,348 shares of common stock for \$69.1 million in aggregate principal amount of the Company's outstanding 2026 Notes (the "2026 Notes Exchange"). Immediately following the closing of the 2026 Notes Exchange, approximately \$69.1 million in aggregate principal amount of the 2026 Notes remained outstanding.

The 2026 Notes Exchange was accounted for as an extinguishment of debt. The Company recorded the difference between the proceeds paid and the carrying amount of the debt as an extinguishment loss, with a corresponding entry to common stock and Additional-paid-in capital for the issuance of the shares at the then-trading price of \$41.31 per share. The table below presents the components of the Loss on debt extinguishment recorded in the Company's consolidated statements of operations for the year ended December 31, 2022 (amounts in thousands, except share and per share amounts):

Shares issued for repurchase		1,354,348	
Closing price of Cutera common stock on May 24, 2022	\$	41.31	
Value of shares issued		\$	55,948
Cash used for repurchase			45,776
Total shares and cash			\$ 101,724
2026 Note principal exchanged			(69,125)
Value of shares and cash exchanged			<u>32,599</u>
2026 Notes: Unamortized debt issuance costs on May 24, 2022	\$	3,648	
Portion of 2026 Note principal exchanged		50 %	\$ 1,824
Loss on debt extinguishment			<u>\$ 34,423</u>

Conversion and other features

2026 Notes

Holders may convert their 2026 Notes at their option prior to the close of business on the business day immediately preceding December 15, 2025, in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the 2026 Notes on each applicable trading day;

- During the five-business day period after any five consecutive trading day period (the “measurement period”) in which the “trading price” per \$1,000 principal amount of 2026 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the conversion rate on each such trading day;
- The Company calls such convertible notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after December 15, 2025, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2026 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets of the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2026 Notes are convertible. The 2026 Notes may also become convertible in future periods. Upon any conversion requests of the 2026 Notes, the Company would be required to pay or deliver cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company’s election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2026 Notes have been included as Long-term debt on the consolidated balance sheets.

The Company may redeem for cash all or any portion of the 2026 Notes, at the Company’s option, if the last reported sale price of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2026 Notes, at least \$50.0 million aggregate principal amount of 2026 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If a specified corporate event occurs, 2026 Note holders have the option to require the Company to repurchase any portion or all of their 2026 Notes in \$1,000 principal increments for cash. The price for such repurchase is calculated as 100% of the principal amounts of 2026 Notes, plus accrued and unpaid interest to the day immediately preceding the Fundamental Change repurchase date. Additionally, holders of the 2026 Notes who convert in connection with a fundamental change are, under certain circumstances, entitled to an increase in conversion rate.

The 2026 Notes are general senior unsecured obligations that rank senior to any of the Company’s indebtedness that is explicitly subordinated to the 2026 Notes. The 2026 Notes have equal rank in right of payment with all existing and future unsecured indebtedness that is not subordinated to the 2026 Notes (including the 2028 Notes and 2029 Notes). The 2026 Notes will be junior to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness.

The estimated fair value of the 2026 Notes was approximately \$29.9 million as of December 31, 2023, which the Company determined through consideration of market prices. The fair value measurement is classified as Level 2, as defined in *Note 3*.

2028 Notes

Holders may convert their 2028 Notes at their option prior to the close of business on the business day immediately preceding March 1, 2028, in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on September 30, 2022 (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the 2028 Notes on each applicable trading day;
- During the five-business day period after any five consecutive trading day period (the “measurement period”) in which the “trading price” per \$1,000 principal amount of 2028 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the conversion rate on each such trading day;
- The Company calls such 2028 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after March 1, 2028, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2028 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets of the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2028 Notes are not convertible. The 2028 Notes may become convertible in future periods. Upon any conversion requests of the 2028 Notes, the Company would be required to pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2028 Notes have been included as long-term debt on the consolidated balance sheets.

The Company may not redeem the 2028 Notes prior to June 5, 2025. On or after June 5, 2025, the Company may redeem for cash all or any portion of the 2028 Notes, at the Company's option, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2028 Notes, at least \$100.0 million aggregate principal amount of 2028 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If a specified corporate event occurs, note holders have the option to require the Company to repurchase any portion or all of their 2028 Notes in \$1,000 principal increments for cash. The price for such repurchase is calculated as 100% of the principal amounts of 2028 Notes, plus accrued and unpaid interest to the day immediately preceding the Fundamental Change repurchase date. Additionally, holders of the 2028 Notes who convert in connection with a fundamental change are, under certain circumstances, entitled to an increase in conversion rate.

The 2028 Notes are general senior unsecured obligations that rank senior to any of the Company's indebtedness that is explicitly subordinated to the 2028 Notes. The 2028 Notes have equal rank in right of payment with all existing and future unsecured indebtedness that is not subordinated to the 2028 Notes (including the 2026 Notes and 2029 Notes). The 2028 Notes will be junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness.

The estimated fair value of the 2028 Notes was approximately \$60.7 million as of December 31, 2023, which the Company determined through consideration of market prices. The fair value measurement is classified as Level 2, as defined in *Note 3*.

2029 Notes

Holders may convert their 2029 Notes at their option prior to the close of business on the business day immediately preceding March 1, 2029 in multiples of \$1,000 principal amount, only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending March 31, 2023 (and only during such fiscal quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on and including, the last trading day of the immediately preceding fiscal quarter, is greater than or equal to 130% of the conversion price for the 2029 Notes on each applicable trading day;
- During the five-business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of 2029 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- The Company calls such 2029 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- Upon the occurrence of specified corporate events.

On or after March 1, 2029, and until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2029 Notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The circumstances described in the bullets in the paragraph above were not met during any fiscal quarter during 2023. As of December 31, 2023, the 2029 Notes are not convertible. The 2029 Notes may become convertible in future periods. Upon any conversion requests of the 2029 Notes, the Company would be required to pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at the Company's election with respect to such conversion requests. To the extent there are any conversion requests during the twelve months ending December 31, 2024, the Company intends to settle such conversion requests in shares of common stock. Therefore, as of December 31, 2023, the 2029 Notes have been included as Long-term debt on the consolidated balance sheets.

The Company may not redeem the 2029 Notes prior to December 5, 2025. On or after December 5, 2025, the Company may redeem for cash all or any portion of the 2029 Notes, at the Company's option, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2029 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2029 Notes, at least \$100.0 million aggregate principal amount of 2029 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date.

If a specified corporate event occurs, 2029 Note holders have the option to require the Company to repurchase any portion or all of their 2029 Notes in \$1,000 principal increments for cash. The price for such repurchase is calculated as 100% of the principal amounts of 2029 Notes, plus accrued and unpaid interest to the day immediately preceding the Fundamental Change repurchase date. Additionally, holders of the 2029 Notes who convert in connection with a fundamental change are, under certain circumstances, entitled to an increase in conversion rate.

The 2029 Notes are general senior unsecured obligations that rank senior to any of the Company's indebtedness that is explicitly subordinated to the 2029 Notes. The 2029 Notes have equal rank in right of payment with all existing and future unsecured indebtedness that is not subordinated to the 2029 Notes (including the 2026 Notes and 2028 Notes). The 2029 Notes will be junior to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness.

The estimated fair value of the 2029 Notes was approximately \$27.4 million as of December 31, 2023, which the Company determined through consideration of market prices. The fair value measurement is classified as Level 2, as defined in *Note 3*.

Certain Covenants for the Convertible Notes

Pursuant to the terms of the indentures that govern the Convertible Notes, the Company is required to file with U.S. Bank Trust Company, National Association (the "Trustee"), as trustee under each of the indentures governing the Convertible Notes, within 15 days after the same are required to be filed with the SEC (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act), copies of any annual report on Form 10-K or quarterly reports on Form 10-Q that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. To the extent the Company elects, the sole remedy for an event of default under the indenture governing a series of Convertible Notes relating to its failure to comply with this obligation (which shall occur upon failure by the Company for 60 days after receipt of written notice from the Trustee or the holders of 25% in aggregate principal amount the Convertible Notes of such series to comply with this obligation) shall, for the first 360 days after the occurrence of such an event of default, consist exclusively of the right for the holders of Convertible Notes of such series to receive additional interest on their Convertible Notes at a rate equal to (i) 0.25% per year for each day during the first 180 days after the occurrence and during the continuance of such event of default and (ii) 0.50% per year for each day from, and including, the 181st day to, but excluding, the 360th day after the occurrence and during the continuance of such event of default. On the 361st day after such event of default, if not previously cured or waived, the Convertible Notes of the applicable series shall be subject to acceleration pursuant to the terms of the indenture governing the Convertible Notes of such series. In the event the Company does not elect to pay additional interest on a series of Convertible Notes prior to the occurrence of an event of default relating to the Company's failure to comply with this obligation, or the Company elects to make such payment but does not pay the additional interest on such Convertible Notes when due, the Convertible Notes of such series shall be immediately subject to acceleration at the election of either the Trustee or the holders of at least 25% in aggregate principal amount of the Convertible Notes of such series.

Additionally, if at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of a series of Convertible Notes, the Company fails to timely file any document or report that it is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace period thereunder and other than reports on Form 8-K), or the Convertible Notes of such series are not otherwise freely tradable pursuant to Rule 144 as promulgated under the Securities Act of 1933, as amended, the Company

shall pay additional interest on such Convertible Notes at a rate of 0.50% per year for each day during such period for which the Company's failure to file has occurred and is continuing or such Convertible Notes are not otherwise freely tradable pursuant to Rule 144. Additional interest pursuant to the foregoing accrued on the outstanding principal amount of the 2029 Notes from November 24, 2023 to the one-year anniversary of the last date of original issuance of the 2029 Notes on December 12, 2023 was not material.

The Convertible Notes contain additional customary operating covenants, which include restrictions on the Company's ability to undergo a merger or consolidation transaction, or transfer or lease substantially all of the consolidated properties and assets of the Company. The Convertible Notes do not contain any financial covenants or restrictions on the payment of dividends, the issuance of other indebtedness or the issuance or repurchase of securities by the Company.

Capped Call Transactions

In connection with the issuance of each series of the Convertible Notes, the Company entered into capped call transactions with certain option counterparties. The capped call transactions are generally intended to reduce the potential dilution of the Company's common stock upon any conversion or settlement of the applicable series of Convertible Notes or to offset any cash payment the Company is required to make in excess of the principal amount upon conversion of the applicable series of Convertible Notes, as the case may be, with such reduction or offset subject to a cap based on the cap price. If the market price per share of the Company's common stock exceeds the cap price of the applicable capped call transactions, then the Company's stock would experience some dilution and/or such capped call transactions would not fully offset the potential cash payments, in each case, to the extent the then-market price per share of its common stock exceeds the applicable cap price.

In connection with the offering of the 2026 Notes, the Company purchased from the option counterparties capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the convertible notes, with a strike price equal to the conversion price of the convertible notes and with an initial cap price equal to \$45.535, which represented a 75% premium over the last reported sale price of the Company's common stock of \$26.02 per share on March 4, 2021, with certain adjustments to the settlement terms that reflect standard anti-dilution provisions. The capped call transactions expire over 40 consecutive scheduled trading days ending on March 12, 2026. The capped calls were purchased for \$16.1 million.

In connection with the offering of the 2028 Notes, the Company purchased from the option counterparties capped call options that in the aggregate related to the total number of shares of the Company's common stock underlying the 2028 Notes sold to the initial purchasers in the offering of 2028 Notes, with a strike price equal to the conversion price of the 2028 Notes and with an initial cap price equal to \$82.62, which represents a 100% premium over the last reported sale price of the Company's common stock of \$41.31 per share on May 24, 2022, with certain adjustments to the settlement terms that reflect standard anti-dilution provisions. These capped call transactions expire over 40 consecutive scheduled trading days ending on May 30, 2028. The capped calls were purchased for \$32.0 million, inclusive of issuance costs.

In connection with the offering of the 2029 Notes, the Company purchased from the option counterparties capped call options that in the aggregate related to the total number of shares of the Company's common stock underlying the 2029 Notes sold to the initial purchasers in the offering of 2029 Notes, with a strike price equal to the conversion price of the 2029 Notes and with an initial cap price equal to \$99.32, which represents a 100% premium over the last reported sale price of the Company's common stock of \$49.66 per share on December 7, 2022, with certain adjustments to the settlement terms that reflect standard anti-dilution provisions. These capped call transactions expire over 40 consecutive scheduled trading days ending on May 30, 2029. The capped calls were purchased for \$25.1 million, inclusive of issuance costs.

The Company evaluated the capped call transactions under authoritative accounting guidance and determined that they should be accounted for as a separate transaction and classified as a net reduction to Additional paid-in capital within stockholders' equity with no recurring fair value measurement recorded.

The Company early adopted ASU 2020-6, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) on January 1, 2021. In accordance with Subtopic 470-20 and 815-40, as revised by ASU 2020-6, the Company records the convertible notes in long-term debt with no separation between the Convertible Notes and the conversion option. Each reporting period, the Company will determine whether any criteria is met for the note holders to have the option to redeem the Notes early, which could result in a change in the classification of the Notes to current liabilities.

Debt Issuance Costs

The issuance costs are amortized using an effective interest method basis over the term of the Convertible Notes. During the year ended December 31, 2022, the Company incurred direct costs associated with the issuance of convertible notes of \$11.8 million. As noted under “2026 Notes Exchange” above, \$1.8 million of unamortized debt issuance costs related to the 2026 Notes was included in the loss on debt extinguishment during the year ended December 31, 2022.

The effective interest rate on the 2026 Notes, 2028 Notes, and 2029 Notes are 2.98%, 2.82%, and 4.63%, respectively. Interest expense for the year ended December 31, 2023, including the amortization of debt issuance cost, totaled approximately \$14.0 million. Interest expense for the years ended December 31, 2022 and December 31, 2021, including the amortization of debt issuance cost, totaled approximately \$7.0 million and \$3.2 million, respectively.

Loan and Security Agreement

On July 9, 2020, the Company entered into the Loan and Security Agreement with Silicon Valley Bank for a four-year secured revolving loan facility (“SVB Revolving Line of Credit”) in an aggregate principal amount of up to \$30.0 million. The Revolving Line of Credit, originally set to mature on July 9, 2024, was terminated by the Company on April 3, 2024.

As of December 31, 2023, the Company had not drawn on the SVB Revolving Line of Credit.

NOTE 15. QUARTERLY INFORMATION (UNAUDITED)

As previously reported, there was a restatement of the financial statements included in the Company's Quarterly Report on Form 10-Q for the fiscal periods ended March 31, 2023 and June 30, 2023. The following table sets forth the Company's unaudited consolidated quarterly financial data. This information has been prepared on a basis consistent with that of the audited consolidated financial statements. The Company believes that all necessary adjustments, consisting of normal recurring accruals and adjustments, have been included to present fairly the quarterly financial data. The Company's quarterly results of operations for these periods are not necessary indicative of future results of operations.

	Three Months ended,							
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
	(In thousands, except per share data)							
Net revenue	\$ 49,540	\$ 46,478	\$ 61,825	\$ 54,526	\$ 67,353	\$ 62,808	\$ 64,224	\$ 58,014
Gross profit	\$ (12,678)	\$ 6,457	\$ 26,083	\$ 21,632	\$ 38,749	\$ 34,248	\$ 35,044	\$ 31,788
Net loss	\$ (57,233)	\$ (44,274)	\$ (33,278)	\$ (28,048)	\$ (7,788)	\$ (12,134)	\$ (47,276)	\$ (15,142)
Net loss per share:								
Basic	\$ (2.87)	\$ (2.22)	\$ (1.68)	\$ (1.42)	\$ (0.40)	\$ (0.62)	\$ (2.53)	\$ (0.84)
Diluted	\$ (2.87)	\$ (2.22)	\$ (1.68)	\$ (1.42)	\$ (0.40)	\$ (0.62)	\$ (2.53)	\$ (0.84)
Current assets	\$ 269,185	\$ 311,307	\$ 365,944	\$ 416,045	\$ 451,240	\$ 366,312	\$ 373,313	\$ 236,784
Long-term assets	\$ 77,106	\$ 95,326	\$ 93,080	\$ 80,534	\$ 69,748	\$ 61,845	\$ 50,779	\$ 29,907
Current liabilities	\$ 87,747	\$ 92,406	\$ 102,923	\$ 108,607	\$ 105,839	\$ 98,258	\$ 85,716	\$ 74,037
Long-term liabilities	\$ 430,374	\$ 430,312	\$ 429,902	\$ 430,017	\$ 430,330	\$ 314,405	\$ 314,502	\$ 149,494

NOTE 16. SUBSEQUENT EVENTSNew warehouse facility

On January 16, 2024, the Company entered into a thirty-seven-month lease agreement. The lease is for 53,000 square feet of warehouse space in Hayward, California. This space was leased to consolidate current inventory locations in Northern California. The term of the lease expires on February 28, 2027, and requires total payments over the lease term of approximately \$2.5 million.

Termination of skincare distribution agreement

On February 28, 2024, the Company and its Japanese subsidiary, Cutera KK, entered into a termination agreement (the "Termination Agreement") with ZO USA and its Japanese subsidiary, ZO Skin Health GK ("ZO Japan" and together with ZO USA and their affiliates, "ZO"), which, among other things, (i) terminates all agreements related to the distribution by the Company of ZO's products in Japan effective immediately, (ii) provides for the orderly transition of the distribution of ZO products to ZO, (iii) transfers certain Company employees dedicated to the distribution of ZO products to ZO, (iv) transfers certain customer contracts related to ZO products from the Company to ZO and (v) transfers certain inventory and assets related to the distribution of ZO products from the Company to ZO. The Termination Agreement requires ZO to pay the Company \$5.75 million within three business days of the execution of the Termination Agreement and make a second payment of \$5.75 million, less any offsets under the Termination Agreement (including, but not limited to, 42.2% of the Company's net revenue for sales of ZO products under the Distribution Agreement between January 1, 2024 and February 28, 2024), upon the earlier of (a) the completion the transition of regulatory and distribution activities such that ZO is able to fulfill product orders by customers in Japan, as determined by ZO and the Company, and (b) June 14, 2024. The Company received the first payment of \$5.75 million on February 29, 2024, and received the second payment of \$2.37 million on April 1, 2024, which was net of \$1.6 million in amounts owed by Cutera.

In the twelve months ended December 31, 2023, 2022, and 2021 revenue from the distribution of skincare products was \$34.0 million, \$42.5 million, and \$49.7 million, respectively, representing 16%, 17%, and 21% of the Company's consolidated revenue, respectively.

Non-renewal of manufacturing service agreement with Jabil Inc. ("Jabil")

In November 2023, the Company communicated its intention not to renew its existing manufacturing service agreement ("Manufacturing Service Agreement") with Jabil Inc., a third-party manufacturing provider that manufactured excel V+ and AviClear devices for the Company. At the time of the communication of non-renewal, the Company concluded that it would have an obligation to purchase unshipped inventory from Jabil. The Company subsequently received claims from Jabil related to other amounts associated with the termination and entered into settlement discussions with Jabil.

On February 28, 2024, the Company and Jabil signed a settlement agreement ("Settlement Agreement") for the non-renewal of the Manufacturing Service Agreement. The Settlement Agreement provided for a payment by Cutera to Jabil of \$19.5 million, to be offset by \$1.3 million in amounts owed by Jabil. The \$19.5 million payment to Jabil relates to the Company's receipt of \$13.5 million of inventories, \$0.3 million of equipment, and the payment of \$5.7 million for expenses either previously incurred by Jabil or associated with the non-renewal of the Manufacturing Services Agreement.

The Company recorded the net balance of the \$19.5 million payment owed to Jabil and the \$15.1 million aggregate of inventories, equipment, and other amounts owed to Cutera, in accrued liabilities on the consolidated balance sheet at December 31, 2023. The Company also recorded an accrued loss of \$4.6 million on inventories committed as a result of the Settlement Agreement, that management determined to be in excess of its future demand, in accrued liabilities on the consolidated balance sheet at December 31, 2023. The \$5.7 million for expenses incurred by Jabil was recorded in cost of revenue on the consolidated statements of operations in the twelve months ended December 31, 2023.

Other

The Company has evaluated subsequent events through the date the financial statements were issued, and determined that there have been no other events that have occurred that would require adjustments to its disclosures in the consolidated financial statements.

SCHEDULE II CUTERA, INC.
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)
For the Years Ended December 31, 2023, 2022 and 2021

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Deferred tax assets valuation allowance				
Year ended December 31, 2023	\$ 53,118	\$ 48,666	\$ 4,504	\$ 97,280
Year ended December 31, 2022	\$ 40,485	\$ 18,153	\$ 5,520	\$ 53,118
Year ended December 31, 2021	\$ 38,321	\$ 7,503	\$ 5,339	\$ 40,485
	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Allowance for credit losses, accounts receivable				
Year ended December 31, 2023	\$ 2,497	\$ 8,525	\$ 1,144	\$ 9,878
Year ended December 31, 2022	\$ 899	\$ 1,787	\$ 189	\$ 2,497
Year ended December 31, 2021	\$ 1,598	\$ 271	\$ 970	\$ 899

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on the foregoing, the Company's Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("Interim CFO") concluded that the Company's disclosure controls and procedures were not effective at the reasonable assurance level as a result of the material weaknesses disclosed below. Notwithstanding the material weakness, the Company's management, including the CEO and Interim CFO, has concluded that the consolidated financial statements, included in the 2023 Annual Report on Form 10-K, fairly present, in all material respects, its financial condition, results of operations and cash-flows for the periods presented in conformity with generally accepted accounting principles.

Attached as exhibits to this Annual Report are certifications of the Company's CEO and Interim CFO, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (Exchange Act). This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Inherent Limitations Over Internal Controls

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the Company's CEO and Interim CFO, does not expect that the Company's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability

of the Company's financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with U.S. GAAP.

Management, including Company's CEO and Interim CFO, assessed the Company's internal control over financial reporting as of December 31, 2023. Management based its assessment on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and the Company's overall control environment. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Based on this assessment, management identified the following material weaknesses in the Company's internal control over financial reporting:

- Information technology general controls ("ITGCs") including, segregation of duties, user access, and reports produced by certain IT systems that support the Company's financial reporting process including those related to the implementation of an ERP system;
- Inventory controls related to the completeness, existence, and cut-off of inventories held at third parties, inventories held by sales personnel, and inventories in transit, and controls related to the calculation of adjustments to inventory for items considered excessive and obsolete;
- The completeness and accuracy of expense for routine and non-routine equity-based awards; and
- The design, maintenance and monitoring of a risk assessment program at a sufficiently precise level to identify new and evolving risks related to accounting policies, procedures and related controls performed over areas including, but not limited to inventory, revenues and lease income, costs for leased devices, and testing of certain key reports used in controls. As a result the Company failed to respond to changes in the business and leadership.

Although these material weaknesses did not result in any material misstatement of the Company's consolidated financial statements for the periods presented, any one of these weaknesses could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that these deficiencies constitute material weaknesses.

Based on the Company's assessment under the framework in Internal Control-Integrated Framework (2013 framework), the Company's management concluded that its internal control over financial reporting was not effective as of December 31, 2023, due to the existence of the material weaknesses described above.

Management continues to review and make changes to the overall design of its internal control environment, including implementing additional internal controls over ITGCs, inventory, equity and its risk assessment program over areas including but not limited to inventory, revenues and lease income, costs for leased devices, and certain key reports used in controls. The Company has added internal and external resources to its finance and internal audit functions to enhance the effectiveness of internal controls over financial reporting. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period. The Company has made progress in the remediation efforts related to the material weaknesses but cannot estimate when these efforts will be completed.

The Company's efforts include:

ITGC remediation actions:

- Developed a training program addressing ITGCs and policies, including educating control owners concerning the principles and requirements of each control, with a focus on those related to user access and change-management over IT systems impacting financial reporting;
- Developed enhanced risk assessment procedures and controls related to changes in IT systems; and
- Implemented an IT management review and testing plan to monitor ITGCs with focus on systems supporting the financial reporting processes;
- Made progress towards remediation of segregation of duties ("SOD") conflicts within the ERP system with an estimated completion by June 2024; and
- Determined the scope of and tested applications and tools, including but not limited to the company's ERP system.

Inventory control remediation actions:

- Evaluated the effectiveness of the current annual inventory count program and controls;

- Implemented a global inventory count policy and standard operating procedures to ensure consistent communication of the inventory count process and adherence to these policies at facilities managed by the Company and third-party logistics service providers;
- Provided training of standard operating procedures and internal controls to key stakeholders within the supply chain, logistics, and inventory process; and
- Enhanced existing management review controls related to inventory reconciliation, inventory in transit, inventories held by sales personnel, and key reports used in the inventory count process. Evaluating the effectiveness of the current annual inventory count program and controls.

Equity-based awards expense calculation remediation actions:

- Enhanced current review controls around the calculation of stock-based compensation expense.

Risk assessment remediation actions:

- Engaged third-party professionals to evaluate the design and operating effectiveness of the Company's risk assessment process in relation to the timely identification and assessment of changes in the business and leadership; and
- Provided training of standard operating procedures and internal controls to key stakeholders.

The actions the Company is taking are subject to ongoing executive management review and are also subject to audit committee oversight. If the Company is unable to successfully remediate these material weaknesses, or if in the future, the Company identifies further material weaknesses in its internal control over financial reporting, the Company may not detect errors on a timely basis, and its financial statements may be materially misstated.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023, has been audited by an independent registered public accounting firm, as stated in their attestation report, which is included in their annual report under "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

Other than the remediation action noted above, there were no changes in the Company's internal control over financial reporting during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

DIRECTORS

The table below lists the name, age and certain other information of each member of our Board of Directors (the "Board") as of March 31, 2024. We have also included below a summary of the business experience of each of our Directors and their educational background, including a discussion of the qualifications, attributes and skills that led our Board to the conclusion that each of our Directors should serve as a Director of Cutera.

There are no family relationships among any of our Directors or executive officers.

Name	Age	Principal Occupation	Director Since
Taylor C. Harris	48	Chief Executive Officer and Director (Principal Executive Officer)	2023
Kevin J. Cameron ⁽¹⁾	55	Executive Chairman of the Board of Directors; Chairman of Ionetix Corporation; Founder Glass Lewis	2023
Sheila A Hopkins ⁽²⁾	68	Director; Former President, Global Vision Care for Bausch + Lomb	2021
Nicholas S. Lewin ⁽³⁾	46	Director; Managing Partner at Crown Predator Holdings	2023
Keith J. Sullivan ⁽⁴⁾	65	Director; President and Chief Executive Officer of Neuronetics	2023

(1) Chair of the Governance and Corporate Responsibility Committee; Member of the Audit Committee

(2) Member of the Governance and Corporate Responsibility Committee; Member of the Compensation Committee. Ms. Hopkins was appointed as the Company's Interim Chief Executive Officer on April 11, 2023 and resigned from her committee positions on April 11, 2023.

(3) Member of the Governance and Corporate Responsibility Committee; Chair of the Compensation Committee; Member of the Audit Committee

(4) Chair of the Audit Committee; Member of the Compensation Committee

Taylor C. Harris was appointed as the Company's Chief Executive Officer in July 2023 and a member of the Board in May 2023. Mr. Harris served as the Chief Financial Officer for MyoKardia, Inc., from April 2018 until that company's acquisition by Bristol Myers Squibb in November 2020. Prior to that, Mr. Harris served as Senior Vice President and Chief Financial Officer of Zeltiq Aesthetics, Inc., until that company's acquisition by Allergan plc. Mr. Harris also served as Vice President and Chief Financial Officer at Thoratec Corporation, which was acquired by St. Jude Medical, Inc, and prior to that he worked at JPMorgan Chase & Co. for over a decade in several capacities, including as a Vice President in the firm's Healthcare Investment Banking and Equity Research departments. Mr. Harris holds a B.A. from the University of North Carolina at Chapel Hill, where he studied as a Morehead-Cain Scholar. We believe Mr. Harris is qualified to serve on our Board because of his training and qualifications and the skills and experience he has developed during his extensive career in the medical devices industry.

Kevin J. Cameron was appointed as the Company's Chairman of the Board of Directors in May 2023. Mr. Cameron serves as Chairman and Co-Founder of Ionetix Corporation, a privately held company that develops and operates cyclotrons for the production and distribution of radioisotopes used for diagnostic and therapeutic radiopharmaceuticals. Mr. Cameron is also the Executive Chairman (and previously served as President) of Glass, Lewis & Co., a leading provider of corporate governance services to institutional investors. Prior to that, Mr. Cameron was General Counsel at Moxi Digital and NorthPoint Communications (NASDAQ: NPNT). Mr. Cameron currently serves as a board member of Pylum Biosciences, a private biotechnology company. He previously was on the Board of Knight Therapeutics (TSE: GUD), Keryx Biopharmaceuticals (NASDAQ: KERX), AvidBiotics, Reddy Ice (NYSE: FRZ), ECotality (NASDAQ: ECTY), and ProCure Treatment Centers. Mr. Cameron earned a J.D. from the University of Chicago and a B.A. from McGill University. We believe that Mr. Cameron is qualified to serve on our Board because of his corporate marketing knowledge as well as his diverse experience in the medical device industry working for a large medical device company.

Sheila A. Hopkins was appointed as a member of our Board of Directors in May 2021. Ms Hopkins serves as Interim Chief Executive Officer from April 11, 2023 to July 27, 2023. Ms. Hopkins currently serves as a director for Prestige Consumer Healthcare, where she also serves on the Compensation and Governance and Corporate Responsibility Committees. Among her executive leadership roles, Ms. Hopkins served as EVP and President, Global Vision Care for Bausch + Lomb. Prior to that, Ms. Hopkins held executive positions at Colgate-Palmolive, Procter & Gamble and Tambrands. We believe that Ms. Hopkins is qualified to serve on our Board because of her experience in leadership roles at major consumer packaged goods and healthcare companies and her years of experience serving on public company boards of directors.

Nicholas S. Lewin was appointed as a member of our Board of Directors in May 2023. Mr. Lewin has been a Managing Partner at Crown Predator Holdings, an investment firm that invests in growth-stage companies and special situations, and a private investor since 2000. He has invested across multiple industries, with a particular focus on companies with innovative technologies and strong intellectual property. Mr. Lewin currently serves on the Board of two publicly traded companies, including Establishment Labs (NASDAQ: ESTA), a \$1.3 billion market cap global, high-tech medical device and aesthetics company, and FaZe Holdings (NASDAQ: FAZE), a lifestyle and media platform. Mr. Lewin was appointed to Chairman of Establishment Labs in 2017 and previously provided consulting services to the Company. Mr. Lewin is also on the Board of Halo Maritime Defense Systems and previously served as a director as Dura Medic from 2006 to 2018. Mr. Lewin earned a B.A. from Johns Hopkins University. We believe Mr. Lewin is qualified to serve on our Board because of his business leadership skills and experience in building and running global financial organizations at listed companies will bring valuable expertise and perspective to the Board.

Keith J. Sullivan was appointed as a member of our Board of Directors in May 2023. Mr. Sullivan currently serves as President and Chief Executive Officer of Neuronetics (NASDAQ: STIM), a publicly traded \$105 million market cap company that develops non-invasive treatments for psychiatric disorders. Previously, he was Chief Commercial Officer and President (North America) of ZELTIQ Aesthetics, Inc. until the acquisition of ZELTIQ by Allergan, Inc. in April 2017. Mr. Sullivan held various other roles at ZELTIQ, including, Senior Vice President of Worldwide Sales and Marketing and Senior Vice President of Global Operation. Mr. Sullivan has also previously held leadership positions with Medicis Pharmaceuticals, Reliant Technologies, Medtronic (NYSE: MDT), Vision Quest Laser Center and Coherent Medical. Mr. Sullivan currently serves on the Board of Neuronetics (NASDAQ: STIM) and Venus Concept (NASDAQ: VERO). Mr. Sullivan earned a B.A. from the College of William and Mary where he currently serves as a Clinical Professor, a role he's held since 2017. We believe Mr. Sullivan is qualified to serve on our Board because of his business leadership skills and experience in building and running global financial organizations at listed companies will bring valuable expertise and perspective to the Board.

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's executive officers as of March 31, 2024.

Name	Age	Position
Taylor C. Harris	48	Chief Executive Officer and Director (Principal Executive Officer)
Stuart D. Drummond	58	Interim Chief Financial Officer (Principal Financial and Accounting Officer)
Jeffrey S. Jones	67	Chief Operating Officer
Michael A. Karavitis	54	Executive Vice President, Chief Technology Officer
Stephana E. Patton	53	Chief Legal Officer

Please see Part III, Item 10, above, for Taylor C. Harris's biography.

Stuart D. Drummond was appointed as the Company's Interim Chief Financial Officer on May 5, 2023. Mr. Drummond has served as the Company's Vice President and Corporate Controller since July 2021. From November 2019 until June 2021, Mr. Drummond served as Senior Director, Corporate Controller at Sangamo Therapeutics, Inc. and from July 2016 to March 2019 he served as Corporate Controller of CareDx, Inc. Mr. Drummond gained his bachelor's degree from Otago University, New Zealand, and graduate accounting qualification from Victoria University, New Zealand. Mr. Drummond obtained his Chartered Accounting certification in New Zealand with KPMG.

Jeffrey S. Jones was appointed as the Company's Chief Operating Officer in August 2023. Mr. Jones has served as the Vice President of Operations and Supply Chain for Sientra Inc. since March 2019. Prior to that, Mr. Jones served as the Vice President of Quality and Commercial Operations at Earlens Corporation from October 2015 to March 2019; as Chief Operating Officer of Benvenue Medical from March 2014 to October 2015; as Vice President of Operations/Research & Development at Acclarent, Inc. from 2009 to 2014; as Chief Operating Officer of Reliant Technologies, Inc. from 2004 to 2009; as Chief Operating Officer of Lumend Inc. from 2001 to 2004; and as Vice President of Operations and Quality at EP Technologies from 1996 to 2001. Mr. Jones holds a Bachelor's Degree in Engineering from the U.S. Military Academy at West Point and an M.B.A. from Golden Gate University.

Michael A. Karavitis has served as the Company's Chief Technology Officer since August 2017. Dr. Karavitis directs research and development activities ranging from early phase R&D all the way through product development. Previous to this role, Dr. Karavitis served as Vice President of Research and Development of Cutera from 2012 to 2015. Under his leadership, Cutera released multiple innovative platforms, as well as product line extensions including Enlighten (the world's first dual

wavelength, dual pulse duration picosecond aesthetic laser) and Excel HR. In addition to starting his own company, Femtoblanc Inc., Dr. Karavitis has led various teams of engineers and scientists at a number of successful early to mid-stage companies, including LenSx (acquired by Alcon), Newport Corporation and Intralase Corporation (acquired by Advanced Medical Optics). Dr. Karavitis graduated with a B.S. in Chemistry from Indiana University, and completed his M.S. and Ph.D. in Chemical and Material Physics at the University of California, Irvine. Dr. Karavitis is the named inventor in 10 U.S. patents, and is the author of 17 publications in peer-reviewed journals.

Stephana E. Patton, has served as the Company's Chief Legal Officer since November 2023. Dr. Patton was most recently Chief Legal Officer at InterVenn Biosciences. Prior to that, Dr. Patton served as General Counsel, Corporate Secretary, and Chief Compliance Officer at Eiger Biopharmaceuticals (NASDAQ:EIGR) where she was responsible for all legal and compliance matters. Previously, Dr. Patton was General Counsel, Corporate Secretary, and Chief Compliance Officer at BioTime, Inc. (NYSE:LCTX) and Vice President, General Counsel and Commercial Compliance Officer at BioDelivery Sciences International, Inc. Dr. Patton began her life sciences industry career at Salix Pharmaceuticals, Inc., where she was Vice President of Intellectual Property and Licensing, until the company was acquired by Valeant, Inc. in 2015. Dr. Patton earned a B.S. in Chemistry from Erskine College, a Ph.D. in Biochemistry and Cell and Developmental Biology from Emory University, and a J.D. from Boston University School of Law.

CORPORATE GOVERNANCE

Director Independence

Our common stock is listed on the NASDAQ Stock Market ("NASDAQ"). Under the NASDAQ listing standards, independent directors must comprise a majority of a listed company's board of directors. In addition, the NASDAQ listing standards require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the NASDAQ listing standards, a director will only qualify as an "independent director" if, in the opinion of that listed company's board of directors, that director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the additional independence criteria set forth in Rule 10A-3 under the Exchange Act and the NASDAQ listing standards. Compensation committee members must also satisfy the additional independence criteria set forth in Rule 10C-1 under the Exchange Act and the NASDAQ listing standards.

Our Board has undertaken a review of the independence of each of our directors. Based on information provided by each director concerning his or her background, employment and affiliations, our Board has determined that each of the directors, other than Taylor C. Harris, our Chief Executive Officer and Sheila A Hopkins, our Former Chief Executive Officer, satisfy the current "independent director" standards established by NASDAQ.

Board Leadership Structure

The roles of Chairperson of the Board and Chief Executive Officer are filled by separate individuals. Kevin Cameron was appointed to be Chairperson in July 2023. We believe that it is important that the Board retain flexibility to determine whether these roles should be separate or combined based upon the Board's assessment of our needs and our leadership at a given point in time. As such, the Board does not have a policy mandating the separation of the roles of Chairperson and Chief Executive Officer, though one can be established by the Board. Our Board believes that the separation of the offices of the Chairperson and Chief Executive Officer is appropriate at this time because it allows our Chief Executive Officer to focus primarily on our business strategy, operations and corporate vision. Our Board elects our Chairperson and Chief Executive Officer, and each of these positions may be held by the same person or by different people.

As described in more detail below, the Board currently has three standing committees: an Audit Committee, a Compensation Committee, and a Governance and Corporate Responsibility Committee. As deemed advisable by the Board, various ad hoc committees may be established from time to time to accomplish a specific goal or purpose and cease to exist when that goal or purpose is realized. The Chairperson and each member of all committees are independent directors. The Board delegates substantial duties and responsibilities to each committee. The committees make recommendations to the Board and report regularly to the Board on their activities and any actions they have taken. We believe that our independent Board committees and their chairpersons are an important aspect of our Board leadership and governance structure.

Risk Oversight and Analysis

Risk is inherent with every business, and we face a number of risks, including strategic, financial, business and operational, political, regulatory, legal and compliance, and reputational. We have designed and implemented processes to manage risk in our operations. Our management team is responsible for managing the risks we face in the ordinary course of operating our business. The Board oversees potential risks and our risk management activities by receiving operational and strategic presentations from management which include discussions of key risks to our business.

Our Board believes that open communication between management and our Board is essential for effective risk management and oversight. Our Board meets with our Chief Executive Officer and other members of the senior management team at meetings of our Board, where, among other topics, they discuss strategy and risks facing the Company, as well as at such other times as they deem appropriate.

Our senior management team is responsible for risk management of the Company. While our Board has the ultimate oversight of risk management, various committees of the Board support the Board in its fulfillment of this responsibility. For example, our Audit Committee assists the Board in its risk oversight function by reviewing and discussing with management our system of disclosure controls and our internal controls over financial reporting risks associated with our cash investment policies, risks related to regulatory matters, and evaluating and advising on other matters. Excessive risk-taking has been discouraged at the Company. The Compensation Committee takes into account risk management, and attempts to minimize risk, when determining compensation. The Governance and Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, governance, membership and structure.

Board Meetings and Committees

Our Board has three standing committees: the Audit Committee, the Compensation Committee, and the Governance and Corporate Responsibility Committee. The membership during the last fiscal year, and the function of each of the committees, are described below.

Name of Director	Audit Committee	Compensation Committee	Governance and Corporate Responsibility Committee
Non-Employee Directors:			
Kevin J. Cameron	X		X*
Sheila A. Hopkins		X	X
Nicholas S. Lewin	X	X*	X
Keith J. Sullivan	X*	X	
Employee Director:			
Taylor C. Harris			

X= Committee member

*= Chairperson of Committee

There were 15 board meetings conducted during 2023

Audit Committee. The Audit Committee oversees the Company’s accounting and financial reporting processes and the audits of its financial statements. The Audit Committee operates under a written charter adopted by the Board and a copy of the charter can be found on the Investors page, under the Corporate Governance section of our website at www.cutera.com. In this role, the Audit Committee monitors and oversees the integrity of the Company’s financial statements and related disclosures, the qualifications, independence, and performance of the Company’s Independent Registered Public Accounting Firm, and the Company’s compliance with applicable legal requirements and its business conduct policies. Our Board has determined that each member of the Audit Committee meets the independence and financial literacy requirements of the NASDAQ rules and the independence requirements of the SEC. Our Board has determined that each member of the Audit Committee meets the independence and financial literacy requirements of the NASDAQ rules and the independence requirements of the SEC. On June 6, 2023, our Board appointed Keith Sullivan as Chairperson of the Audit Committee and determined that Mr. Sullivan qualifies as an “audit committee financial expert” as defined in the SEC rules.

Compensation Committee. The Compensation Committee establishes compensation for our Chief Executive Officer and the other executive officers and administers the Company’s 2004 Employee Stock Purchase Plan, 2019 Equity Incentive Plan, which is an amendment and restatement of 2004 Equity Incentive Plan and 2023 Inducement Equity Incentive Plan. Each member of the Compensation Committee meets the requirements for independence for compensation committee members

under the NASDAQ listing standards and SEC rules and regulations, including Rule 10C-1 under the Exchange Act. Each member of our Compensation Committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act. Nicholas Lewin was appointed Chairperson of the Compensation Committee on July 14, 2023. The Compensation Committee has a written charter, which was adopted by our Board, and can be found on the Investors page, under the Corporate Governance section of our website at www.cutera.com.

Governance and Corporate Responsibility Committee. The Governance and Corporate Responsibility Committee reviews and makes recommendations to the Board on matters concerning environmental, social, corporate governance, Board composition, identification, evaluation and nomination of director candidates, Board committees, Board compensation, and conflicts of interest. The Committee also has oversight on key environmental policies such as those relating to sustainability and climate change and social issues such as the Company's progress on diversity, equity, and inclusion initiatives. Each member of our Governance and Corporate Responsibility Committee meets the requirements for independence under the NASDAQ listing standards and SEC rules and regulations. The Governance and Corporate Responsibility Committee has a written charter, which was adopted by our Board and can be found on the Investors page, under the Corporate Governance section of our website at www.cutera.com.

Meetings Attended by Directors

Each of the directors attended at least 75% of the meetings of the Board or committee(s) on which he or she served during 2023.

The directors of the Company are encouraged to attend the Company's Annual Meeting of Stockholders each year. In 2023, all of our directors at the time attended the Company's Annual Meeting of Stockholders virtually through the internet or telephonically.

Process for Recommending Candidates for Election to the Board of Directors

Director Qualifications. The Governance and Corporate Responsibility Committee considers the appropriate balance of experience, skills and characteristics required of members of the Board. While the Governance and Corporate Responsibility Committee has not formalized specific minimum qualifications they believe must be met by a candidate to be recommended by the independent members, the Governance and Corporate Responsibility Committee believes that candidates and nominees must reflect a Board that is comprised of directors who will increase overall Board effectiveness and enhance long-term stockholder value, and meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to Audit Committee members. Candidates and nominees should have the highest professional and personal ethics and values, and conduct themselves consistent with our Code of Ethics.

The Company is currently in compliance with all applicable laws, and rules related to diversity, and the Governance and Corporate Responsibility Committee will continue to monitor the Company's compliance.

Stockholder Nominations and Recommendations. Our bylaws set forth the procedure for the proper submission of stockholder nominations for membership on our Board. In addition, the Governance and Corporate Responsibility Committee may consider properly submitted stockholder recommendations (as opposed to formal nominations) for candidates for membership on the Board. A stockholder may make such a recommendation by submitting the following information to our Corporate Secretary at 3240 Bayshore Blvd., Brisbane, California 94005-1021 no later than the 2024 nomination deadline:

- the candidate's name;
- home and business contact information;
- detailed biographical data, relevant qualifications, professional and personal references;
- information regarding any relationships between the candidate and Cutera within the last three years; and
- evidence of ownership of Cutera stock by the recommending stockholder.

Identifying and Evaluating Director Nominees. Typically, new candidates for nomination to the Board are suggested by existing directors or by our executive officers, although candidates may initially come to our attention through professional search firms, stockholders, or other persons. The Governance and Corporate Responsibility Committee carefully reviews the qualifications of any candidates who have been properly brought to its attention. Such a review may, in the Governance and Corporate Responsibility Committee's discretion, include a review solely of information provided to the Governance and Corporate Responsibility Committee or may also include discussion with persons familiar with the candidate, an interview with the candidate, or other actions that the Governance and Corporate Responsibility Committee deems proper. The Governance and Corporate Responsibility Committee considers the suitability of each candidate, including the current members of the Board, in light of the current size and composition of the Board. In evaluating the qualifications of the candidates, the Governance and Corporate Responsibility Committee considers many factors, including, experience, issues of character, judgment, diversity,

independence, integrity, expertise, length of service, and other commitments. In addition, the Governance and Corporate Responsibility Committee takes into account professional experience, skills and background in considering and evaluating candidates. Although diversity is one factor considered in the nomination process, the Company does not have a formal policy relating to diversity except as required by applicable law. The Governance and Corporate Responsibility Committee and the Board consider diversity (including gender, race, and ethnicity) among other qualifications, experience, attributes or skills in its process of identifying and evaluating candidates to be nominees to the Board. The Governance and Corporate Responsibility Committee evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. Candidates properly recommended by stockholders are evaluated by the Governance and Corporate Responsibility Committee using the same criteria as other candidates. Candidates are not discriminated against on the basis of race, gender, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

Communications with the Board by Stockholders

Stockholders wishing to communicate with the Board or with an individual Board member concerning the Company may do so by writing to the Board, or to the particular Board member, and mailing the correspondence to: Attention: Board, c/o Corporate Secretary, Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005-1021. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to us or our business, or is inappropriate. The Corporate Secretary has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications. The Board will endeavor to promptly respond to all appropriate communications and encourages all stockholders and interested persons to use the aforementioned email and mailing address to send communications relating to our business to the Board and its members.

Code of Business Conduct and Ethics

The Board has adopted a Corporate Code of Business Conduct and Ethics (the "Code") for all executive officers and other employees, agents and representatives. The Code is designed to deter wrongdoing and to promote honest, ethical, and socially and environmentally responsible conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and accountability for adherence to the Code. A copy of the Code is available on the Investors page, under the Corporate Governance section of our website at www.cutera.com. Any change to, or waiver from, the code will be disclosed as required by applicable securities laws.

Clawback Policy

The SEC adopted final rules implementing the incentive-based compensation recovery provisions of the Dodd-Frank Act, and NASDAQ has adopted listing standards consistent with the SEC rules. The Company has adopted the compensation recovery policy, or "clawback" policy, required by Section 10D of the Exchange Act and Rule 10D-1. Under the policy, in the event that the financial results upon which a cash or equity-based incentive award was predicated become the subject of a financial restatement that is required because of material non-compliance with financial reporting requirements, the Compensation Committee will conduct a review of awards covered by the policy and recoup any erroneously awarded incentive-based compensation to ensure that the ultimate payout gives retroactive effect to the financial results as restated. The policy covers any cash or equity-based incentive compensation award that was paid, earned or granted to a covered officer during the last completed three fiscal years immediately preceding the date on which the Company is required to prepare the accounting restatement.

Hedging Policy

According to our Insider Trading Compliance Program, employees of the Company, including, but not limited to, our executive officers and directors, are strongly discouraged from investing in derivatives of the Company's securities. This includes, but is not limited to, trading in put or call options related to securities of the Company or otherwise hedging or offsetting any decrease in the market value of securities.

Compensation Committee Interlocks and Insider Participation

Currently, our Compensation Committee consists of Nicholas Lewin (Chairperson), Keith Sullivan and Sheila Hopkins. Gregory A. Barrett and Janet D. Widmann served on the committee until July 2023. No current, former or expected member of

the Compensation Committee, nor any of our Named Executive Officers, has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity.

No current or expected member of our Compensation Committee is or has been an officer or employee of the Company. None of our executive officers currently serves, or in the past year has served, as a member of the Board or Compensation Committee (or other Board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our Board or Compensation Committee.

Succession Planning

Succession planning is a top priority for the Board and our management team. More generally, the Governance and Corporate Responsibility Committee, pursuant to the committee's charter, has the responsibility for Chief Executive Officer and senior management succession planning. The committee is tasked with doing so in the context of the challenges and opportunities facing us, of the skills and expertise likely to be required by us in the future and of the benefits of diversity in its widest sense. These processes enable the Board to address both long-term, planned occurrences, such as retirement or change in roles, as well as short-term unexpected events.

Environmental, Sustainability and Corporate Social Responsibility

Corporate responsibility and sustainability are important to Cutera and guide our actions as a company. We have always focused on delivering strong financial results, but we are committed to doing so in a way that respects the communities and environments in which we operate. In 2022, we engaged in a wide dialogue with investors on a variety of matters, including among other things, around their growing interest in environmental, social and governance ("ESG") performance and the impact on financial results. Since our last annual meeting, we have formalized, updated, and disclosed several new initiatives, including our Anti-Corruption Employee Attestation, Enterprise-Level Environmental Policy, Enterprise-Level Human Rights Policy, Occupational Health and Safety Policy, Supplier Environmental Policy, and Vendor Code of Conduct, which can all be found on the Investors page, under the Corporate Governance section of our website at www.cutera.com. We believe these policies help codify and provide additional transparency into our commitment to corporate social responsibility and our environmental and sustainability initiatives. In addition to directly positively impacting Cutera and our employees, some of these policies relate to our suppliers and vendors. We feel this helps ensure our impact in the communities and environments in which we operate is positive.

Cyber and Information Security and Data Protection

Cyber and information security are key considerations for our enterprise risk management framework. We have adopted a cyber and information security policy. We also maintained our cyber security training program that all employees and contractors must complete twice annually. We have implemented and maintained various information security processes designed to identify, assess and manage material risks from cybersecurity threats to critical computer networks, third party hosted services, communications systems, hardware, lab equipment, software, and critical data includes confidential, personal, proprietary, and sensitive data. Accordingly, we maintain certain risk assessment processes intended to identify cybersecurity threats, determine their likelihood of occurring, and assess potential material impact to our business. Based on our assessment, we implement and maintain risk management processes designed to protect the confidentiality, integrity, and availability of our information assets and mitigate harm to our business. Our cybersecurity policies, standards, processes, and practices are based on recognized frameworks established by the Center for Internet Security (CIS), the National Institute of Standards and Technology (NIST) and other applicable industry standards and are integrated into our overall risk management system and processes.

We engage in processes designed to identify such threats by, among other things, monitoring the threat environment, conducting scans of the threat environment, evaluating our and our industry's risk profile, evaluating threats reported to us, coordinating with law enforcement concerning threats, conducting threat assessments for internal and external threats, and conducting vulnerability assessments to identify vulnerabilities.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, certain officers, and beneficial owners of more than 10% of our common stock to file reports of ownership and reports of changes in the ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) Statement of Changes of Beneficial Ownership of Securities forms they file (SEC Forms 3, 4, and 5).

Based solely on our review of the copies of such forms received by us, or written representations from our executive officers, directors and 10% stockholders, we believe that during our fiscal year ended December 31, 2023, all Section 16(a) filing requirements were satisfied on a timely basis, with the exception of the following reports:

Name	Transaction Date	Filing Date
Kevin J. Cameron	5/19/2023	5/30/2023
Nicholas S. Lewin	5/19/2023	5/24/2023
Stuart D. Drummond	7/3/2023	7/6/2023
Michael A. Karavitis	7/3/2023	7/6/2023
Sheila A. Hopkins	7/3/2023	7/6/2023
Sheila A. Hopkins	7/14/2023	10/18/2023
Juliane T. Park (1)	7/14/2023	10/18/2023
Janet D. Widmann (2)	7/14/2023	10/18/2023

(1) Ms. Park was director on the Company's board until November 2, 2023

(2) Ms. Widmann was director on the Company board until October 3, 2023

ITEM 11. EXECUTIVE COMPENSATION**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis (“CD&A”) explains our executive compensation program and philosophy, the decisions the Compensation Committee of our Board made under this program during 2023 and the factors considered in making those decisions. The Compensation Committee has the principal responsibility for establishing, implementing and continually monitoring adherence to our compensation philosophy and objectives. The Compensation Committee’s duties include evaluating the performance and advising the Board on the compensation of our Chief Executive Officer and setting the compensation of our other executive officers. This CD&A focuses on the compensation of our Named Executive Officers for 2023:

Our named executive officers (“Named Executive Officers”) during fiscal 2023, were:

Taylor C. Harris		Chief Executive Officer and Director (Principal Executive Officer)
Stuart D. Drummond		Interim Chief Financial Officer (Principal Financial and Accounting Officer)
Jeffrey S. Jones		Executive Vice President, Chief Operating Officer
Michael A. Karavitis		Executive Vice President, Chief Technology Officer
Stephana E. Patton		Chief Legal Officer
Sheila A Hopkins	(1)	Former Chief Executive Officer
David H. Mowry	(2)	Former Chief Executive Officer
Daniel J. Plants	(3)	Former Executive Chairperson
Rohan R. Seth	(4)	Former Chief Financial Officer

(1) Ms. Hopkins ceased to serve as the Company’s Chief Executive Officer as of July 27, 2023.

(2) Mr. Mowry was succeeded by Ms. Hopkins as the Company’s Chief Executive Officer as of April 11, 2023.

(3) Mr. Plants was succeeded by Ms. Widmann as the Company’s Chairman of the Board as of April 11, 2023.

(4) Mr. Seth was succeeded by Mr. Drummond as the Company’s Chief Financial Officer as of May 26, 2023.

Executive Compensation Program Philosophy and Process

Our Compensation Committee reviews the compensation of our executive officers, including our Named Executive Officers and strikes a balance between fixed base pay and pay-for-performance programs that tie compensation directly to specific business goals and management objectives. Our Compensation Committee designs our executive compensation program to support our near-term financial and strategic objectives and promote the long-term growth of our Company.

Our executive compensation program aims to recruit and retain key executive officers responsible for our success and to help motivate these executive officers to enhance long-term stockholder value. To achieve these ends, the Compensation Committee’s executive compensation decisions are based on the following principal objectives:

- Supporting our key financial and strategic goals that relate to our corporate performance;
- Aligning the interests of our executive officers with the interests of our stockholders;
- Providing a total compensation package that is competitive and enables us to attract, motivate, reward and retain talented executive officers and employees;
- Based, in large part, on pay-for-performance principles, such that changes in our revenue, operating results, product launches, and stock price, all significantly affect the compensation of our executive officers; and
- Balancing the components of compensation so that both short-term (annual) and long-term performance objectives are recognized.

We believe the compensation of our executive officers and employees should reflect our performance as an organization, and their performance as individuals, in attaining key financial and operating objectives established by our Board. In addition, we strive to promote an ownership mentality among our employees, including our executive officers, which we believe is best achieved through our equity incentive program and the Employee Stock Purchase Plan. Also, as our Company matures and we lay the foundation for longer term growth and sustained profitability, we endeavor to conserve our cash resources. To that end, one important aspect of our overall compensation philosophy is to set base salaries that are competitive relative to compensation in a peer group of companies (the “Peer Group”), in addition to equity and performance-based incentive compensation, which we believe best aligns the interests of our employees and our stockholders.

Advisory Vote on Named Executive Officer Compensation

We believe that it is important for our stockholders to have an opportunity for an advisory vote on Named Executive Officer compensation on an annual basis as a means to express their views regarding our executive compensation program and philosophy, our compensation policies and programs, and our decisions regarding executive compensation. The Compensation Committee considers the outcome of the annual “Say-on-Pay” advisory vote when making decisions regarding our executive compensation program. At the Company’s 2023 Annual Meeting of Stockholders, approximately 88.1% of the votes cast on the “Say-on-Pay” advisory vote, excluding broker non-votes, were cast in favor of approving the compensation of our Named Executive Officers. The Board and the Compensation Committee viewed the outcome of the “Say-on-Pay” vote as indicative that a significant majority of our stockholders view that the Compensation Committee’s approach to executive compensation favorably.

Our stockholder engagement efforts, including ongoing conversations between management and Board members and stockholders on a variety of matters, reflect our commitment to strong corporate governance and our goal of seeking input directly from our stockholders, which we believe allows us to better understand our stockholders’ perspectives. As a result of the Compensation Committee’s evaluation of the results of the “Say-on-Pay” vote, the feedback received from stockholders and the advice from the Compensation Committee’s compensation consultant, the Compensation Committee determined that significant changes to the design of our executive compensation and equity programs were not warranted at this time.

Compensation Consultant

The Compensation Committee engages a compensation consultant periodically based on the need for additional guidance resulting from changes in our Named Executive Officers’ roles and responsibilities, our corporate profile relative to our peers (e.g., type of business, market capitalization, annual revenue, profitability, etc.), Named Executive Officer turnover, and other factors as determined by our Compensation Committee. The Compensation Committee has engaged Compensia, a national compensation consulting firm, periodically to advise it on various compensation matters related to our Named Executive Officers, the Board, and other members of senior management. In 2024, the Compensation Committee hired Alpine Rewards as a compensation consultant to replace Compensia.

In 2022 and 2023, in connection with the Company’s development of recommended pay levels and structures for our Named Executive Officers, the Compensation Committee directed Compensia to perform the following activities:

- Evaluate and develop a group of public companies that would be suitable to use as a Peer Group;
- Gather competitive market data with respect to the compensation of both directors and executive officers of the Peer Group and at comparably sized/valued companies in the broader technology and life science markets;
- Assess elements of our Named Executive Officers’ compensation including base salary, target annual cash bonus, target total cash compensation and annual equity grant values relative to the practices at the Peer Group and in the broader competitive market; and
- Review and provide input to the Compensation Committee on the Company’s recommended adjustments for cash-based and equity-based compensation for our directors and Named Executive Officers, including pay levels and pay structures (such as short-term and long-term variable compensation components).

Based on the consideration of the factors specified in the rules of the SEC and the listing standards of NASDAQ, and a review of these factors for 2023, the Compensation Committee determined that its relationship with Compensia and the independent work of Compensia on behalf of the Compensation Committee does not raise any conflict of interest. The Compensation Committee reviews the compensation consultant’s independence annually.

Competitive Positioning

In developing, reviewing, and approving the annual compensation for our Named Executive Officers, the Compensation Committee, with the assistance of its compensation consultant, develops and maintains the Peer Group from which to gather competitive market data. After consulting with Compensia, the Compensation Committee approved the following set of selection criteria for determining the companies to comprise the Peer Group:

- (i) U.S.-based companies with a primary focus on medical device, health care equipment and services;
- (ii) Annual revenue generally between 0.4 times to 2.5 times that of Cutera;
- (iii) Market capitalization generally between 0.25 times to 4.0 times that of Cutera; and
- (iv) Secondary focus on parameters including peer business model and complexity, international presence, headcount and location.

In November 2023, in connection with the development of additional compensation assessments that the Compensation Committee requested related to executive compensation and our Named Executive Officer compensation levels, the

Compensation Committee, after consulting with Compensia, updated the Peer Group based on the selection criteria referenced above to include the following companies:

AngioDynamics	Tactile Systems Technology	Nevro
Anika Therapeutics	AirSculpt Technologies	Orthofix Medical
Artivion	Apyx Medical	Outset Medical
Accuray	Bioventus	Revance Therapeutics
AxoGen	Cerus	Silk Road Medical
NanoString Technologies	Establishment Labs Holdings	The Beauty Health Company
SI-BONE	Evolus	Zynex

We do not believe that it is appropriate to make compensation decisions, whether regarding base salaries or short-term or long-term incentive compensation, solely based upon benchmarking to a peer or other representative group of companies. However, the Compensation Committee believes that information regarding the compensation practices at other companies is useful in at least two respects. First, the Compensation Committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages. This information is only one of several factors that the compensation committee considers, however, in making its decisions with respect to the compensation of our executive officers.

Key Features of Our Executive Compensation Program

WHAT WE DO

- ✓ Pay for Performance: We link the cash compensation of our executive officers to our performance and stockholder interests by heavily weighting their target total cash compensation opportunities to the achievement of strong financial performance tied to a balanced mix of pre-established performance measures and long-term equity awards that align their interests with those of our stockholders.
- ✓ Independent Compensation Advisor: The Compensation Committee selects and engages its own independent advisor to evaluate compensation on an annual basis.
- ✓ Stock Ownership Guidelines: Our Named Executive Officers, members of senior management, and the non-employee members of our Board are subject to stock ownership guidelines equal to a multiple of their respective annual base salaries (3x for our Chief Executive Officer and 1x for other Named Executive Officers and members of senior management) or Board service retainers (3x for directors).
- ✓ Competitive and market-based compensation: We pay fair and reasonable compensation that allows us to attract, motivate, retain and reward the key employees whose knowledge, skills and performance are necessary for our future growth and success.
- ✓ Compensation Recovery (“Clawback”) Policy: Our Clawback Policy, which covers all executive officers, allows for recovery of performance-based compensation if a Named Executive Officer’s intentional misconduct.

WHAT WE DON’T DO

- ☒ No Special Perquisites or Benefits: We do not ordinarily provide special perquisites or other personal benefits to our executive officers, such as company cars*, club memberships, supplemental executive retirement plans or supplemental executive health benefits.
- * We provide our sales executives with a car allowance given their extended use of a vehicle other than simply commuting to and from the office in Brisbane.
- ☒ No Guaranteed Bonuses: We do not provide guaranteed minimum bonuses. Bonuses are contingent on the achievement of key strategic Company goals.
- ☒ No Excise Tax Gross-Ups: We do not provide any tax reimbursement payments or “gross-ups” payments in connection with any excise taxes that are imposed in connection with any change in control payments or benefits

2023 Compensation Overview

When designing our 2023 executive compensation program, the Compensation Committee considered the program philosophy and objectives set forth above and the intense competition for executive talent within the medical device industry and the broader technology industry in Silicon Valley, California.

Executive Officer Compensation

The objectives of our executive officer compensation program are to attract, retain, motivate and reward key personnel who possess the necessary leadership and management skills through competitive base salary, annual cash bonus incentives, long-term equity incentive compensation, and various benefits generally available to employees of the Company.

Summary of the Key Features of our 2023 Executive Compensation Program

- Our Named Executive Officers are compensated with a base salary (cash), incentive cash bonuses, equity awards, and other customary employee benefits.
- The compensation of our Named Executive Officers is reviewed annually (or more frequently as circumstances may dictate) by the Compensation Committee, and adjustments are made to reflect performance-based factors and competitive conditions.
- We evaluate and reward our Named Executive Officers based on the comparable industry specific and general market compensation for their respective positions in the Company, and an evaluation of their contributions to the achievement of short-term and long-term organizational goals.
- Our Compensation Committee engages an outside compensation consultant to review our executive compensation program on an “as needed” basis, in comparison to the Peer Group, and recommend modifications at reasonable intervals when warranted.
- Our employment arrangements with our Named Executive Officers include participation in our Executive Change in Control and Severance Policy.
- We have stock ownership guidelines equal to a multiple of their respective annual base salaries (3x for our Chief Executive Officer and 1x for our other Named Executive Officers).

Compensation-Setting Process Committee’s Roles and Responsibilities

Role of the Compensation Committee in Setting Executive Compensation

- Provide oversight of our compensation programs, policies, practices and benefit plans;
- Assist our Board in discharging its responsibilities relating to (i) the oversight of the compensation of our CEO, our CFO and the other members of executive management, and (ii) approving and evaluating our Executive Management compensation programs, policies, practices and plans; and
- Assist our Board in administering our equity compensation plans for our employees.

Compensation Committee Members

The members of the Compensation Committee are appointed by our Board. The chairperson of the committee is Nicholas Lewin and the other members are Keith Sullivan and Sheila Hopkins. Gregory A. Barrett and Janet D. Widemann served on the Compensation Committee in 2023 until June 9, 2023 and July 14, 2023, respectively. Each member of the Compensation Committee is a “non-employee director” for purposes of Exchange Act Rule 16b-3, and satisfies the independence requirements imposed by the NASDAQ listing standards.

Compensation Committee Charter

The Compensation Committee has a written charter, which can be found on the Investors page, under the Corporate Governance section of our website at www.cutera.com.

Duties of the Compensation Committee

The responsibilities of the Compensation Committee include:

- Establishing the following compensation elements for our executive officers as appropriate:
 - annual base salary;
 - annual incentive bonus, which may include the setting of specific goals and target amounts;
 - equity compensation;
 - agreements for employment, severance and change-of-control payments and benefits; and
 - any other benefits, compensation or arrangements, other than benefits generally available to our employees.
- Reviewing, at such intervals as may be decided by the Compensation Committee from time to time, regarding:
 - general compensation goals and guidelines for our employees and the criteria by which bonuses and equity awards to our employees are determined; and
 - other policies and plans for the provision of compensation to our employees and consultants.
- Acting as Administrator of our 2019 Equity Incentive Plan, our 2023 Inducement Equity Incentive Plan and our 2004 Employee Stock Purchase Plan, and any other equity compensation plans adopted by our Board;
- Reviewing our policies relating to the issuance of equity compensation to our employees and consultants;
- Preparing the report that accompanies this Compensation Discussion and Analysis.

We do not believe that it is appropriate to make compensation decisions, whether regarding base salaries or short-term or long-term incentive compensation, solely based upon benchmarking to a peer or other representative group of companies. However, the Compensation Committee believes that information regarding the compensation practices at other companies is useful in at least two respects. First, the Compensation Committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages. This information is only one of several factors that the compensation committee considers, however, in making its decisions with respect to the compensation of our executive officers.

Compensation Components

Our Named Executive Officers are compensated with cash, short-term incentives and long-term incentive in the form of equity awards, and other customary employee benefits.

Cash Compensation

Cash compensation consists of:

- Base salary;
- Discretionary spot bonus;
- Participation in a Management Bonus Program for non-sales employees (the "Management Bonus Program"), and
- With respect to Michael Karavitis participation in a special retention bonus arrangement, as described in more detail below under the section titled "Employment Agreements".

Our cash compensation goals for our Named Executive Officers are based upon a number of principles, including:

- Although we do not believe that it is appropriate to make compensation decisions upon any type of benchmarking to a peer or other representative group of companies, the compensation committee believes that information regarding the compensation practices at other companies is useful in at least two respects. First, the compensation committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages. This information is only one of several factors that the compensation committee considers, however, in making its decisions with respect to the compensation of our Named Executive Officers. Additional considerations include:
- Base salary should reflect the individual's experience (in both the role he or she is performing, and the aesthetics industry more broadly), performance, and potential; and
- The amount of bonuses payable to our Named Executive Officers should be based on corporate performance measures established by the Compensation Committee and approved by our Board that align the bonus payment with the achievement of specified goals contained in our annual operating plan that are intended to enhance long-term stockholder value.

Base Salary

We believe that a competitive base salary is a necessary element of our executive compensation program, so that we can attract and retain a world class management team that is focused on building a sustainable enterprise for the future. The Compensation Committee seeks to set competitive base salaries, comparable to market standards, that are equitable across the executive team based on level of impact and contributions.

The Compensation Committee reviews the base salaries of our executive officers, including our Named Executive Officers, annually and makes adjustments to their base salaries as it determines to be necessary or appropriate.

In 2023, the Compensation Committee reviewed the base salaries of our executive officers, including our Named Executive Officers, taking into consideration a competitive market analysis performed by Compensia, as well as the other factors described above. Following this review, the Compensation Committee set the base salaries of our executive officers for 2023 at levels that it believed were appropriate to maintain their competitiveness.

The base salaries paid to our named executive officers were as follows:

Named Executive Officer	2022 Base Salary ⁽¹⁾		2023 Base Salary		Percentage Adjustment
Taylor C. Harris		N/A	\$	675,000	N/A
Stuart D. Drummond	\$	280,000	\$	292,000	4.3 %
Jeffrey S. Jones		N/A	\$	370,000	N/A
Michael A. Karavitis	\$	457,496	\$	457,496	— %
Stephana E. Patton		N/A	\$	425,000	N/A
David H. Mowry	\$	696,800	\$	696,800	— %
Daniel J. Plants ⁽¹⁾	\$	260,000	\$	260,000	— %
Rohan R. Seth	\$	390,000	\$	390,000	— %
Sheila A. Hopkins		N/A	\$	696,792	— %

(1) Effective July 1, 2022.

Management Bonus Plan

We use annual cash bonuses to motivate our executive officers, including our Named Executive Officers, to achieve our short-term financial and operational objectives while making progress towards our longer-term growth and other goals. Consistent with our executive compensation philosophy, these annual cash bonuses are intended to help us to deliver a competitive total direct compensation opportunity to our executive officers. Annual cash bonuses are entirely performance-based, are not guaranteed, and may vary materially from year-to-year.

Typically, the Compensation Committee establishes target cash bonus opportunities pursuant to a formal cash bonus plan that measures and rewards our executive officers for our actual corporate performance over our fiscal year. The cash bonus plan is designed to pay above-target cash bonuses when we exceed our annual corporate objectives and below-target cash bonuses when we do not achieve these objectives. The Compensation Committee, also from time to time, may award one-time discretionary bonuses based on extraordinary individual performance outside of corporate-wide performance objectives.

In 2023, the Compensation Committee determined to award cash bonus opportunities to our executive officers, including our Named Executive Officers, pursuant to the 2023 Management Bonus Plan. Under the 2023 Management Bonus Plan, our Board had the authority to select the performance measures and related target levels applicable to the target cash bonus opportunities for our executive officers.

Target Cash Bonus Opportunities

For 2023, the target cash bonus opportunities were designed to reward our Named Executive Officers based on our overall financial and operational performance and were established after the Compensation Committee consulted with its compensation consultant. As in prior years, the Compensation Committee determined that the target cash bonus opportunities for the Named Executive Officers should be determined as a percentage of their base salary. The target cash bonus opportunities are reviewed annually by the Compensation Committee and are based on several factors, including the scope of the Named Executive Officers' performance, contributions, responsibilities, experience, prior years' target cash bonus and market conditions. In 2023, the Compensation Committee did not make any changes to our Named Executive Officers' target cash bonus opportunities.

For 2023, the target cash bonus opportunities for each of our Named Executive Officers were as follows:

Named Executive Officer	2023 Target Cash Bonus Opportunity (as a percentage of base salary)		2023 Target Cash Bonus Opportunity	
Taylor C. Harris	100 %	\$		675,000
Stuart D. Drummond	40 %	\$		116,800
Jeffrey S. Jones	50 %	\$		185,000
Michael A. Karavitis	60 %	\$		274,498
Stephana E. Patton	50 %	\$		195,000
David H. Mowry	100 %	\$		698,800
Daniel J. Plants ⁽¹⁾	39 %	\$		100,000
Rohan R. Seth	50 %	\$		195,000
Sheila A. Hopkins	100 %	\$		225,402

(1) Mr. Plants' target cash bonus opportunity was set as a fixed dollar amount of \$100,000 per his employment agreement. Mr. Plants' annual base salary for 2022 was \$260,000.

The target cash bonus opportunities of our executive officers, including our Named Executive Officers, were weighted 100% on corporate performance objectives. The Compensation Committee determined this allocation to be appropriate to focus our executive officers on our short-term financial objectives as reflected in our annual operating plan.

Corporate Performance Measures-related:

For 2023, the Compensation Committee established the following corporate performance measures for determining the bonuses payable to our Named Executive Officers, and the overall weighting of each corporate performance measure, as follows:

1)	2023 AviClear revenue measured against a pre-established target amount	25 %
2)	2023 Non-AviClear revenue measured against a pre-established target amount	25 %
3)	2023 Non-GAAP gross margin measured against a pre-established target amount ⁽¹⁾	25 %
4)	2024 Non-GAAP operating income measured against a pre-established target amount ⁽¹⁾	25 %

(1) For a full reconciliation for Non-GAAP Gross Margin and Non-GAAP Operating Income to the most directly comparable financial measure stated in accordance with GAAP, please see our Current Report on Form 8-K filed with the SEC on March 21, 2024.

Our Board believed that these corporate performance measures aligned the Named Executive Officers' bonus payment with the achievement of our annual operating goals, which would enhance long-term stockholder value creation.

The Compensation Committee weighted each corporate performance measure as set forth above, such that the given percentage of the bonus was "at risk" based on the level of achievement of the specific performance measure. Performance achievement of each of the specific performance measures was based on a sliding scale. With respect to the Revenue performance measures, the applicable payout scaled linearly from 50% to 100% between 90% of the target Revenue attainment goal and 100% of the target Revenue attainment goal, and the applicable payout scaled linearly between 100% and 200% between 100% of the target Revenue attainment goal and 125% of the target Revenue attainment goal. With respect to the Non-GAAP Gross Margin performance measure, the applicable payout scaled linearly from 50% to 100% between 95% of the target Non-GAAP Gross Margin attainment goal and 100% of the target Non-GAAP Gross Margin attainment goal, and the payout scaled linearly between 100% to 150% between 100% of the target Gross Margin attainment goal and 110% of the target Gross Margin attainment goal. With respect to the Non-GAAP Operating Income performance measure, the applicable payout scaled linearly from 50% to 100% between 70% of the target Non-GAAP Operating Income attainment goal and 100% of the target Non-GAAP Operating Income attainment goal, and the payout scaled linearly from 100% to 125% between 100% of the target Non-GAAP Operating Income attainment goal and 225% of the Non-GAAP Operating Income attainment goal.

2023 Performance Results and Bonus Decisions

On April 25, 2024 the Compensation Committee determined that we did not achieve the corporate performance measures under the 2023 Management Bonus Plan and therefore no payments were made to our Named Executive Officers.

Long-Term Incentive Compensation

We believe that equity-based compensation promotes and encourages long-term successful performance by our Named Executive Officers that is aligned with the organization's goals and the generation of stockholder value. Our equity compensation goals for our Named Executive Officers are based upon the following principles:

- Stockholder and Named Executive Officer interests should be aligned;
- Key and high-performing employees, who have a demonstrable impact on our performance or stockholder value, should be compensated in this manner;
- The program should be structured to provide meaningful retention incentives to participants;
- The equity awards should reflect each individual's experience, performance, potential and be comparable to the Peer Group awards for the respective position; and
- Actual awards should be tailored to reflect individual performance and attraction/retention objectives.
- Actual awards also tie to recommendations from our Chief Executive Officer and other management, competitive compensation market data (as described above), internal pay equity based on the impact on our business and performance; and existing equity holdings including unvested equity for each Named Executive Officer.

There is no predetermined formula or weighting of these factors. Instead, our Compensation Committee considers all of this information in light of our business objectives.

The performance metrics established for the PSU awards are described below in the section titled “Equity Awards.”

The Compensation Committee concluded that the changes to the compensation of our Named Executive Officers strengthened the alignment of their interests with those of our stockholders, were sufficient to maintain competitiveness with the executives in comparable positions at the companies in our Peer Group, promoted retention and achieved the motivation and continuity desired. Further, the Compensation Committee also took into consideration the fact that, consistent with our compensation objectives, the equity awards granted to our Named Executive Officers increased their stake in the Company, thereby reinforcing their incentive to manage our business as owners and subjected a significant portion of their target total direct compensation to fluctuations in the market price of our common stock in alignment with stockholder interests.

Equity Awards

Under our 2019 Equity Incentive Plan and the 2023 Inducement Equity Incentive Plan, we generally grant RSU awards, PSU awards, and options to our executive officers, employees and the non-employee members of our Board. We grant annual equity awards to our Named Executive Officers and certain members of management with a vesting start date of January 1. All awards are subject to a minimum one-year vesting period from the date of grant. Awards with time-based vesting, such as RSU awards and options, typically vest as to 25% of the shares subject to the award after the first twelve months of service and in equal quarterly installments thereafter with full vesting in four years. Awards with performance-based vesting typically vest contingent on achievement of corporate goals or other financial targets set as of the grant date, with 50% of the shares subject to the award vesting after the first twelve months of service and 50% vesting on the second anniversary of the grant date. Aside from our annual equity awards practices, the Compensation Committee approves equity awards to new and recently hired or promoted employees once each quarter at the Compensation Committee meeting with the grant date fair value to be calculated as of the date of the award.

Summary of Equity Award Grants

- (1) Mr. Harris was granted equity awards with a grant date fair value of \$6,997,690 in 2023. The equity awards were comprised of stock options and restricted stock units (“RSUs”) with a grant date fair value of \$4,250,000 and \$2,747,690, respectively.
- (2) Mr. Drummond was granted equity awards with a grant date fair value of \$236,587 in 2023. The equity awards were comprised of stock options, PSUs and RSUs with a grant date fair value of \$27,500, \$59,098, and \$149,989, respectively.
- (3) Mr. Jones was granted equity awards with a grant date fair value of \$232,688 in 2023. The equity awards were comprised of stock options and restricted stock units (“RSUs”) with a grant date fair value of \$187,505 and \$45,163, respectively.
- (4) Mr. Karavitis was granted equity awards with a grant date fair value of \$393,622 in 2023, compared to \$560,724 in 2022. The equity awards were comprised of stock options, PSUs and RSUs with a grant date fair value of \$125,000, \$179,081, and \$89,541, respectively.
- (5) Mr. Mowry was granted equity awards with grant date fair value of \$663,265 compared to \$1,530,185 in 2022. The equity awards were comprised of performance stock units.

Performance Stock Unit Awards—Corporate Performance Measures-related:

In February 2023, our Compensation Committee granted PSU awards to our Named Executive Officers and other members of management and selected performance targets for these awards. The number of units subject to the PSU awards granted to our Named Executive Officers vest in equal amounts upon the filing of our 10-K for the year ended December 31, 2023, based on the performance targets being met and subject to approval by our Board, and December 31, 2024, subject to the Named Executive Officer continuing to provide service through to this vesting date. The following metrics were the 2023 corporate performance measures to be achieved by December 31, 2023:

	Metric	Weighting of Goal
(1)	AviClear commercial goals	40 %
(2)	truBody growth targets	20 %
(3)	Product development milestones	15 %
(4)	Cash, inventory and accounts receivable targets	25 %

The following table presents the quantities of the Corporate Performance Measure-related PSU grants awarded to the Named Executive Officers:

Name	Grant Quantity	Grant Date Value ⁽¹⁾
Stuart D. Drummond	2,027	\$ 39,405
Michael A. Karavitis	9,212	\$ 179,081

⁽¹⁾ For purposes of this table, "Grant Date Value" generally means the aggregate grant date fair value of the PSU award granted to the applicable Named Executive Officer during 2023 calculated in accordance with ASC Topic 718.

The following table sets forth the number of units that potentially could have vested for our Named Executive Officers upon filing our Annual Report on Form 10-K for 2023, subject to our Board's certification that the performance criteria were met based on the level of achievement (or failure to achieve) each of the performance targets discussed above.

Name	If Minimum Thresholds are Not Met	At 100% of Target Performance	Actual Vested Shares
Stuart D. Drummond	—	1,014	101
Michael A. Karavitis	—	4,606	460

Each unit granted pursuant to the PSU awards represents a contingent right to receive one share of our common stock for each unit that was earned and vested. All vested shares were released upon our Board's affirmative finding that the performance measures were met based on the level of achievement (or failure to achieve) each of the performance targets, and upon our timely filing of our Annual Report on Form 10-K which did not occur.

Health and Welfare Benefits

We provide the following health and welfare benefits to our Named Executive Officers generally on the same basis as the health and welfare benefits provided to all employees. These benefits are consistent with those offered by other companies and specifically with those companies with which we compete for employees:

- Health, dental and vision insurance;
- Life insurance;
- Short-term and long-term disability insurance;
- A Section 401(k) plan with 25% employer matching contributions, capped at 6% of total employee eligible contributions;
- ESPP participation eligibility (see below); and
- Flexible Spending Accounts.

Employee Stock Purchase Plan

We maintain a 2019 Employee Stock Purchase Plan ("ESPP") that provides eligible employees with the opportunity to purchase shares of our common stock at a 15% discounted price to the lower of the fair market value at either the beginning or the end of the applicable offering period. Due to the late filing of our Quarterly Report on Form 10-Q for the three months ended September 30, 2023, participation in the ESPP was suspended until further consideration.

Post-Employment Compensation

Our employment agreements with our Named Executive Officers include COC Agreements. The purpose of these COC Agreements is to provide incentives to our Named Executive Officers to continue their employment with the Company and not be distracted by the possibility of loss of employment as a result of a potential acquisition of the Company. For a summary of the material terms and conditions of these COC Agreements, see "Potential Payments Upon Termination or Change in Control" below.

Internal Revenue Code Section 162(m) and Limitations on Executive Compensation

For federal income tax purposes, publicly-traded companies may be prohibited under Section 162(m) of the Code from deducting employee enumeration in excess of \$1 million paid to their chief executive officer, chief financial officer, any other executive officer whose total compensation is required to be reported to stockholders under the Exchange Act by reason of such individual being among the three highest compensated executive officers for the tax year, and any executive officer who was subject to the deduction limit in any tax year beginning after December 31, 2016.

The Compensation Committee believes that, in establishing the cash and equity incentive compensation plans and arrangements for our executive officers, the potential deductibility of the compensation payable under those plans and arrangements is one relevant factor to consider. For that reason, the Compensation Committee may deem it appropriate to provide one or more of our executive officers with the opportunity to earn incentive compensation, whether through cash incentive awards tied to our financial performance or equity incentive awards tied to the executive officer's continued service, which may be in excess of the amount deductible by reason of Section 162(m) of the Code. The Compensation Committee believes it is important to maintain cash and equity incentive compensation at the requisite level to attract and retain the individuals essential to our financial success, even if all or part of that compensation may not be deductible by reason of the Section 162(m) limitation.

Accounting for Stock-Based Compensation

We follow Financial Accounting Standard Board Accounting Standards Codification Topic 718 ("ASC 718") for our stock-based compensation awards. ASC 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based awards in their income statements over the period that an employee is required to render service in exchange for the award.

Executive Stock Ownership Guidelines

We maintain Amended and Restated Stock Ownership Guidelines for our non-employee directors and officers (as defined by Rule 16a-1(f) of the Exchange Act) ("Executives"). These guidelines are designed to align our non-employee directors' and Executives' interests with our stockholders' long-term interests by promoting long-term ownership of our common stock, which our Board believes reduces the incentive for excessive short-term risk taking. These guidelines provide that our Chief Executive Officer and our other Executives must hold shares of our common stock having a value not less than three times and one time, respectively, of their annual base salary. Each Executive has five years from the date of his or her appointment, or if an Executive at the time of the adoption of the Stock Ownership Guidelines, four years from the adoption of the Stock Ownership Guidelines (July 28, 2017), to attain such level of ownership.

In addition, our Executives must hold at least 50% of any shares received pursuant to stock options, stock appreciation rights, vested restricted stock awards, restricted stock unit awards, performance share or performance stock unit awards (net of taxes) for a minimum of one year following vesting and delivery.

As of March 31, 2024, our Named Executive Officers' equity holdings and target guidelines were as follows:

Named Executive Officer	Stock Ownership as of March 31, 2024	Minimum Stock Ownership Required ⁽¹⁾
Taylor C. Harris	30,000	1,377,551
Stuart D. Drummond	9,421	198,639
Jeffery S. Jones	—	251,701
Michael A. Karavitis	37,393	311,222
Stephana E. Patton	—	289,116

(1) Based on the closing stock price of \$1.47 per share on March 28, 2024.

The Board also recognizes the importance of fostering a culture of ownership and aligning the broader employee population with stockholders. In 2021 we implemented an employee equity ownership initiative to ensure that all our U.S. employees were granted equity in our Company to share in our success and long-term value creation. In addition to creating alignment between stockholders and employees, we believe this recognizes and reflects the importance of our employees to our continued success.

As of March 31, 2023, the non-employee directors' holdings and target guidelines were as follows:

Non-Employee Directors	Stock Beneficial Ownership as of March 31, 2024	Minimum Stock Ownership Required
Kevin J. Cameron	—	5,200
Sheila A. Hopkins	31,188	5,200
Nicholas S. Lewin	—	5,200
Keith J. Sullivan	3,964	5,200

Insider Trading Compliance Program

According to our Insider Trading Compliance Program, all employees of the Company, including, but not limited to, our executive officers and the non-employee members of our Board, are strongly discouraged from investing in derivatives of the Company's securities. This includes, but is not limited to, trading in put or call options related to securities of the Company or otherwise hedging or offsetting any decrease in the market value of securities.

Compensation Recovery ("Clawback") Policy

Our Clawback Policy, which covers all executive officers, allows for recovery of performance-based compensation if a Named Executive Officer's intentional misconduct:

- violates the law, our Code of Business Conduct and Ethics, or any significant Company ethics or compliance policy; and
 - results in material financial or reputational harm, or results in a need for a restatement of our consolidated financial statements.
- The compensation elements that are subject to recovery under this policy include:
- all amounts paid under the Management Bonus Program which were awarded on or after June 14, 2019; and
 - all awards under the 2019 Equity Incentive Plan and any successor equity incentive plans, whether exercised, vested, unvested, or deferred, which were awarded on or after June 14, 2019.

All recoveries are determined in the sole discretion of the Compensation Committee. We will amend our Clawback Policy to comply with the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act once applicable Nasdaq listing standards have become effective

2023 Summary Compensation Table

The following table sets forth summary compensation information for the fiscal years ended December 31, 2023, 2022, and 2021 for the Named Executive Officers.

Name, Principal Position, and Year	Salary (\$)	Option Awards (\$)(1)	Stock Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)	Total (\$)
Taylor C. Harris						
<i>Chief Executive Officer</i>						
2023	\$ 271,023	\$ 4,250,008	\$ 2,747,683 (3)	\$ —	\$ 11,100 (4)	\$ 7,279,814
Stuart D. Drummond						
<i>Interim Chief Financial Officer</i>						
2023	\$ 293,030	\$ 27,500	\$ 209,087	\$ 94,368	\$ —	\$ 623,985
Jeffrey S. Jones						
<i>Chief Operating Officer</i>						
2023	\$ 128,472	\$ 187,505	\$ 45,163	\$ —	\$ —	\$ 361,140
Michael A. Karavitis,						
<i>Chief Technology Officer</i>						
2023	\$ 457,496	\$ 125,000	\$ 268,622	\$ 248,218	\$ —	\$ 1,099,336
2022	\$ 444,548	\$ 149,991	\$ 410,733	\$ 151,248	\$ —	\$ 1,156,520
2021	\$ 423,300	\$ 118,758	\$ 2,862,976	\$ 388,590	\$ —	\$ 3,793,624
Stephana E. Patton						
<i>Chief Legal Officer</i>						
2023	\$ 57,955	\$ —	\$ —	\$ —	\$ —	\$ 57,955
Sheila A. Hopkins						
<i>Former Chief Executive Officer</i>						
2023	\$ 225,402	\$ 74,996	\$ 696,366	\$ 225,402	\$ 54,125 (5)	\$ 1,276,291
David H. Mowry,						
<i>Former Chief Executive Officer</i>						
2023	\$ 194,523	\$ —	\$ 663,265	\$ 376,553	\$ 480,562 (6)	\$ 1,714,903
2022	\$ 683,400	\$ 799,938	\$ 730,247	\$ 383,937	\$ —	\$ 2,597,522
2021	\$ 660,000	\$ 200,000	\$ 2,393,961	\$ 807,840	\$ 3,825 (7)	\$ 4,065,626
Daniel J. Plants						
<i>Former Executive Chairperson</i>						
2023	\$ 72,583	\$ —	\$ —	\$ 56,202	\$ —	\$ 128,785
2022	\$ 255,000	\$ 249,979	\$ 228,196	\$ 55,100	\$ —	\$ 788,275
2021	\$ 154,356	\$ —	\$ 772,382	\$ 94,466	\$ —	\$ 1,021,204
Rohan R. Seth						
<i>Former Chief Financial Officer</i>						
2023	\$ 158,438	\$ —	\$ —	\$ 191,097	\$ —	\$ 349,535
2022	\$ 375,833	\$ 199,976	\$ 182,537	\$ 195,000	\$ —	\$ 953,346
2021	\$ 355,250	\$ 112,503	\$ 1,512,265	\$ 271,766	\$ 1,531 (7)	\$ 2,253,315

1. The amounts reported in this column represent the aggregate grant date fair value of equity awards granted during the applicable fiscal year calculated in accordance with ASC Topic 718.
2. The amounts reported in this column represent the amounts earned in accordance with our Management Bonus Program for our Named Executive Officer.
3. In August 2023, the Board of Directors approved a grant of restricted stock units and a grant of market-based stock options to Taylor Harris, who joined as the Company's Chief Executive Officer on August 7, 2023. The restricted stock grant of 249,336 shares vests over four years, subject to the continued employment of Mr. Harris. The grant of restricted stock units entitles Mr. Harris to receive one share of Common Stock per one restricted stock unit. One-fourth of the restricted stock units shall vest on August 7, 2024 and 1/12 of the restricted stock units shall vest each quarter thereafter, subject to Mr. Harris continuing as a service provider through each such date. The vesting of the market-based stock option is dependent upon price targets of the Company's common stock. One quarter of the grant quantity of 735,295 will be eligible to vest upon the date the 30 calendar-day trailing average closing price of the Company's Common Stock first meets each of the following levels within four years of the grant date: \$20.00, \$25.00, \$30.00, and

\$35.00. Once a level is attained, one-fourth of the options subject to such tranche will vest on the later of (i) the date such level is attained or (ii) August 7, 2024. The remaining options in such tranche will vest over the next 12 quarters, subject to Mr. Harris continuing as a service provider through each such date. Exercise price of the stock option is \$11.02.

4. *Amount paid is the consulting fee to Mr. Harris.*
5. *Director compensation to Ms. Hopkins*
6. *Includes \$399,000 consulting fee, \$25,000 relocation, \$56,562 legal fees paid to Mr. Mowry*
7. *Amounts represent vested Section 401(k) plan employer-matching contributions.*

Grants of Plan-Based Awards Table

The following table lists grants of plan-based option, RSU, and PSU awards made to our Named Executive Officers during the fiscal year ended December 31, 2023.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards	Stock Awards: Number of Shares of Stock or Units	Option Awards: Number of Securities Underlying Options	Base Price of Awards (\$)	Grant Date Fair Value of Awards (\$ (2))
		Threshold	Target	Maximum					
Taylor C. Harris	5/19/2023	—	—	—	—	—	—	—	
	8/18/2023	—	—	—	—	—	25,327	\$ 16.84	\$ 250,003
	8/18/2023	—	—	—	—	—	183,827	\$ 11.02	\$ 10,000,003
	8/18/2023	—	—	—	—	—	183,824	\$ 11.02	\$ 10,000,003
	8/18/2023	—	—	—	—	—	183,824	\$ 11.02	\$ 10,000,003
	8/18/2023	—	—	—	—	—	183,823	\$ 11.02	\$ 999,997
	8/18/2023	—	—	—	—	249,336	—	—	\$ 2,747,683
		\$ 337,500	\$ 675,000	\$ 1,012,500	—	—	—	—	
Stuart D. Drummond	4/12/2023	—	—	—	—	—	2,519	16.84	250,003
	4/12/2023	—	—	—	2,027	1,013	—	—	\$ 39,405
	4/12/2023	—	—	—	—	6,687	—	—	\$ 149,989
	8/18/2023	58,400	116,800	175,200	—	—	—	\$ —	\$ —
			—	—	—	—	—	—	—
Jeffrey S. Jones	11/7/2023	—	—	—	—	—	31,256	\$ 3.67	\$ 187,505
	11/7/2023	—	—	—	—	12,306	—	—	\$ 45,163
		\$ 92,500	\$ 185,000	\$ 277,500	—	—	—	—	—
Michael A. Karavitis	4/12/2023	—	—	—	—	—	11,450	\$ 19.44	\$ 125,000
	4/12/2023	—	—	—	9,212	—	—	—	\$ 179,081
	4/12/2023	—	—	—	4,606	—	—	—	\$ 89,541
		\$ 137,250	\$ 274,500	\$ 411,750	—	—	—	—	—
Stephana E. Patton		—	—	—	—	—	—	\$ —	\$ —
		\$ 97,500	\$ 195,000	\$ 292,500	—	—	—	—	—
Sheila A. Hopkins	7/14/2023	—	—	—	—	—	7,770	\$ 15.83	\$ 74,996
	4/27/2023	—	—	—	—	17,085	—	—	\$ 375,016
	7/3/2023	—	—	—	—	8,170	—	—	\$ 125,001
	8/1/2023	—	—	—	—	6,368	—	—	\$ 125,004
	7/14/2023	\$ —	\$ —	\$ —	—	4,507	—	—	\$ 71,346
David H. Mowry	5/11/2023	—	—	—	6,666	—	—	—	\$ 94,257
	5/11/2023	—	—	—	—	40,241	—	—	\$ 569,008
		\$ 348,400	\$ 696,800	\$ 1,045,200	—	—	—	—	—

1. Amounts in the "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns relate to cash incentive opportunities under our 2023 Management Bonus Plan based upon the achievement of corporate performance goals over fiscal year 2023. Under the 2023 Management Bonus Plan, payments are determined by multiplying each participant's target cash bonus by a factor determined by the achievement of the corporate performance goals, capped at 200%. The actual amounts paid to our named executive officers are set forth in the "2023 Summary Compensation Table" above, and the calculation of the actual amounts paid is discussed more fully in the section titled "Executive Officer Compensation—2023 Performance Results and Bonus Decisions."
2. The amounts reported in this column reflect the fair value of equity awards calculated in accordance with ASC Topic 718. See Note 8 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2023, for a discussion of the valuation assumptions used for calculating the grant date fair value of our stock-based compensation.

2023 Outstanding Equity Awards at Fiscal Year-End Table

The following table lists the outstanding equity awards held by our Named Executive Officers as of December 31, 2023.

Name	Grant Date	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
		Number of Securities Underlying Unexercised Earned Options Exercisable	Number of Securities Underlying Unexercised Unearned Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
Taylor C. Harris	8/18/2023					249,336	(1) \$	880,156	
Stuart D. Drummond	2/20/2022	1,414	1,535 (2)	\$ 33.45	2/20/2029				
	2/20/2022								577 (3) \$ 2,035
	4/12/2023								203 (4) \$ 716
	7/28/2021					1,874	(5) \$	6,615	
	2/20/2022					710	(6) \$	2,506	
	4/12/2023					1,013	(7) \$	3,576	
	4/15/2023					6,687	(8) \$	23,605	
Jeffrey S. Jones	11/7/2023					12,306	(9) \$	43,440	
Michael A. Karavitis	2/21/2021	5,468	2,031 (10)	\$ 32.87	2/12/2028				
	2/20/2022	4,241	4,608 (11)	\$ 33.45	2/20/2029				
	2/20/2022								1,729 (12) \$ 6,103
	4/12/2023								921 (13) \$ 3,252
	2/24/2020					1,832	\$	6,467	
	2/12/2021					1,310	\$	4,624	
	2/20/2022					2,131	\$	7,522	
	4/12/2023					4,606	(14) \$	16,259	
Sheila A. Hopkins	6/16/2022	3,627	—	\$ 36.55	6/16/2029				
	5/17/2021					2,737	(15) \$	9,662	
	4/27/2023					17,085	(16) \$	60,310	
	7/3/2023					8,170	(17) \$	28,840	
	8/1/2023					6,368	(18) \$	22,479	
	7/14/2023					4,507	(19) \$	15,910	
David H. Mowry	2/12/2021	9,209	3,420 (20)	\$ 32.87	2/12/2028				
	2/20/2022	22,614	24,580 (21)	\$ 33.45	2/20/2029				

- (1) One-fourth of the total number of shares subject to the award shall vest on the first anniversary of the Vesting Commencement Date and the remaining shares will vest over the next twelve quarters in equal quarterly amounts thereafter, until all such shares have vested, subject to the Named Executive Officer remaining employed on each such vesting date.
- (2) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, until all such shares have vested.
- (3) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter.
- (4) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter.
- (5) Twenty-five percent (25%) of the Restricted Stock Units will vest on each of the first four anniversaries of the Vesting Commencement Date.

- (6) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter.*
- (7) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter, until all such shares have vested.*
- (8) Twenty-five percent (25%) of the Restricted Stock Units will vest on each of the first four anniversaries of the Vesting Commencement Date.*
- (9) Twenty-five percent (25%) of the total number of shares subject to the award shall vest one full calendar year following the Vesting commencement Date. The remaining shares subject to the award will vest over the next 12 quarters, in equal quarterly amounts, subject to the Named Executive Officer remaining employed on each such vesting date.*
- (10) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, until all such shares have vested, subject to the Named Executive Officer remaining employed on each such vesting date.*
- (11) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, until all such shares have vested, subject to the Named Executive Officer remaining employed on each such vesting date.*
- (12) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, until all such shares have vested.*
- (13) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter, until all such shares have vested.*
- (14) One-fourth of the total number of shares subject to the award shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the award shall vest on the last day of each full calendar month thereafter, until all such shares have vested.*
- (15) One-third of the Restricted Stock Units will vest on each of the first three anniversaries of the Vesting Commencement Date.*
- (16) 100% of the total number of shares subject to the award shall vest twelve months from the Vesting Commencement Date.*
- (17) 100% of the total number of shares subject to the award shall vest twelve months from the Vesting Commencement Date.*
- (18) 100% of the total number of shares subject to the award shall vest twelve months from the Vesting Commencement Date.*
- (19) 100% of the total number of shares subject to the award shall vest twelve months from the Vesting Commencement Date.*
- (20) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, until all such shares have vested, subject to the Named Executive Officer remaining employed on each such vesting date.*
- (21) One-fourth of the total number of shares subject to the option shall vest one full calendar year following the Vesting Commencement Date and one thirty-sixth of the total number of shares subject to the option shall vest on the last day of each full calendar month thereafter, subject to the Named Executive Officer remaining employed on each such vesting date.*

2023 Options Exercised and Stock Vested Table

The following table lists the stock options exercised and stock awards that vested for our Named Executive Officers in the fiscal year ended December 31, 2023.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting	Value Realized Upon Vesting
Rohan R. Seth	33,000	\$ 202,950	—	—

Pension Benefits

We did not sponsor any defined benefit pension or other actuarial plan for our executive officers, including our Named Executive Officers, during 2023.

Nonqualified Deferred Compensation

We did not maintain any nonqualified defined contribution or other deferred compensation plans or arrangements for our executive officers, including our Named Executive Officers, during 2023.

Executive Equity Award Election Program

On November 23, 2021, our Board approved a program permitting certain of our executive officers, including each of our Named Executive Officers, to make an annual election, or the Executive Equity Election, to (i) receive any annual equity awards subject to time-based vesting in the form of stock options or RSU awards, and (ii) defer settlement of these RSU awards that would otherwise be delivered to such executive officer on or following the date such award vests. Each Executive Equity Election will cover equity awards granted to the applicable executive officer for services performed in the fiscal year following the calendar year in which the Executive Equity Election is executed. An executive officer must execute an Executive Equity Election prior to December 31 of a calendar year, or such earlier deadline as established by our Board or the Compensation Committee. Any Executive Equity Election will be irrevocable, and will be subject to such rules, conditions and procedures as are determined by our Board or the Compensation Committee.

Employment Agreements

Our employment arrangements with our currently employed Named Executive Officers (Messrs. Harris, Drummond, Jones, Karavitis and Ms. Patton) include participation Agreements under our Executive Change in Control and Severance Policy, as described below under the section titled "Potential Payments Upon Termination or Change in Control".

On April 25, 2023, we entered into an offer letter with Ms. Hopkins regarding her appointment as Interim CEO. The offer letter provided Ms. Hopkins with an annual base salary and discretionary bonus opportunity. Per the terms of the offer letter, we promptly reimbursed Ms. Hopkins for (i) reasonable business expenses (including, without limitation, meals, car rental and any other local transportation), (ii) reasonable travel expenses between Ms. Hopkins' permanent residence and her office at the Company (on a weekly basis), and (iii) the reasonable rent and other associated costs incurred by Ms. Hopkins for renting a furnished two bedroom apartment located near the Company's Brisbane, California offices or, in the alternative, hotel accommodations. In addition, with respect to the reimbursements in subclauses (ii) and (iii) above (the "Relocation Reimbursements"), the Company will provide to Ms. Hopkins an amount or amounts (the "Tax Neutrality Payment"), determined by the Company after consultation with Ms. Hopkins, to be necessary to pay federal, state, and local income and employment taxes, if any, incurred by Ms. Hopkins (x) arising as a result of the Relocation Reimbursements, and (y) arising from the payments made to Ms. Hopkins to cover such taxes.

On May 11, 2023, we entered into a consulting agreement with Mr. Mowry. Pursuant to the terms of the consulting agreement, Mr. Mowry served as a consultant to the Company and performed consulting and advisory services for the Company through December 31, 2023. Under the consulting agreement, Mr. Mowry was entitled to (i) compensation during the term of the consulting agreement of \$60,000 per month payable in cash on the last day of the applicable month, and pro-rated for any partial month in which the consulting services were provided; (ii) an award of 40,241 time-based RSUs; and (iii) an award of 6,666 PSUs, in each case, subject to our 2019 Equity Incentive Plan and our standard form of time-based RSU award agreement and July 20, 2021 form of PSU award agreement thereunder, as applicable.

On May 12, 2023, we entered into an offer letter with Mr. Drummond. The offer letter provided Mr. Drummond with an annual base salary and annual target discretionary bonus opportunity. Per the terms of the offer letter, Mr. Drummond will be eligible to

receive a series of retention bonuses if Mr. Drummond remains an employee through the applicable retention dates. Mr. Drummond may earn (i) the first retention bonus of \$60,000 upon the appointment of a new Chief financial Officer, (ii) the second retention bonus of \$40,000 on the six-month anniversary of the appointment of a new Chief Financial Officer, and (iii) the third retention bonus of \$70,000 on the one year anniversary of the appointment of a new Chief Financial Officer. In each instance, the applicable retention bonus will be paid, less applicable withholdings, within ten business days following the applicable retention date.

On May 12, 2023, we entered into a retention bonus letter with Mr. Karavitis. Per the terms of the retention bonus letter, Mr. Karavitis became eligible to receive a series of retention bonuses by remaining an employee in good standing through the applicable retention dates. Mr. Karavitis earned (i) the first retention bonus of \$56,250 on July 3, 2023, (ii) the second retention bonus of \$45,000 on October 3, 2023, and (iii) the third retention bonus of \$56,250 on January 2, 2024, and (iv) the fourth retention bonus of \$67,500 on April 2, 2024.

Potential Payments Upon Termination or Change in Control

On April 28, 2023, our Board approved a new Executive Change in Control and Severance Policy (the “Severance Policy”), which provides a standardized approach for the receipt of change in control and severance payments and benefits by certain key employees to be designated by the Compensation Committee of our Board or by our Chief Executive Officer. Generally, the Severance Policy is intended to replace the individual change of control and severance agreements which we had previously entered into with certain key employees. We have entered into a participation agreement under the Severance Policy with each of Messrs. Harris, Drummond, Jones, Karavitis and Ms. Patton.

Termination of Employment Not Involving a Change of Control

The Severance Policy provides that if the applicable Named Executive Officer’s employment with the Company is terminated by the Company without “cause” (as defined in the Severance Policy) (excluding by way of death or disability) or by the Named Executive Officer for “good reason” (as defined in the Severance Policy) not in connection with a change of control (either prior to three months before or after 12 months following a change in control, as defined in the Severance Policy) of the Company, the Named Executive Officer will receive, subject to signing and not revoking a release of claims in favor of the Company, the following severance payments and benefits based on their status as of December 31, 2023:

Named Executive Officer	Lump Sum Severance Payments
Taylor C. Harris	150% base salary; 18 months of Cobra reimbursement
Stuart D. Drummond	50% base salary; 6 months of Cobra reimbursement
Jeffrey S. Jones	100% base salary; 12 months of Cobra reimbursement
Michael A. Karavitis	100% base salary; 12 months of Cobra reimbursement
Stephana E. Patton	100% base salary; 12 months of Cobra reimbursement

Termination of Employment Involving a Change of Control

The Severance Policy further provides that if the applicable Named Executive Officer’s employment with the Company is terminated by the Company without “cause” (excluding by way of death or disability) or by the Named Executive Officer for “good reason” and such termination occurs within the period beginning three months before, and ending 12 months following, a change in control of the Company (commonly referred to as “double trigger” arrangement), the Named Executive Officer will receive, subject to signing and not revoking a release of claims in favor of the Company the following severance payments and benefits based on their status as of December 31, 2023:

Named Executive Officer	Lump Sum Severance Payments
Taylor C. Harris	150% base salary; 150% of target bonus; 18 months of Cobra reimbursement; 100% acceleration of equity awards (with any applicable performance goals deemed achieved at target levels, unless provided otherwise in the applicable award agreement or with respect to awards designated as “Aviclear” or “special” at the time of grant) (“Equity Acceleration”).
Stuart D. Drummond	50% base salary; 50% of target bonus; 6 months of Cobra reimbursement; 100% Equity Acceleration.
Jeffrey S. Jones	100% base salary; 100% of target bonus; 12 months of Cobra reimbursement; 100% Equity Acceleration.
Michael A. Karavitis	100% base salary; 100% of target bonus; 12 months of Cobra reimbursement; 100% Equity Acceleration
Stephana E. Patton	100% base salary; 100% of target bonus; 12 months of Cobra reimbursement; 100% Equity Acceleration

For purposes of the Severance Policy Agreements, “cause” means a Named Executive Officer’s termination of employment only upon:

- (i) The Named Executive Officer’s willful failure to substantially perform his or her duties with respect to the Company (subject to notice and a reasonable period to cure), other than a failure resulting from his or her complete or partial incapacity due to physical or mental illness or impairment;
- (ii) The Named Executive Officer’s willful act which constitutes gross misconduct and which is injurious to the Company;
- (iii) The Named Executive Officer’s willful breach of a material provision of any material written agreement between the Named Executive Officer and the Company (subject to notice and reasonable period to cure);
- (iv) The Named Executive Officer’s knowing, material and willful violation of a federal or state law or regulation applicable to the business of the Company or any affiliate of the Company; or
- (v) The Named Executive Officer’s conviction of, or plea of guilty or nolo contendere to, a felony, any crime involving fraud, embezzlement or any other act of moral turpitude, or any crime that results in, or is reasonably expected to result in, a material adverse effect on the business or reputation of the Company.

For purposes of the Severance Policy, “good reason” means a Named Executive Officer’s termination of employment within 90 days following the expiration of any cure period following the occurrence of one or more of the following, without his or her consent:

- (i) A material reduction in the Named Executive Officer’s authority, duties, or responsibilities relative to duties, position or responsibilities in effect immediately prior to such reduction;
- (ii) A material reduction in the Named Executive Officer’s cash compensation as in effect immediately prior to such reduction;
- (iii) A material change in the geographic location at which the Named Executive Officer must perform services (in other words, the relocation of the Named Executive Officer to a facility that is more than 50 miles from the Named Executive Officer’s then-current location).

The following table lists our Named Executive Officers and the estimated payments and benefits that each of them would have received had their employment with the Company been terminated without “cause” or had they resigned for “good reason” on December 31, 2023, not in connection with a change of control of the Company. Messrs. Mowry, Hopkins, Seth and Plants are not listed in the table as each such Named Executive Officer’s employment was terminated in 2023 and each such Named Executive Officer did not receive any severance benefits in connection with such termination of employment.

Named Executive Officer	Estimated Total Value of Cash Payment	Estimated Total Value of Health Coverage Continuation
Taylor C. Harris	\$ 1,028,135	\$ 50,746
Stuart D. Drummond	\$ 169,304	\$ 4,078
Jeffrey S. Jones	\$ 376,016	\$ 24,782
Michael A. Karavitis	\$ 507,645	\$ 11,135
Stephana E. Patton	\$ 428,343	\$ —

The following table lists our Named Executive Officers and the estimated payments and benefits that each of them would have received had their employment with the Company been terminated without “cause” or had they resigned for “good reason” in connection with a change of control of the Company on December 31, 2023. Messrs. Mowry, Hopkins, Seth and Plants are not

listed in the table as each such Named Executive Officer's employment was terminated in 2023 and each such Named Executive Officer did not receive any severance benefits in connection with such termination of employment.

Named Executive Officer	Estimated Total Value of Cash Payment	Estimated Total Value of Health Coverage Continuation	Value of Accelerated Equity (1)
Taylor C. Harris	\$ 2,040,635	\$ 50,746	\$ 880,156
Stuart D. Drummond	\$ 229,304	\$ 4,078	\$ 46,589
Jeffrey S. Jones	\$ 561,016	\$ 24,782	\$ 153,774
Michael A. Karavitis	\$ 782,142	\$ 11,135	\$ 147,381
Stephana E. Patton	\$ 640,843	\$ —	\$ —

The Severance Policy does not provide for an excise tax gross-up. Rather, in the event of a change in control, our Named Executive Officers are entitled to receive either (i) the full benefits payable in connection with a change in control or (ii) a reduced amount which would result in no portion of such benefits being subject to the excise tax under Section 4999 of the Internal Revenue Code, whichever amount generates the greater after-tax value for the executive.

Severance payments upon a termination of employment or change in control would be payable to the recipient under the Severance Policy only if the Named Executive Officer signs and does not revoke a release of claims in favor of the Company (in a form reasonably acceptable to the Company) and provided that such release of claims becomes effective no later than 60 days following the termination date. In addition, the Named Executive Officer would need to have complied and agreed to comply with the terms of any confidential information agreement executed by Named Executive Officer in favor of the Company and the provisions of the Severance Policy.

Securities Authorized for Issuance Under Equity Compensation Plans

Our stockholders have approved 2019 Equity Incentive Plan (the "2019 Plan"), which is an amendment and restatement of 2004 Equity Incentive Plan. On July 17, 2023, the Board of Directors adopted the Cutera, Inc. 2023 Inducement Equity Incentive Plan (the "Inducement Plan") and, subject to the adjustment provisions of the Inducement Plan, reserved 2,500,000 shares of the Company's common stock for issuance pursuant to equity awards granted under the Inducement Plan. The Inducement Plan was adopted without stockholder approval pursuant to the applicable NASDAQ Listing Rules. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock units, restricted stock, stock appreciation rights, and performance awards, and its terms are substantially similar to the 2019 Plan, including with respect to treatment of equity awards in the event of a "merger" or "change in control" as defined under the Inducement Plan, but with such other terms and conditions intended to comply with the NASDAQ inducement award exception or to comply with the NASDAQ acquisition and merger exception. In accordance with the Nasdaq Listing Rules, awards under the Inducement Plan may only be made to individuals not previously employees or non-employee directors of the Company (or following such individuals' bona fide period of non-employment with the Company), as an inducement material to the individuals' entry into employment with the Company, or, to the extent permitted by the Nasdaq Listing Rules, in connection with a merger or acquisition.

The following table provides information regarding the shares of our common stock that may be issued upon the exercise of stock options, RSUs, PSUs, and the projected ESPP contributions under our equity compensation plans as of December 31, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	127,863	27.54	1,397,725
Equity compensation plan not approved by security holders	—	—	—
Total	127,863	27.54	1,397,725

Principal Executive Officer Pay Ratio Disclosure

Pursuant to Item 402(u) of Regulation S-K, we are providing the following information about the relationship between the median of the annual total compensation of all our employees (other than our current and former Chief Executive Officer) and the annual total compensation of our current and former Chief Executive Officer,

For 2023:

- the median of the annual total compensation of all our employees (other than our current and former Chief Executive Officer) was \$102,795;
- the annual total compensation of our current and former Chief Executive Officer, as reported in the 2023 Summary Compensation Table included in this Proxy Statement, was \$8,994,717; and
- the ratio of our former Chief Executive Officer's annual total compensation to the median of the annual total compensation of all our employees was 87.5:1.

This pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

To identify our median employee, we used the following methodology:

- To determine our total employee population, we included all full-time, part-time, temporary, and seasonal employees as of December 31, 2023, exclusive of our current and former Chief Executive Officer. As of December 31, 2023, we and our consolidated subsidiaries employed approximately 461 individuals. We did not include any contractors or other non-employee workers in our employee population.
- To identify our median employee from our employee population, we calculated the aggregate amount of each employee's base salary or wages and 2021 cash bonus or sales commission, as appropriate, for the period from January 1, 2022 through December 31, 2022, which compensation measures were consistently applied. We elected not to include the grant date fair value of equity awards granted in 2022 in determining the median employee because we determined that equity awards are not widely granted throughout the organization.
- We annualized the base salary or wages of all permanent (full-time and part-time) employees who were employed by us for less than the entire calendar year.
- All compensation not paid in U.S. dollars was converted to U.S. dollars using the historic exchange rate made available by the United States Federal Reserve System as of December 31, 2023.

Using this approach, we identified our median employee. Once the median employee was identified, we then calculated the annual total compensation of this employee for 2023 using the same methodology we use for calculating the annual total compensation of our Named Executive Officers in accordance with the requirements of the Summary Compensation Table.

We determined our Chief Executive Officer's annual total compensation for 2023 as reported in our 2023 Summary Compensation Table, provided that we annualized Mr. Harris' annual base salary and annual target bonus.

Pay Versus Performance

The following table sets forth the compensation for Taylor Harris, David Mowry and Sheila Hopkins, each a Chief Executive Officer and principal executive officer ("PEO") for a period in 2023, and the average compensation for our non-PEO Named Executive Officers ("non-PEO NEOs") for 2023, 2022, 2021 and 2020 (each a "Covered Year"), both as reported in the Summary Compensation Table and with certain adjustments to reflect the "compensation actually paid" to such individuals, as calculated in accordance with rules adopted by the SEC in August 2022. "Compensation actually paid" does not reflect amounts actually realized by our PEOs and Non-PEOs NEOs and may be higher or lower than amounts, if any, that are actually realized by such individuals. The table below also provides information for each Covered Year regarding our cumulative total shareholder return ("TSR"), the cumulative TSR of our peer group (the Nasdaq Healthcare Index), our net income, and our Company selected measure, revenue. Additional information regarding our compensation philosophy, the structure of our performance-based compensation programs, and compensation decisions made this year is described above in our "Compensation Discussion and Analysis."

Fiscal Year	SCT for PEO	CAP to PEO	Average SCT for NEOs	Average CAP to NEOs	Value of Initial Fixed \$100 Investment Based On:		Net Income (Loss) (\$M)	Revenue (\$M)
					TSR	Peer Group TSR		
(a)	(b) ¹	(c) ²	(d) ³	(e) ²	(f) ⁴	(g) ⁴	(h) ⁵	(i) ⁶
2023	\$ 7,279,813	\$ 2,111,276	\$ 663,439	\$ (312,230)	\$ 9.9	\$ 106.3	\$ (162.8)	\$ 212.4
2022	\$ 2,597,552	\$ 2,761,857	\$ 966,115	\$ 673,736	\$ 123.5	\$ 99.8	\$ (82.3)	\$ 252.4
2021	\$ 4,065,626	\$ 6,422,427	\$ 2,356,048	\$ 2,997,001	\$ 115.4	\$ 125.4	\$ 2.1	\$ 231.3
2020	\$ 1,334,582	\$ (350,182)	\$ 1,062,163	\$ 853,506	\$ 67.3	\$ 130.0	\$ (23.9)	\$ 147.7

- The dollar amounts reported in column (b) are the amounts of total compensation reported for the Chief Executive Officer and PEO, for each corresponding year in the “Total” column of the Summary Compensation Table.
- The dollar amounts reported in column (c) and (e) represent the amount of “compensation actually paid”, as computed in accordance with SEC rules. “Compensation actually paid” does not necessarily represent cash and/or equity value transferred to the applicable NEO without restriction, but rather is a value calculated under applicable SEC rules, as shown in the adjustment table below. We do not have a defined benefit plan so no adjustment for pension benefits is included in the table below. Similarly, no adjustment is made for dividends as none were paid during the measurement period.
- The dollar amounts reported in column (d) are the average amounts of total compensation reported for the other NEOs for each corresponding year in the “Total” column of the Summary Compensation Table. Refer to our Summary Compensation Table in this section for each of 2023, 2022 2021, and 2020, the Non-PEO NEOs were:

	2023	2022	2021	2020
Stuart D. Drummond		Daniel J. Plants	Daniel J. Plants	Jasor R. Richey
Jeffrey S. Jones		Rohan R. Seth	Rohan R. Seth	Rohan R. Seth
Michael A. Karavitis		Michael A. Karavitis	Michael A. Karavitis	Faud Ahmad
Stephana E. Patton				

- TSR is calculated by assuming that a \$100 investment was made at the close of trading on December 31, 2019 and reinvesting all dividends until the last day of each Covered Year. The TSR peer group consists of the Nasdaq Health Care Index, as used in our performance graph in our annual report.
- The dollar amounts reported are the Company’s net income or loss reflected in the Company’s audited financial statements.
- Our Company Selected Measure, based on our assessment of the most important financial performance measure used by us in 2023 to link compensation actually paid to performance, is revenue, consistent with the most heavily weighted metric in our Short-Term Incentive Program. The dollar amounts reported are our revenue reflected in our audited financial statements.

The following table details the adjustments described in note 2 above:

Fiscal Year	Executives	SCT	Minus Grant Date Fair Value of Equity Awards in Summary Compensation Table	Plus Year End Fair Value of Equity Awards Granted During Year That Are Outstanding and Unvested at Fiscal Year End	Plus Year over Year Change in Fair Value of Outstanding and Unvested Equity Awards	Plus Fair Value as of Vesting Date of Equity Awards Granted and Vested in the Year	Plus Year over Year Change in Fair Value or Equity Awards Granted in Prior Years that Vested in the Year	Total Equity CAP	
								(a)	(b)
2023	PEO	\$ 7,279,813	\$ 6,997,690	\$ 1,829,153	\$ —	\$ —	\$ —	\$ 1,829,153	\$ 2,111,276
	Non-PEO NEOs	\$ 663,439	\$ 287,188	\$ 63,625	\$ (614,062)	\$ —	\$ (138,044)	\$ (688,481)	\$ (312,230)
2022	PEO	\$ 2,597,552	\$ 1,530,185	\$ 1,838,392	\$ (1,399,323)	\$ —	\$ 1,255,421	\$ 1,694,490	\$ 2,761,857
	Non-PEO NEOs	\$ 966,115	\$ 473,804	\$ 559,128	\$ (568,799)	\$ —	\$ 191,096	\$ 181,425	\$ 673,736
2021	PEO	\$ 4,065,626	\$ 2,593,961	\$ 2,677,682	\$ 1,484,535	\$ —	\$ 788,545	\$ 4,950,762	\$ 6,422,427
	Non-PEO NEOs	\$ 2,356,048	\$ 1,792,962	\$ 1,746,178	\$ 406,446	\$ —	\$ 281,291	\$ 2,433,915	\$ 2,997,001
2020	PEO	\$ 1,334,582	\$ 673,024	\$ 628,451	\$ (1,278,038)	\$ —	\$ (362,153)	\$ (1,011,740)	\$ (350,182)
	Non-PEO NEOs	\$ 1,062,163	\$ 449,147	\$ 668,106	\$ (250,739)	\$ —	\$ (176,877)	\$ 240,490	\$ 853,506

- The dollar amounts reported in the Summary Compensation Table for the applicable Covered Year.
- The grant date fair value of equity awards represents the total of the amounts reported in the “Stock Awards” and “Option Awards” columns of the Summary Compensation Table for the applicable Covered Year.
- The recalculated value of equity awards for each applicable Covered Year includes the addition (or subtraction, as applicable) of the following:
 - the year-end fair value of any equity awards granted in the applicable Covered Year that are outstanding and unvested as of the end of the Covered Year;
 - the amount of change as of the end of the applicable Covered Year (from the end of the prior fiscal year) in fair value of any equity awards granted in prior fiscal years that are outstanding and unvested as of the end of the applicable Covered Year;
 - the fair value as of the vesting date of any equity awards granted in the applicable Covered Year that vested in the Covered Year; and
 - for equity awards granted in a prior fiscal year that vest in the applicable Covered Year, the change in the fair value as of the vesting date from the beginning of the applicable Covered Year.
- “Compensation actually paid” is a value calculated under applicable SEC rules and may be higher or lower than amounts, if any, that are actually realized by our NEOs.

For purposes of the adjustments to determine “compensation actually paid”, we computed the fair value of stock option awards and restricted stock units in accordance with FASB ASC Topic 718 as of the end of the relevant fiscal year, other than fair values

of equity awards that vested in the Covered Year, which are valued as of the applicable vesting date. Most valuation assumptions and processes used to recalculate fair values for this purpose did not materially differ from those disclosed in Note 8—Stockholders’ Equity, Stock Plans and Stock-Based Compensation Expense in this Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

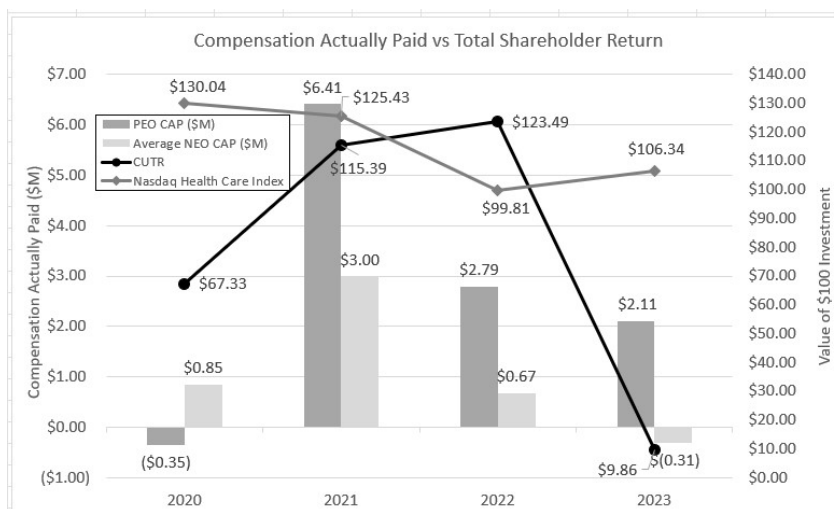
Option award fair values were recalculated as of each Covered Year end and vesting date, as applicable, based on the following assumptions:

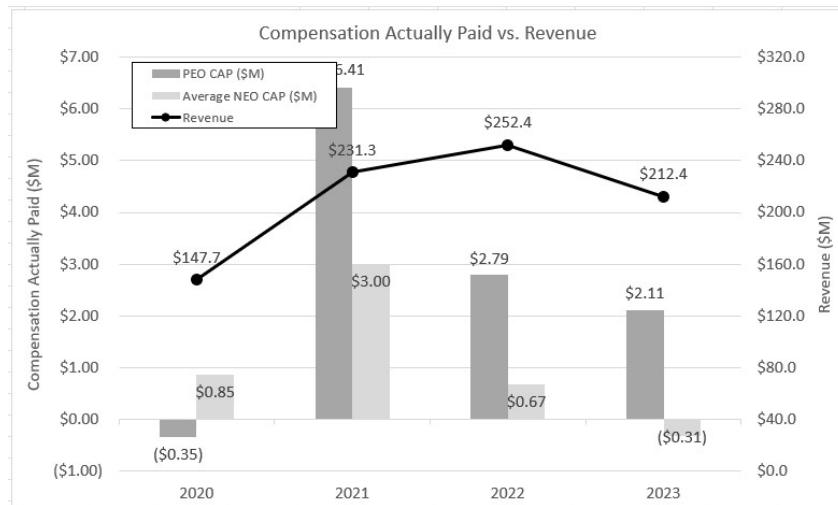
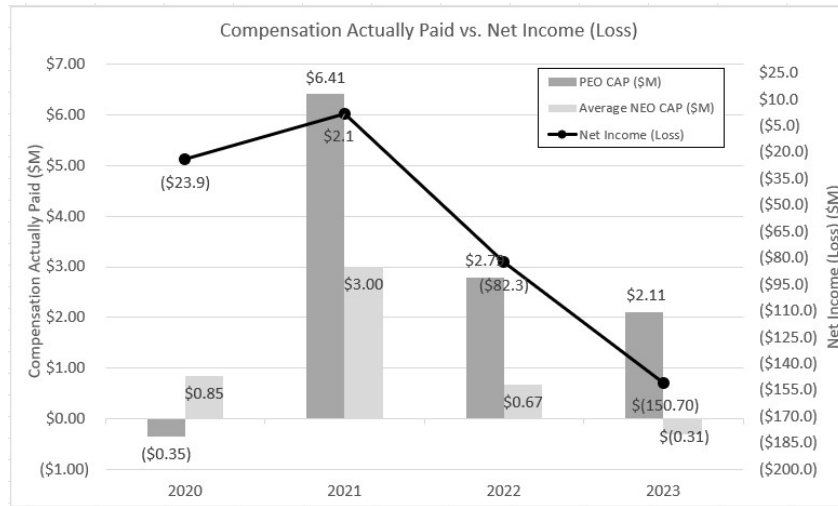
Fiscal Year	Expected Term	Volatility	Risk-Free Rate
2023	5.3 - 7.0 years	66.1% - 81.2%	4.00% - 4.25%
2022	2.1 - 3.7 years	67.0 %	3.00 %
2021	0.7 - 3.5 years	67.0 %	0.86 %
2020	1.4 - 2.3 years	67.0 %	0.53 %

Performance-based award fair values were recalculated to value performance awards at target until board approval.

Relationship Between “Compensation Actually Paid” and Performance Measures

We believe the table above shows the alignment between compensation actually paid to the NEOs and the Company’s performance, consistent with our compensation philosophy as described in our CD&A. A large portion of NEO compensation is reliant on stock price and as such “compensation actually paid” was aligned with TSR performance. The Compensation Committee evaluates performance based on a broad range of company objectives and measures that could cause deviations in this relationship in the future. The charts below show the relationship between the PEO and Non-PEO NEO “compensation actually paid” and (i) the Company’s TSR and the Peer Group TSR; (ii) the Company’s net income (loss); and (iii) the Company Selected Measure, Revenue.





Director Compensation

We use a combination of cash and equity compensation to attract and retain qualified candidates to serve on our Board.

The following table sets forth a summary of the cash compensation paid, and the grant date fair value of shares of Cutera common stock awarded to our non-employee directors in the fiscal year ended December 31, 2023.

2023 Director Compensation Table*

Name	Fees Earned or Paid in Cash (1)	Option Awards	Stock Awards(2)	All Other Compensation (3)	Total
Gregory A. Barrett	\$ 97,500	\$ —	\$ —	\$ —	\$ 97,500
Kevin J. Cameron	\$ 35,397	\$ 250,003	\$ —	\$ —	\$ 285,400
Nicholas S. Lewin	\$ 187,784	\$ 250,003	\$ —	\$ —	\$ 437,787
Timothy J. O'Shea	\$ 65,625	\$ —	\$ —	\$ —	\$ 65,625
Julian T. Park	\$ 100,250	\$ —	\$ 142,707	\$ —	\$ 242,957
Keith J. Sullivan	\$ 19,750	\$ —	\$ 200,295	\$ —	\$ 220,045
Joseph E. Whitters	\$ 42,500	\$ —	\$ —	\$ —	\$ 42,500
Janet D. Widmann	\$ 91,989	\$ 149,992	\$ —	\$ —	\$ 241,981

*Sheila Hopkins served as our interim Chief Executive Officer from April 2023 through July 2023. Accordingly, her compensation for services as a member of our Board is disclosed in the Summary Compensation Table for Named Executive Officers.

- (1) The amounts reported in this column were earned in connection with serving on our Board and its various committees and include service as Board or Committee Chairperson.
- (2) The amounts reported in this column represent the aggregate grant date fair value of stock option grants restricted shares awarded during the fiscal year ended December 31, 2023 to each of the non-employee directors, calculated in accordance with ASC Topic 718. See Note 8 of the Consolidated Notes to Financial Statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2023, for a discussion of the valuation assumptions for stock-based compensation.
- (3) The amounts reported in this column represent fees for services provided for other than serving on our Board or its committees.

Outstanding Equity Awards Held by Non-Employee Directors as of December 31, 2023

Name	Grant Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested
Kevin J. Cameron	5/19/2023	25,327	\$37,991
Nicholas S. Lewin	5/19/2023	25,327	\$37,991
Keith J. Sullivan	5/19/2023	11,894	\$41,986
Janet D. Widmann	6/16/2022	7,254	\$10,881

Cash Compensation Paid to Non-Employee Directors in 2023

Effective as of April 29, 2021, on the recommendation of the Compensation Committee after consultation with the Compensation Committee's external compensation consultant, Compensia, and its review of our peer Board compensation market practices and Board member roles, duties and time commitments, the Board approved certain revisions to Board compensation effective starting at our 2021 Annual Meeting of Stockholders (the "April 2021 Director Compensation Revisions"). Following the effectiveness of these revisions, each non-employee director received annual cash retainer payments, paid quarterly in arrears on a prorated basis, in the same amounts as set forth below in the section titled "Outside Director Compensation Policy—Cash Compensation".

Outside Director Compensation Policy

Effective November 23, 2021, the Board approved a new compensation policy for our non-employee directors to codify our standard compensation practices with respect to non-employee directors. It is designed to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

Under this compensation policy, each non-employee director will receive the cash and equity compensation for Board services described below. We will continue to reimburse our non-employee directors for reasonable, customary and documented travel expenses to Board or Board committee meetings.

The compensation policy and the 2019 Plan include a maximum annual limit of \$400,000 of equity awards that may be paid, issued, or granted to a non-employee director in any fiscal year. For purposes of this limitation, the value of equity awards is

based on the grant date fair value (determined in accordance with GAAP). Any equity awards or other compensation provided to a person for their services as an employee, or for their services as consultant (other than as a non-employee director), will not count for purposes of the limitation. The maximum limit does not reflect the intended size of any potential compensation or equity awards to our non-employee directors.

Cash Compensation

Each non-employee director will be entitled to receive the following annual cash retainer payments for their services under the outside director compensation policy, payable quarterly in arrears on a prorated basis:

- \$55,000 for service as the Chairperson of the Board;
- \$60,000 for service as a Board member;
- \$40,000 for services as the Lead Independent Director (if applicable);
- \$35,000 additionally for service as Chairperson of the Audit Committee;
- \$7,500 additionally for service as an Audit Committee member;
- \$20,000 additionally for service as Chairperson of the Compensation Committee;
- \$7,000 additionally for service as a Compensation Committee member;
- \$10,000 additionally for service as Chairperson of the Governance and Corporate Responsibility Committee; and
- \$7,000 additionally for service as a Governance and Corporate Responsibility Committee member.

For clarity, each non-employee director who serves as the chair of a committee will receive only the additional annual fee as the chair of the committee and not the additional annual fee as a member of such committee while serving as such chair, provided that the non-employee director who serves as the Chairperson of the Board or the Lead Independent Director will receive the annual fee as non-employee director and the additional annual fee as the Chairperson of the Board or the Lead Independent Director, as applicable.

Election to Receive Stock Options or Restricted Stock Units in lieu of Cash Compensation

Each non-employee director may elect to convert 100% or 50% of his or her annual cash retainer payments into either an option to purchase a number of shares of our common stock, or an award covering a number of restricted stock units (either such award, a "Retainer Award"), with a grant date fair value (determined in accordance with GAAP) equal to the amount of the applicable annual cash retainer payment to which the Retainer Award relates (such election, a "Retainer Election").

Each non-employee director must make a Retainer Election with respect to annual cash retainer payments relating to services to be performed in a fiscal year following the calendar year in which the Retainer Election is made by no later than December 31 of such calendar year, or such earlier deadline as established by our Board or the compensation committee of our Board, or the applicable election deadline.

If a non-employee director makes a Retainer Election with respect to a fiscal year, but, after the applicable Retainer Award is granted, (i) the non-employee director's cash retainers are increased during such fiscal year, the non-employee director must receive the increased amount of cash retainers in cash on the applicable payment dates, or (ii) the non-employee director's cash retainers are decreased during such period, no change will be made to the applicable Retainer Award.

Retainer Awards will be granted on the first trading day of the fiscal year to which they relate. Each Retainer Award will vest in full on the twelve (12) month anniversary of the applicable grant date, subject to the non-employee director remaining a non-employee director through such vesting date.

Initial Awards

Each person who first becomes a non-employee director after the date of the effective date of the policy will receive, on the first trading date on or after the date on which the person first becomes a non-employee director, an initial award of restricted stock units, or an Initial Award, covering a number of shares of our common stock having a grant date fair value (determined in accordance with GAAP, and incorporating the moving average price of a share of our common stock for the fifty (50) trading days immediately prior to the applicable date of grant) equal to \$250,000; provided that any resulting fraction will be rounded down to the nearest whole share. The Initial Award will vest in three (3) equal installments on each of the one (1), two (2) and three (3) year anniversaries of the grant date, subject to the non-employee director continuing to be a non-employee director through the applicable vesting date. If the person was a member of our Board and also an employee, becoming a non-employee director due to termination of employment will not entitle them to an Initial Award.

Before the date an individual first becomes a non-employee director, such individual may elect to receive the Initial Award in the form of a stock option with a grant date fair value of \$250,000, instead of in the form of restricted stock units.

Annual Awards

Each non-employee director automatically will receive, on the date of each annual meeting of our stockholders following the effective date of the policy, an annual award of restricted stock units, or an Annual Award, covering a number of shares of our common stock having a grant date fair value (determined in accordance with GAAP, and incorporating the moving average price of a share of our common stock for the fifty (50) trading days immediately prior to the applicable date of grant); provided that any resulting fraction will be rounded down to the nearest whole share. Each Annual Award will vest in its entirety on the earlier of (x) the one (1) year anniversary of the Annual Award's grant date, or (y) the day immediately before the date of the next annual meeting of our stockholders that follows the grant date of the Annual Award, subject to the non-employee director continuing to be a non-employee director through the applicable vesting date.

Before the applicable annual election deadline, each individual who otherwise is eligible to receive an Annual Award for the next calendar year may elect to receive the Annual Award to be granted to him or her in the immediately following calendar year in the form of a stock option with a grant date fair value of \$150,000, instead of in the form of restricted stock units.

Deferral of Settlement of Restricted Stock Units

Each non-employee director may elect to defer the delivery of the shares subject to any restricted stock units granted under our outside director compensation policy pursuant to a Retainer Award, Initial Award or Annual Award that would otherwise be delivered to such non-employee director on or following the date such award vests, or the Deferral Election. Any Deferral Election will be irrevocable, and will be subject to such rules, conditions and procedures as shall be determined by the Board or the compensation committee of the Board, in its sole discretion.

Change in Control

Upon a change in control of Cutera, each equity award granted under our outside director compensation policy will be treated as set forth in the 2019 Plan.

Information on Compensation Risk Assessment

Management periodically reviews our incentive compensation programs at all levels within the organization. Employee cash bonuses are based on company-wide and individual performance, and management (with respect to our non-executive employees), our Compensation Committee (with respect to our executive officers, other than our CEO), and the Board (with respect to our CEO) have discretion to adjust bonus payouts. Equity awards for new hires are based on the employee's position, prior experience, qualifications, and the market for particular types of talent, and any additional grants are based on employee performance and retention requirements. Equity awards have long-term vesting requirements to ensure that recipients' focus is on our long-term success.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management. Based on such review and discussion, the Compensation Committee has recommended that the Compensation Discussion and Analysis be included in Cutera's Proxy Statement.

The foregoing report is provided by the undersigned members of the Compensation Committee.

Nicholas S. Lewin, Chairperson
Sheila A. Hopkins
Keith J. Sullivan

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides information relating to the beneficial ownership of our common stock as of March 31, 2024, by:

- each stockholder known by us to own beneficially more than 5% of our common stock;
- each of our current named executive officers (including our Chief Executive Officer, Interim Chief Financial Officer and Chairperson)
- each of our current directors; and
- our current directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has the sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of March 31, 2024, through the exercise of any stock option or other right. The number and percentage of shares beneficially owned is computed on the basis of 20,013,041 shares of our common stock outstanding as of March 31, 2024 plus, for each beneficial owner, the amount of shares issuable to such beneficial owner upon the exercise of warrants and options that are exercisable within 60 days. The information in the following table regarding the beneficial owners of more than 5% of our common stock is based upon information supplied by principal stockholders or Schedules 13D/A, 13G and 13G/A filed with the SEC.

Shares of our common stock that a person has the right to acquire within 60 days of March 31, 2024 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person or entity named in the table has sole voting and disposition power with respect to the shares set forth opposite such person's or entity's name. The address for those persons for which an address is not otherwise provided is c/o Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005-1021.

Beneficial Owner	Number of Shares Beneficially Owned	Warrants and Options Exercisable Within 60 days	Approximate Percent Owned
RTW Investments, LP 40 10th Avenue, 7th Floor Yew York, NY 10106	1,817,585	(1)	9.1 %
GAMCO Investors, Inc One Corporate Center Rye, NY 10580	1,526,026	(2)	7.6 %
BlackRock, Inc 55 East 52nd Street New York, NY 10055	1,323,489	(3)	6.6 %
Pura Vida Investments, LLC 887 7th Avenue, 6th Floor New York, NY 10106	1,270,494	(4)	6.3 %
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	1,012,287	(5)	5.1 %
Michael A. Karavitis	37,393	35,228	*
Stuart D. Drummond	9,421	2,561	*
Sheila A. Hopkins	31,188	3,627	*
Kevin J. Cameron	—	8,443	*
Nicholas S. Lewin	—	8,443	*
Keith J. Sullivan	3,964	—	*
All other directors and executive officers as a group (13 persons)	111,966	66,745	*

* Less than 1%

- (1) As reported in Amendment No. 3 to Schedule 13G filed by BlackRock, Inc. on January 26, 2024 with the SEC. Such beneficial owner reported that it has sole power to vote or direct the vote over 1,286,632 shares of our common stock, the shared power to vote or direct the vote over 0 shares of our common stock, the sole power to dispose or direct the disposition of 1,323,489 shares of our common stock, and the shared power to dispose or direct the disposition of 0 shares of our common stock.
- (2) As reported in Amendment No. 15 to Schedule 13D filed by GAMCO Investors, Inc. on December 27, 2023 with the SEC. The aggregate number of shares reported relates to 1,505,026 shares owned as follows: 473,798 by Gabelli Funds, LLC (“Gabelli Funds”), 893,568 by GAMCO Asset Management Inc. (“GAMCO”), and 137,660 by Teton Advisors, Inc. 10,000 by Gabelli Foundation, Inc., 7,000 by MJG Associates, Inc. and 4,000 by Associated Capital Group, Inc.. Mario Gabelli is deemed to have beneficial ownership of the shares owned beneficially by each of the foregoing persons. G.research, LLC. Associated Capital Group, Inc. (“AC”), GAMCO Investors, Inc. (“GBL”) and GGCP, Inc. (“GGCP”) are deemed to have beneficial ownership of the shares owned beneficially by each of the foregoing persons other than Mario Gabelli and the Gabelli Foundation, Inc. Each of the foregoing persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the shares reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have authority to vote 20,500 of the reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Company held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Company and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund’s shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, AC, GBL, and GGCP is indirect with respect to shares beneficially owned directly by the other persons.
- (3) As reported in Amendment No. 7 to Schedule 13D filed by Pura Vida Investments, LLC and Efrim Kamen on December 29, 2023, with the SEC. The aggregate number of shares reported relates to shares held in one or more private funds (the “Pura Vida Funds”) managed by Pura Vida Investments, LLC (“Pura Vida”). Pura Vida in its capacity as the investment manager of the Pura Vida Funds, has the power to vote and the power to direct the disposition of all shares held by the Pura Vida Funds. Mr. Kamen, as the managing member of Pura Vida, may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) all the shares held by the Pura Vida Funds.
- (4) As reported in Schedule 13D filed by RTW Investments, LP on January 19, 2024 with the SEC. The aggregate number of shares reported relates to shares held in one or more private funds (the “RTW Funds”) managed by RTW Investments, LP. (“RTW”). RTW in its capacity as the investment manager of the RTW Funds, has the power to vote and the power to direct the disposition of all shares held by the RTW Funds.
- (5) As reported in Amendment No. 5 to Schedule 13G filed by The Vanguard Group on February 12, 2024 with the SEC. Such beneficial owner reported that it has sole power to vote or direct the vote over 0 shares of our common stock, the shared power to vote or direct the vote over 11,175 shares of our common stock, the sole power to dispose or direct the disposition of 994,929 shares of our common stock, and the shared power to dispose or direct the disposition of 17,358 shares of our common stock.

Securities Authorized for Issuance under Equity Compensation Plans

Our stockholders have approved 2019 Equity Incentive Plan, which is an amendment and restatement of 2004 Equity Incentive Plan. On July 17, 2023, the Board of Directors adopted the Cutera, Inc. 2023 Inducement Equity Incentive Plan (the “Inducement Plan”) and, subject to the adjustment provisions of the Inducement Plan, reserved 2,500,000 shares of the Company’s common stock for issuance pursuant to equity awards granted under the Inducement Plan. The Inducement Plan was adopted without stockholder approval pursuant to the applicable Nasdaq Listing Rules.

The following table provides information regarding the shares of our common stock that may be issued upon the exercise of stock options, RSUs, PSUs, and the projected ESPP contributions under our equity compensation plans as of December 31, 2023.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	127,863	27.54	1,397,725
Equity compensation plan not approved by security holders	—	—	—
Total	127,863	27.54	1,397,725

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There were no transactions or series of similar transactions, since the beginning of our last fiscal year, to which we were a party or will be a party, in which:

- the amounts involved exceeded or are expected to exceed \$120,000; and
- any of our directors, nominees for director, executive officers or beneficial holders of more than 5% of our outstanding common stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities (each, a related party), had or will have a direct or indirect material interest.

We have entered into change of control and severance agreements with our Named Executive Officers. See “Compensation Discussion and Analysis—Potential Payments Upon Termination or Change in Control.”

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements and our Charter and Bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.

Policies and Procedures for Related Party Transactions

Our Board has adopted a written policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the prior consent of our Audit Committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons in which the amount involved exceeds \$120,000 and such person would have a direct or indirect interest must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. There were no related party transactions entered into after presentation, consideration and approval by our Board and/or our Audit Committee.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

To help ensure the independence of the Independent Registered Public Accounting Firm, the Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by its Independent Registered Public Accounting Firm. Pursuant to this policy, all audit and non-audit services to be performed by the Independent Registered Public Accounting Firm must be approved in advance by the Audit Committee. The Audit Committee may delegate to one or more of its members the authority to grant the required approvals, provided that any exercise of such authority is presented to the full Audit Committee at its next regularly scheduled meeting.

All of the services provided by BDO USA, P.C. described in the table below were approved by the Audit Committee.

The aggregate fees incurred by the Company for audit and non-audit services in 2023 and 2022 were as follows:

Service Category	2023	2022
BDO USA, P.C.:		
Audit Fees ⁽¹⁾	\$ 4,060,323	\$ 3,558,176
Audit-Related Fees	—	—
Tax Fees	—	—
Non-Audit Fees	—	—
Total BDO USA, P.C.	<u>\$ 4,060,323</u>	<u>\$ 3,558,176</u>

(1) In accordance with the SEC's definitions and rules, audit fees are comprised of billed fees and fees expected to be billed for professional services related to the audit of financial statements and internal control over financial reporting for the Company's 2023 and 2022 fiscal years as included in this annual report on Form 10-K; and the review of financial statements for interim periods included in the quarterly reports on Form 10-Q within those years.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed in Part II of the Annual Report on the Original 10-K:

1. Financial Statements: Financial Statements: See "Index to Consolidated Financial Statements" within the Consolidated Financial Statements.

2. Financial Statement Schedules: Financial Statement Schedules; not applicable or the required information is otherwise included in the Consolidated Financial Statements and accompanying notes.

3. Exhibits: The exhibits listed in the accompanying index to exhibits are filed, furnished, or incorporated by reference as part of this Form 10-K. The following is a list of such Exhibits:

	Exhibit Index
Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q filed on November 7, 2017 and incorporated herein by reference)
3.2	Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.1 on Form 8-K filed on November 16, 2023 and incorporated herein by reference)
4.1	Specimen Common Stock certificate of the Registrant (filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 25, 2005 and incorporated herein by reference)
4.2	Description of the Registrant's Securities (filed as Exhibit 4.2 to the Company's Annual Report on Form 10-K filed on March 16, 2020 and incorporated herein by reference)
4.3*	Employment Offer Letter dated July 19, 2017 by and between Cutera, Inc. and Michael Karavitis (filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2022 and incorporated herein by reference)
4.4*	Change of Control and Severance Agreement dated February 1, 2018 by and between Cutera, Inc. and Michael Karavitis (filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2022 and incorporated herein by reference)
4.5*	Indenture, dated as of March 9, 2021, between Cutera, Inc. and U.S. Bank Trust Company, National Association, as trustee (filed as Exhibit 4.1 Form 8-K filed on March 4, 2021 and incorporated herein by reference),
4.6*	Form of 2.25% Convertible Senior Notes due 2026 (filed as Exhibit 4.2 on Form 8-K filed on March 4, 2021 and incorporated herein by reference),
4.7*	Indenture, dated as of May 27, 2022, between Cutera, Inc. and U.S. Bank Trust Company, National Association, as trustee (filed as Exhibit 4.1 Form 8-K filed on May 31, 2022 and incorporated herein by reference),
4.8*	Form of 2.25% Convertible Senior Notes due 2028 (filed as Exhibit 4.2 on Form 8-K filed on May 31, 2022 and incorporated herein by reference),
4.9*	Indenture, dated as of December 12, 2022, between Cutera, Inc. and U.S. Bank Trust Company, National Association, as trustee (filed as Exhibit 4.1 Form 8-K filed on December 12, 2022 and incorporated herein by reference),
4.10*	Form of 4.00% Convertible Senior Notes due 2029 (filed as Exhibit 4.2 on Form 8-K filed on December 12, 2022 and incorporated herein by reference),
10.1*	Form of Indemnification Agreement for directors and executive officers (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 21, 2019 and incorporated herein by reference)
10.2*	2004 Employee Stock Purchase Plan (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on March 16, 2007 and incorporated herein by reference)

10.3	Brisbane Technology Park Lease dated August 5, 2003 by and between the Registrant and Gal-Brisbane, L.P. for office space located at 3240 Bayshore Boulevard, Brisbane, California (filed as Exhibit 10.6 to the Company's registration statement on Form S-1 filed on January 15, 2004 and incorporated herein by reference)
10.4*	Form of Performance Unit Award Agreement (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2005 and incorporated herein by reference)
10.5	First Amendment to Brisbane Technology Park Lease dated August 11, 2010 by and between the Company and BMR-Bayshore Boulevard LLC, as successor-in-interest to Gal-Brisbane, L.P., the original landlord, for office space located at 3240 Bayshore Boulevard (filed as Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q filed on November 1, 2010 and incorporated herein by reference)
10.6*	Form of Performance Stock Unit Award Agreement (filed as Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q filed on August 1, 2016 and incorporated herein by reference)
10.7	Second Amendment to Lease dated July 6, 2017 by and between the Company and BMR-Bayshore Boulevard LP (filed as Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2017 and incorporated herein by reference)
10.8	Loan and Security Agreement, dated as of July 9, 2020, by and among Cutera, Inc., as borrower, and Silicon Valley Bank, as lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 13, 2020 and incorporated herein by reference)
10.9	Third Amendment to Lease by and between Cutera, Inc. and BMR-Bayshore Boulevard LP, successor-in-interest Gal-Brisbane, L.P. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 13, 2020 and incorporated herein by reference)
10.10	Indenture, dated as of March 9, 2021, between Cutera, Inc. and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 9, 2021 and incorporated herein by reference)
10.11	Form of Capped Call Transaction Confirmation (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 9, 2021 and incorporated herein by reference)
10.12	Amendment No. 1, dated March 4, 2021, to the Loan and Security Agreement, dated July 9, 2020 by and between Cutera, Inc., and Silicon Valley Bank ((filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 9, 2021 and incorporated herein by reference))
10.13	Cutera, Inc. 2019 Equity Incentive Plan (amended and restated as of June 15, 2021) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 21, 2021 and incorporated herein by reference)
10.14	ZO Medical and Cutera Agreement 5 Aug 2013 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2021 and incorporated herein by reference)
10.15	ZO Skin Health Amendment 21 Aug 2013 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2021 and incorporated herein by reference)
10.16	ZO Skin Health Amendment 25 Jan 2021 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2021 and incorporated herein by reference)
10.17	ZO Skin Health Amendment 14 Jun 2021 (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 6, 2021 and incorporated herein by reference)
10.18	Amendment, effective January 1, 2022, to Distribution Agreement dated August 5, 2013, between Cutera Inc., and ZO Skin Health, Inc. (filed as Exhibit 10.41 to the Company's Annual Report on Form 10-K filed on March 1, 2022 and incorporated herein by reference)
10.19	Third Amendment, dated May 24, 2022 to the Loan and Security Agreement, dated July 9, 2020 by and between Cutera, Inc., and Silicon Valley Bank (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K filed on April 7, 2023 and incorporated herein by reference)
10.20	Fourth Amendment, dated August 10, 2022 to the Loan and Security Agreement, dated July 9, 2020 by and between Cutera, Inc., and Silicon Valley Bank (filed as Exhibit 10.28 to the Company's Annual Report on Form 10-K filed on April 7, 2023 and incorporated herein by reference)

10.21	Fifth Amendment, dated December 7, 2022, to the Loan and Security Agreement, dated July 9, 2020 by and between Cutera, Inc., and Silicon Valley Bank (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 12, 2022 and incorporated herein by reference)
10.22	Cooperation Agreement, dated as of May 9, 2023, between Cutera, Inc. and Pura Vida Investments, LLC (filed as Exhibit 10.1 on Form 8-K filed on May 9, 2023 and incorporated herein by reference)
10.23	Cooperation Agreement, dated as of May 9, 2023, between Cutera, Inc. and RTW Investments, LP (filed as Exhibit 10.2 on Form 8-K filed on May 9, 2023 and incorporated herein by reference)
10.24*	Interim CFO Offer Letter dated May 12, 2023 by and between Cutera, Inc. and Stuart Drummond (filed as Exhibit 10.1 on Form 8-K filed on May 16, 2023 and incorporated herein by reference)
10.25*	Executive Change in Control and Severance Policy (filed as Exhibit 10.3 on Form 8-K filed on May 16, 2023 and incorporated herein by reference)
10.26*	CEO Offer Letter dated July 25, 2023 by and between Cutera, Inc. and Taylor Harris (filed as Exhibit 10.1 on Form 8-K filed on July 31, 2023 and incorporated herein by reference)
10.27+*	2023 Inducement Equity Incentive Plan
10.28+	Business Transfer and Termination Agreement by and among ZO Skin Health, Inc. and ZO Skin Health GK and Cutera, Inc. and Cutera KK dated February 28, 2024
10.29+	Settlement Agreement by and between Cutera, Inc. and Jabil Inc. dated February 28, 2024
10.30+#	International Distributor Agreement by and between Cutera, Inc. and Ilooda Co., Ltd. dated February 1, 2018, as amended.
10.31*	CLO Offer Letter dated October 11, 2023 by and between Cutera, Inc. and Stephana Patton
21.1+	List of Subsidiaries
23.1+	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1+	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2+	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1+	Clawback Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan

+ Filed herewith

Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the city of Brisbane, State of California, on the 10th day of May, 2024.

CUTERA, INC.

By:

/s/ Taylor C. Harris
Taylor C. Harris
Chief Executive Officer

Power of Attorney

KNOW ALL MEN AND WOMEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Taylor C. Harris, and Stuart Drummond, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him or her and in his or her name, place, and stead, in any and all capacities to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u><i>/s/ TAYLOR C. HARRIS</i></u> Taylor C. Harris	Chief Executive Officer and Director (Principal Executive Officer)	May 10, 2024
<u><i>/s/ STUART DRUMMOND</i></u> Stuart Drummond	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	May 10, 2024
<u><i>/s/ KEVIN J. CAMERON</i></u> Kevin J Cameron	Executive Chairman of the Board of Directors	May 10, 2024
<u><i>/s/ SHEILA A. HOPKINS</i></u> Sheila A. Hopkins	Director	May 10, 2024
<u><i>/s/ NICHOLAS S. LEWIN</i></u> Nicholas S. Lewin	Director	May 10, 2024
<u><i>/s/ KEITH J. SULLIVAN</i></u> Keith J. Sullivan	Director	May 10, 2024

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

The Cutera, Inc. 2023 Inducement Equity Incentive Plan is hereby effective as of July 17, 2023.

1. **Purposes of the Plan.** The purpose of this Plan is to attract and retain the best available personnel for positions of substantial responsibility by providing an inducement material to individuals entering into employment with the Company or any Parent or Subsidiary of the Company.

The Plan permits the grant of Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine. Each Award under the Plan is intended to qualify as an employment inducement grant under Nasdaq Listing Rule 5635(c)(4) and the official regulations thereunder (together, the "Inducement Listing Rule") or to qualify under the exception to plans or arrangements relating to an acquisition or merger under Nasdaq Listing Rule 5635(c)(3) and the official guidance thereunder.

2. **Definitions.** As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Affiliated SAR" means an SAR that is granted in connection with a related Option, and which automatically will be deemed to be exercised at the same time that the related Option is exercised.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) "Award" means, individually or collectively, a grant under the Plan of Options, SARs, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

(e) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "Change in Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two-year period, as a result of which less than a majority of the directors are Incumbent Directors. "Incumbent Directors" means directors who either (A) are Directors as of the effective date of the Plan, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination

(but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company); or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

- (h) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.
- (i) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.
- (j) "Common Stock" means the common stock of the Company.
- (k) "Company" means Cutera, Inc., a Delaware corporation, or any successor thereto.
- (l) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.
- (m) "Determination Date" means the latest possible date established by the Administrator, in its discretion, for the calculation of a Performance Goal.

-2-

(n) "Director" means a member of the Board.

(o) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(p) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company. However, for the avoidance of doubt, although a person who is an Employee also may be a Director, a person who already is serving as a Director prior to becoming an Employee will not be eligible to be granted an Award under the Plan unless permitted under the Inducement Listing Rule. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's employment or termination of employment, as the case may be. For purposes of an individual's rights, if any, under the Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(r) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower exercise prices and different terms), Awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is reduced. The Administrator may not institute an Exchange Program.

(s) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market, the Nasdaq Global Select Market or the Nasdaq Capital Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock will be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

-3-

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

(t) "Fiscal Year" means the fiscal year of the Company.

(u) "Freestanding SAR" means a SAR that is granted independently of any Option.

(v) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(w) "Inside Director" means a Director who is an Employee.

(x) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(y) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(z) "Option" means a stock option granted pursuant to the Plan; provided that all Options granted under the Plan will be Nonstatutory Stock Options.

(aa) "Outside Director" means a Director who is not an Employee.

(bb) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(cc) "Participant" means the holder of an outstanding Award.

(dd) "Performance Goals" will have the meaning set forth in Section 12 of the Plan.

(ee) "Performance Period" means any Fiscal Year or such other period as determined by the Administrator in its sole discretion.

(ff) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(gg) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

-4-

(hh) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ii) "Plan" means this 2023 Inducement Equity Incentive Plan.

(jj) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(kk) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ll) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(mm) "Section 16(b)" means Section 16(b) of the Exchange Act.

(nn) "Service Provider" means an Employee, Director or Consultant.

(oo) "Share" means a share of the Common Stock, as adjusted in accordance with Section 17 of the Plan.

(pp) "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a SAR.

(qq) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

(rr) "Tandem SAR" means a SAR that is granted in connection with a related Option, the exercise of which will require forfeiture of the right to purchase an equal number of Shares under the related Option (and when a Share is purchased under the Option, the SAR will be canceled to the same extent).

(ss) "Unvested Awards" will mean Options or Restricted Stock that (i) were granted to an individual in connection with such individual's position as an Employee and (ii) are still subject to vesting or lapsing of Company repurchase rights or similar restrictions.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 16 of the Plan, the maximum aggregate number of shares of common stock that may be awarded and sold under the Plan is 2,500,000.

-5-

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for

future grant or sale under the Plan (unless the Plan has terminated). Upon exercise of a Stock Appreciation Right settled in Shares, the gross number of Shares covered by the portion of the Award so exercised will cease to be available under the Plan. If the exercise price of an Option is paid by tender to the Company, or attestation to the ownership, of Shares owned by the Participant, the number of Shares available for issuance under the Plan will be reduced by the gross number of Shares for which the Option is exercised. Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the tax and/or exercise price of an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan.

(c) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Employees or Participants may administer the Plan. Until and unless determined otherwise by the Board, the Compensation Committee of the Board will have full authority to act as Administrator.

(ii) Approval. Awards granted under the Plan must be approved by a majority of the Company's "Independent Directors" (as defined under the Nasdaq Listing Rules) or the Compensation Committee of the Board, in each case acting as the Administrator.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

-6-

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the individuals to whom Awards may be granted hereunder, subject to Section 5 (which Awards will be intended as a material inducement to the individual becoming an Employee or to otherwise be permitted under Nasdaq Listing Rule 5635(c) and the official guidance thereunder);

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or

waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vi) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(viii) to modify or amend each Award (subject to Section 22(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Awards longer than is otherwise provided for in the Plan;

(ix) to allow Participants to satisfy withholding tax obligations by electing to have the Company withhold from the Shares to be issued upon exercise of an Award that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld (the Fair Market Value of the Shares to be withheld will be determined on the date that the amount of tax to be withheld is to be determined and all elections by a Participant to have Shares withheld for this purpose will be made in such form and under such conditions as the Administrator may deem necessary or advisable);

(x) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

-7-

(xi) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

(xii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) No Exchange Program. Notwithstanding anything herein to the contrary, the Administrator may not institute an Exchange Program.

(d) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility and Minimum Vesting.

(a) Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares, and such other cash or stock awards as the Administrator determines may be granted to Employees, so long as the following requirements are met:

(i) The Employee was not previously an Employee or Director, or the Employee is to become employed by the Company or any of its Parents or Subsidiaries following a bona-fide period of non-employment (within the meaning of the Inducement Listing Rule); and

(ii) The grant of an Award is an inducement material to the Employee's entering into employment with the Company or any of its Parents or Subsidiaries in accordance with the Inducement Listing Rule.

Notwithstanding the foregoing, an Employee may be granted an Award in connection with a merger or acquisition to the extent permitted by Nasdaq Listing Rule 5635(c)(3) and the official guidance thereunder.

(b) Minimum Vesting. All Awards that are designated to be settled in Shares shall be subject to the following minimum vesting requirements. All such time-based Awards shall vest over a period of at least one year from the date the Award was granted. All such performance-based Awards shall vest over a Performance Period of not less than one year, which may include the Fiscal Year during which the Award is granted. The foregoing minimum vesting requirements shall not apply: (i) with respect to 5% of the Shares which remain available for future awards as set forth in Section 3(a) (such 5% being the "Carve-Out Exception"), and (ii) to the vesting of an Award that is accelerated as a result of a Participant's death or Disability, a Change in Control under terms consistent with this Plan or the Administrator's exercise of discretion in accordance with the terms of this Plan. To the extent Section 3(a) is amended to increase the number of Shares reserved therein, then 5% of the Shares subject to such increase shall be added to, and increase, the number of Shares subject to the Carve-Out Exception.

-8-

6. Stock Options.

(a) Grant of Options. The Administrator, in its sole discretion and subject to the terms and conditions of the Plan, may grant Options to any individual as a material inducement to the individual becoming an Employee or as otherwise permitted under Section 5 in connection with a merger or acquisition, in each case, which grant shall become effective only if the individual actually becomes an Employee. Subject to this Section 6 and the other terms and conditions of the Plan, the Administrator will have complete discretion to determine the number of Shares covered by an Option granted to any Employee. Each Option shall be evidenced by an Award Agreement (which may be in electronic form) that shall specify the exercise price, the expiration date of the Option, the number of Shares covered by the Option, any conditions to exercise the Option, and such other terms and conditions as the Administrator, in its discretion, shall determine.

(b) Limitations.

(i) Each Option shall be evidenced by an Award Agreement (which may be in electronic form) that shall specify the exercise price, the expiration date of the Option, the number of Shares covered by the Option, any conditions to exercise the Option, and such other terms and conditions as the Administrator, in its discretion, shall determine. Each Option will be designated in the Award Agreement a Nonstatutory Stock Option.

(ii) The following limitations will apply to grants of Options:

(1) No Employee will be granted, in any Fiscal Year, Options to purchase more than 2,000,000 Shares.

(2) The foregoing limitations will be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 16.

(3) If an Option is cancelled in the same Fiscal Year in which it was granted (other than in connection with a transaction described in Section 16), the cancelled Option will be counted against the limits set forth in subsections (1) and (2) above.

(c) Term of Option. The term of each Option will be stated in the Award Agreement, but in no event will the term be greater than seven (7) years from the date of grant.

(d) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator; provided, that the per Share exercise price will be determined by the Administrator, but the per Share exercise price will be no less than 100% of Fair Market Value per Share on the date of grant. Notwithstanding the foregoing, Nonstatutory Stock Options may be granted with a per Share

exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

-9-

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note; (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option will be exercised and provided that accepting such Shares, in the sole discretion of the Administrator, shall not result in any adverse accounting consequences to the Company; (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; (6) a reduction in the amount of any Company liability to the Participant, including any liability attributable to the Participant's participation in any Company-sponsored deferred compensation program or arrangement; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(e) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 16 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of

-10-

time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will

revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Restricted Stock

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock in such amounts as the Administrator, in its sole discretion, will determine, to any individual as a material inducement to the individual becoming an Employee or as otherwise permitted under Section 5 in

-11-

connection with a merger or acquisition, in each case, which grant shall become effective only if the individual actually becomes an Employee, at any time and from time to time as will be determined by the Administrator, in its sole discretion..

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Notwithstanding the foregoing sentence, during any Fiscal Year no Participant will receive more than an aggregate of 300,000 Shares of Restricted Stock. Notwithstanding the foregoing limitation, in connection with his or her initial service as an Employee, an Employee may be granted an aggregate of up to an additional 300,000 Shares of Restricted Stock. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will not be entitled to receive dividends or other distributions paid with respect to such Shares. Following the lapse of the Period of Restriction, Service Providers will be entitled to receive all dividends or other distributions paid with respect to such Shares that accrue after the lapse of the Period of Restrictions. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability as the Shares with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

-12-

(i) Performance Restrictions. The Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator to any individual as a material inducement to the individual becoming an Employee or as otherwise permitted under Section 5 in connection with a merger or acquisition, in each case, which grant shall become effective only if the individual actually becomes an Employee. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 8(d), may be left to the discretion of the Administrator. Notwithstanding anything to the contrary in this subsection (a), during any Fiscal Year of the Company, no Participant will receive more than an aggregate of 300,000 Restricted Stock Units. Notwithstanding the limitation in the previous sentence, in connection with his or her initial service as an Employee, an Employee may be granted an aggregate of up to an additional 300,000 Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. After the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any restrictions for such Restricted Stock Units. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion will determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

(f) Performance Restrictions. The Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator.

-13-

9. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and conditions of the Plan, a SAR may be granted at any time and from time to time as will be determined by the Administrator, in its sole discretion to any individual as a material inducement to the individual becoming an Employee or as otherwise permitted under Section 5 in connection with a merger or acquisition, in each case, which grant shall become effective only if the individual actually becomes an Employee, at any time and from time to time as will be determined by the Administrator, in its sole discretion. The Administrator may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of SARs granted to any individual; provided, however, no individual will be granted, in any Fiscal Year, SARs covering more than 2,000,000 Shares. The foregoing limitations will be adjusted proportionately in connection with any change in the Company's capitalization as described in Section 16. In addition, if a SAR is cancelled in the same Fiscal Year in which it was granted (other than in connection with a transaction described in Section 16), the cancelled SAR will be counted against the numerical share limits set forth above.

(c) Exercise Price and Other Terms. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of SARs granted under the Plan; provided, however, that the per Share exercise price of a SAR will be no less than 100% of the Fair Market Value per Share on the date of grant. However, the exercise price of Tandem or Affiliated SARs will equal the exercise price of the related Option.

(d) Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

(e) Exercise of Affiliated SARs. An Affiliated SAR will be deemed to be exercised upon the exercise of the related Option. The deemed exercise of an Affiliated SAR will not necessitate a reduction in the number of Shares subject to the related Option.

(f) Exercise of Freestanding SARs. Freestanding SARs will be exercisable on such terms and conditions as the Administrator, in its sole discretion, will determine.

(g) SAR Agreement. Each SAR grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(h) Maximum Term/Expiration of SARs. An SAR granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing provisions of this Section 9, the rules of Section 6(b) relating to the maximum term, (i.e., that an SAR

may not have a term longer than seven (7) years from the date of grant) and Section 6(d) relating to post-termination exercise also will apply to SARs.

-14-

(i) Payment of SAR Amount. Upon exercise of an SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Administrator, the payment upon SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted at any time and from time to time, as will be determined by the Administrator, in its sole discretion to any individual as a material inducement to the individual becoming an Employee or as otherwise permitted under Section 5 in connection with a merger or acquisition, in each case, which grant shall become effective only if the individual actually becomes an Employee, at any time and from time to time as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

-15-

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

(g) Performance Restrictions. The Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator.

11. Reserved.

12. Performance Goals. The granting and/or vesting of Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria and may provide for a targeted level or levels of achievement (“Performance Goals”) including: (i) cash position, (ii) earnings per Share, (iii) net income, (iv) operating cash flow, (v) operating income, (vi) operating expenses, (vii) product revenues, (viii) profit after-tax, (ix) revenue, (x) revenue growth, and (xii) total stockholder return. Prior to the Determination Date, the Administrator will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. Any Performance Goals may be used to measure the performance of the Company as a whole or a business unit of the Company and may be measured relative to a peer group or index. With respect to any Award, Performance Goals may be used alone or in combination. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Administrator will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant.

13. Leaves of Absence. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Service Provider will not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary.

14. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

-16-

15. Dividends. To the extent an Award permits the payment of dividends or other distributions on the Shares underlying the Award, Participants will not be entitled to receive such dividends or other distributions until such Award vests. For the avoidance of doubt, Participants will never be entitled to receive dividends or other distributions paid with respect to Shares underlying an Award that accrue prior to the vesting of such Award.

16. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, shall appropriately adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in the Plan.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such

proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a Change in Control, each outstanding Award will be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock shall lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted for in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

With respect to Awards granted to an Outside Director that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant not at the request of the successor, then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares subject

-17-

to the Award, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock shall lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Restricted Stock Unit, Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 16(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

17. Tax Withholding

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or

-18-

(iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

18. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

19. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

20. Term of Plan. Subject to Section 24 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect until the date of the annual meeting of the stockholders of the Company in 2033, unless terminated earlier under Section 21 of the Plan.

21. Amendment and Termination of the Plan

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

22. Conditions Upon Issuance of Shares

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any

-19-

such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

(c) Company Policy. Any Shares received by a Participant pursuant to an Award, shall, to the extent applicable, be subject to the terms of the Company's Stock Ownership Guidelines, as amended. Further, any amounts, whether in cash or Shares, received by a Participant pursuant to an Award shall, to the extent applicable, be subject to a right of recoupment by the Company under the terms of the Company's Clawback Policy adopted by the Board and as further amended from time to time hereafter.

23. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

-20-

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Cutera, Inc. 2023 Inducement Equity Incentive Plan, as amended (the "Plan") will have the same defined meanings in this Stock Option Award Agreement (the "Award Agreement").

I. NOTICE OF STOCK OPTION GRANT

Participant Name:

Address:

You have been granted an Option to purchase Common Stock of Cutera, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number	_____
Date of Grant	_____
Vesting Commencement Date	_____
Exercise Price per Share	\$ _____
Total Number of Shares Granted	_____
Total Exercise Price	\$ _____

Type of Option: Nonstatutory Stock Option

Term/Expiration Date: _____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

[INSERT VESTING SCHEDULE]

Termination Period:

This Option will be exercisable for [three (3) months] after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable for [twelve (12) months] after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 16(c) of the Plan.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

CUTERA, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. **Grant of Option.** The Company hereby grants to the Participant named in the Notice of Grant attached as Part I of this Award Agreement (the "Participant") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 21(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.
2. **Vesting Schedule.** Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.
3. **Administrator Discretion.** The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.
4. **Exercise of Option.**
 - (a) **Right to Exercise.** This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. This Option may not be exercised for a fraction of a Share.
 - (b) **Method of Exercise.** This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit B (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.
5. **Method of Payment.** Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant.
 - (a) cash;
 - (b) check;

- (c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or
- (d) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Withholding Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(c) Code Section 409A. Under Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "Discount Option") may be considered "deferred compensation." A Discount Option may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant's costs related to such a determination;

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE

-4-

HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its Stock Administrator at Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005 or at such other address as the Company may hereafter designate in writing.

10. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

11. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

12. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

13. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

14. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules

-5-

(including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Options awarded under the Plan or future Options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

17. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

18. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

19. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

20. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

-6-

EXHIBIT B

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, California, 94005

Attention: Stock Administrator

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Cutera, Inc. (the "Company") under and pursuant to the 2023 Inducement Equity Incentive Plan, as amended (the "Plan") and the Stock Option Award Agreement dated _____ (the "Award Agreement"). The purchase price for the Shares will be \$_____, as required by the Award Agreement.

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required tax withholding to be paid in connection with the exercise of the Option.

3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Participant as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 16 of the Plan.

5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company

and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of California.

Submitted by:

Accepted by:

PURCHASER

CUTERA, INC.

Signature

By

Print Name

Title

Address:

Date Received

-2-

CUTERA, INC.

**2023 INDUCEMENT EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT – EARLY EXERCISE**

Unless otherwise defined herein, the terms defined in the Cutera, Inc. 2023 Inducement Equity Incentive Plan, as amended (the "Plan") will have the same defined meanings in this Stock Option Award Agreement – Early Exercise (the "Award Agreement").

I. NOTICE OF STOCK OPTION GRANT

Participant Name:

Address:

You have been granted an Option to purchase Common Stock of Cutera, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number _____
Date of Grant _____
Vesting Commencement Date _____
Exercise Price per Share \$ _____
Total Number of Shares Granted _____
Total Exercise Price \$ _____
Type of Option: Nonstatutory Stock Option
Term/Expiration Date: _____

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, this Option may be exercised, in whole or in part, in accordance with the following schedule:

[INSERT VESTING SCHEDULE]

Termination Period:

This Option will be exercisable for [three (3) months] after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable for [twelve (12) months] after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 16(c) of the Plan.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

CUTERA, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. Grant of Option. The Company hereby grants to the Participant named in the Notice of Grant attached as Part I of this Award Agreement (the "Participant") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 21(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise.

(i) Subject to subsections 4(a)(ii) and 4(a)(iii) below, this Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. Alternatively, at the election of Participant, this Option may be exercised in whole or in part at any time as to Shares that have not yet vested. Vested Shares shall not be subject to the Company's repurchase right (as set forth in the Restricted Stock Purchase Agreement, attached hereto as Exhibit C-1).

(ii) As a condition to exercising this Option for unvested Shares, Participant shall execute the Restricted Stock Purchase Agreement.

(iii) This Option may not be exercised for a fraction of a Share.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit B (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as

-3-

to all Exercised Shares together with any applicable tax withholding. This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant.

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Withholding Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(c) Code Section 409A. Under Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "Discount Option") may be considered "deferred compensation." A Discount Option may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant's costs related to such a determination;

-4-

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company, in care of its Stock Administrator at Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005 or at such other address as the Company may hereafter designate in writing.

10. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

11. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

12. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

-5-

13. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

14. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested

persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Options awarded under the Plan or future Options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

17. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

18. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

19. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

-6-

20. Governing Law. This Award Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

-7-

EXHIBIT B

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, California, 94005

Attention: Stock Administrator

1. Exercise of Option. Effective as of today, _____, _____, the undersigned (“Purchaser”) hereby elects to purchase _____ shares (the “Shares”) of the Common Stock of Cutera, Inc. (the “Company”) under and pursuant to the 2023 Inducement Equity Incentive Plan, as amended (the “Plan”) and the Stock Option Award Agreement – Early Exercise dated _____ (the “Award Agreement”). The purchase price for the Shares will be \$ _____, as required by the Award Agreement.
2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required tax withholding to be paid in connection with the exercise of the Option.
3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.
4. Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Participant as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 16 of the Plan.
5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser’s purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.
6. Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser’s interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of California.

Submitted by:

PURCHASER

Signature

Print Name

Address:

Accepted by:

CUTERA, INC.

By

Title

Date Received

-2-

EXHIBIT C-1

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

RESTRICTED STOCK PURCHASE AGREEMENT

1. THIS RESTRICTED STOCK PURCHASE AGREEMENT (the "Agreement") is made between _____ (the "Purchaser") and Cutera, Inc. (the "Company") or its assignees of rights hereunder as of _____, ____.
2. Unless otherwise defined herein, the terms defined in the 2023 Inducement Equity Incentive Plan, as amended shall have the same defined meanings in this Agreement.

RECITALS

3. A. Pursuant to the exercise of the option granted to Purchaser under the Plan and pursuant to the Stock Option Award Agreement – Early Exercise (the "Award Agreement") dated _____, ____ by and between the Company and Purchaser with respect to such grant (the "Option"), which Plan and Award Agreement are hereby incorporated by reference, Purchaser has elected to purchase _____ of those shares of Common Stock which have not become vested under the vesting schedule set forth in the Award Agreement ("Unvested Shares"). The Unvested Shares and the shares subject to the Award Agreement, which have become vested are sometimes collectively referred to herein as the "Shares."
4. B. As required by the Award Agreement, as a condition to Purchaser's election to exercise the option, Purchaser must execute this Agreement, which sets forth the rights and obligations of the parties with respect to Shares acquired upon exercise of the Option.

1. Repurchase Option.

- (a) If Purchaser's status as a Service Provider is terminated for any reason, including for death and Disability, the Company shall have the right and option for ninety (90) days from such date to purchase from Purchaser, or Purchaser's personal representative, as the case may be, all of the Purchaser's Unvested Shares as of the date of such termination at the price paid by the Purchaser for such Shares (the "Repurchase Option").

(b) Upon the occurrence of such termination, the Company may exercise its Repurchase Option by delivering personally or by registered mail, to Purchaser (or his or her transferee or legal representative, as the case may be) with a copy to the escrow agent described in Section 2 below, a notice in writing indicating the Company's intention to exercise the Repurchase Option AND, at the Company's option, (i) by delivering to the Purchaser (or the Purchaser's transferee or legal representative) a check in the amount of the aggregate repurchase price, or (ii) by the Company canceling an amount of the Purchaser's indebtedness to the Company equal to the

-3-

aggregate repurchase price, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such aggregate repurchase price. Upon delivery of such notice and payment of the aggregate repurchase price in any of the ways described above, the Company shall become the legal and beneficial owner of the Unvested Shares being repurchased and the rights and interests therein or relating thereto, and the Company shall have the right to retain and transfer to its own name the number of Unvested Shares being repurchased by the Company.

(c) Whenever the Company shall have the right to repurchase Unvested Shares hereunder, the Company may designate and assign one or more employees, officers, directors or stockholders of the Company or other persons or organizations to exercise all or a part of the Company's Repurchase Option under this Agreement and purchase all or a part of such Unvested Shares.

(d) If the Company does not elect to exercise the Repurchase Option conferred above by giving the requisite notice within ninety (90) days following the termination, the Repurchase Option shall terminate.

(e) The Repurchase Option shall terminate in accordance with the vesting schedule contained in Purchaser's Award Agreement.

2. Transferability of the Shares; Escrow.

(a) Purchaser hereby authorizes and directs the Secretary of the Company, or such other person designated by the Company, to transfer the Unvested Shares as to which the Repurchase Option has been exercised from Purchaser to the Company.

(b) To insure the availability for delivery of Purchaser's Unvested Shares upon repurchase by the Company pursuant to the Repurchase Option under Section 1, Purchaser hereby appoints the Secretary, or any other person designated by the Company as escrow agent (the "Escrow Agent"), as its attorney-in-fact to sell, assign and transfer unto the Company, such Unvested Shares, if any, repurchased by the Company pursuant to the Repurchase Option and shall, upon execution of this Agreement, deliver and deposit with the Escrow Agent, the share certificates representing the Unvested Shares, together with the stock assignment duly endorsed in blank, attached hereto as Exhibit C-2. The Unvested Shares and stock assignment shall be held by the Escrow Agent in escrow, pursuant to the Joint Escrow Instructions of the Company and Purchaser attached as Exhibit C-3 hereto, until the Company exercises its Repurchase Option, until such Unvested Shares are vested, or until such time as this Agreement no longer is in effect. Upon vesting of the Unvested Shares, the Escrow Agent shall promptly deliver to the Purchaser the certificate or certificates representing such Shares in the Escrow Agent's possession belonging to the Purchaser, and the Escrow Agent shall be discharged of all further obligations hereunder; provided, however, that the Escrow Agent shall nevertheless retain such certificate or certificates as Escrow Agent if so required pursuant to other restrictions imposed pursuant to this Agreement.

(c) Neither the Company nor the Escrow Agent shall be liable for any act it may do or omit to do with respect to holding the Shares in escrow and while acting in good faith and in the exercise of its judgment.

-4-

(d) Transfer or sale of the Shares is subject to restrictions on transfer imposed by any applicable state and federal securities laws. Any transferee shall hold such Shares subject to all the provisions hereof and the

Exercise Notice executed by the Purchaser with respect to any Unvested Shares purchased by Purchaser and shall acknowledge the same by signing a copy of this Agreement.

3. Ownership, Voting Rights, Duties. This Agreement shall not affect in any way the ownership, voting rights or other rights or duties of Purchaser, except as specifically provided herein.
4. Legends. The share certificate evidencing the Shares issued hereunder shall be endorsed with the following legend (in addition to any legend required under applicable federal and state securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS UPON TRANSFER AND RIGHTS OF REPURCHASE AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5. Adjustment for Stock Split. All references to the number of Shares and the purchase price of the Shares in this Agreement shall be appropriately adjusted to reflect any stock split, stock dividend or other change in the Shares, which may be made by the Company pursuant to Section 16 of the Plan after the date of this Agreement.
6. Notices. Notices required hereunder shall be given in person or by registered mail to the address of Purchaser shown on the records of the Company, and to the Company at their respective principal executive offices.
7. Survival of Terms. This Agreement shall apply to and bind Purchaser and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.
8. Section 83(b) Election. Purchaser hereby acknowledges that he or she has been informed that, with respect to the exercise of an Option for Unvested Shares, an election (the "Election") may be filed by the Purchaser with the Internal Revenue Service, within thirty (30) days of the purchase of the exercised Shares, electing pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the exercised Shares and their Fair Market Value on the date of purchase. In the case of a Nonstatutory Stock Option, this will result in the recognition of taxable income to the Purchaser on the date of exercise, measured by the excess, if any, of the Fair Market Value of the exercised Shares, at the time the Option is exercised over the purchase price for the exercised Shares. Absent such an Election, taxable income will be measured and recognized by Purchaser at the time or times on which the Company's Repurchase Option lapses. Absent such an Election, alternative minimum taxable income will be measured and recognized by Purchaser at the time or times on which the Company's Repurchase Option lapses.

-5-

This discussion is intended only as a summary of the general United States income tax laws that apply to exercising Options as to Shares that have not yet vested and is accurate only as of the date this form Agreement was approved by the Board. The federal, state and local tax consequences to any particular taxpayer will depend upon his or her individual circumstances. Purchaser is strongly encouraged to seek the advice of his or her own tax consultants in connection with the purchase of the Shares and the advisability of filing of the Election under Section 83(b) of the Code. A form of Election under Section 83(b) is attached hereto as Exhibit C-4 for reference.

PURCHASER ACKNOWLEDGES THAT IT IS PURCHASER'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF PURCHASER REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON PURCHASER'S BEHALF.

9. Representations. Purchaser has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that he or she (and not the Company) shall be responsible for his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

10. Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. The Plan, the Award Agreement, the Exercise Notice, this Agreement, and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This Agreement is governed by the internal substantive laws but not the choice of law rules of California.

Purchaser represents that he or she has read this Agreement and is familiar with its terms and provisions. Purchaser hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under this Agreement.

IN WITNESS WHEREOF, this Agreement is deemed made as of the date first set forth above.

PARTICIPANT

CUTERA, INC.

Signature

By

Print Name

Print Name

Title

-6-

Residence Address

Dated: _____, _____

-7-

EXHIBIT C-2

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, _____, hereby sell, assign and transfer unto Cutera, Inc. _____ shares of the Common Stock of Cutera, Inc. standing in my name of the books of said corporation represented by Certificate No. _____ herewith and do hereby irrevocably constitute and appoint _____ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Restricted Stock Purchase Agreement between Cutera, Inc. and the undersigned dated _____, _____ (the "Agreement").

Dated: _____, _____

Signature: _____

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "repurchase option," as set forth in the Agreement, without requiring additional signatures on the part of the Purchaser.

EXHIBIT C-3

JOINT ESCROW INSTRUCTIONS

Corporate Secretary
Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, California, 94005

Dear _____:

As Escrow Agent for both Cutera, Inc. (the "Company"), and the undersigned purchaser of stock of the Company (the "Purchaser"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Purchase Agreement (the "Agreement") between the Company and the undersigned, in accordance with the following instructions:

1. In the event the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's repurchase option set forth in the Agreement, the Company shall give to Purchaser and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.
2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver the stock assignments, together with the certificate evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, a check, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's repurchase option.
3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as Purchaser's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated, including but not limited to the filing with any applicable state blue sky authority of any required applications for consent to, or notice of transfer of, the securities. Subject to the provisions of this paragraph 3, Purchaser shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.
4. Upon written request of the Purchaser, but no more than once per calendar year, unless the Company's repurchase option has been exercised, you shall deliver to Purchaser a certificate or

certificates representing so many shares of stock as are not then subject to the Company's repurchase option. Within one hundred and twenty (120) days after cessation of Purchaser's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you shall deliver to Purchaser a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's repurchase option.
5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of the same to Purchaser and shall be discharged of all further obligations hereunder.
6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith, and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.
8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.
9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.
10. You shall not be liable for the outlawing of any rights under the Statute of Limitations with respect to these Joint Escrow Instructions or any documents deposited with you.
11. You shall be entitled to employ such legal counsel and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.
12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company shall appoint a successor Escrow Agent.
13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

-2-

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14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession without liability to anyone all or any part of said securities until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other addresses as a party may designate by ten (10) days' advance written notice to each of the other parties hereto.
16. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.
17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.
18. These Joint Escrow Instructions shall be governed by the internal substantive laws, but not the choice of law rules, of California.

PURCHASER

CUTERA, INC.

Signature

By

Print Name

Print Name

Title

Residence Address

ESCROW AGENT

Corporate Secretary

Dated: _____

EXHIBIT C-4

**ELECTION UNDER SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986**

The undersigned taxpayer hereby elects, pursuant to Sections 55 and 83(b) of the Internal Revenue Code of 1986, as amended, to include in taxpayer's gross income or alternative minimum taxable income, as the case may be, for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of the property described below.

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

	TAXPAYER	SPOUSE
NAME:	_____	_____
ADDRESS:	_____	_____
	_____	_____
TAX ID NO.:	_____	_____
TAXABLE YEAR:	_____	_____

2. The property with respect to which the election is made is described as follows: _____ shares (the "Shares") of the Common Stock of Cutera, Inc. (the "Company").

3. The date on which the property was transferred is: _____, _____.

4. The property is subject to the following restrictions:

The Shares may not be transferred and are subject to forfeiture under the terms of an agreement between the taxpayer and the Company. These restrictions lapse upon the satisfaction of certain conditions contained in such agreement.

5. The Fair Market Value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms shall never lapse, of such property is:
\$_____.

6. The amount (if any) paid for such property is: \$_____.

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The transferee of such property is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner.

Dated: _____, _____

Taxpayer

The undersigned spouse of taxpayer joins in this election.

Dated: _____, _____

Spouse of Taxpayer

CUTERA, INC.

2023 INDUCEMENT EQUITY INCENTIVE PLAN

**NOTICE OF RESTRICTED STOCK UNIT AWARD AND
RESTRICTED STOCK UNIT AGREEMENT**

Cutera, Inc. (the "Company") hereby grants you (the "Participant"), an award of Restricted Stock Units ("RSUs") under the Cutera, Inc. 2023 Inducement Equity Incentive Plan, as amended (the "Plan"). Unless otherwise defined in this Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement (the "Notice of Grant") or the Terms and Conditions of Restricted Stock Unit Award attached hereto as Exhibit A (all together, the "Award Agreement"), capitalized terms herein or in Exhibit A have the defined meanings ascribed to them in the Plan. Subject to the provisions of Exhibit A and of the Plan, the principal features of this Award are as follows:

Participant Name	_____
Number of RSUs Granted	_____
Grant Date	_____
Vesting Commencement Date	_____

Vesting Schedule:

[INSERT VESTING SCHEDULE]

In the event Participant ceases to be a Service Provider for any or no reason before RSUs vest as set forth herein, such RSUs and the Participant's right to acquire any Shares hereunder will immediately terminate on the date Participant ceases to be a Service Provider.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Award of RSUs is granted under and governed by the terms and conditions of this Award Agreement and the Plan, which is made a part of this document.

PARTICIPANT:

CUTERA, INC.

Signature

By

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT AWARD

1. Grant. The Company hereby grants to the Participant named in the attached Notice of Grant an Award of RSUs, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 21(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each RSU represents the right to receive a Share on the date it vests. Unless and until the RSUs will have vested in the manner set forth in Section 3, Participant will have no right to payment of any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Subject to the provisions of this Section 2 and notwithstanding anything in the Plan to the contrary, each vested RSU that has met all requirements for settlement under this Award Agreement will be settled no later than the applicable Settlement Deadline.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the RSUs is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such termination, and (y) the payment of such accelerated RSUs will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination, then the payment of such accelerated RSUs will not be made until the date six

(6) months and one (1) day following the date of Participant's termination, unless the Participant dies following his or her termination, in which case, the RSUs will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement to comply with the requirements of Section 409A so that none of the RSUs provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any proposed, temporary or final U.S. Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

3. Vesting Schedule. Subject to Section 5, the RSUs awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. RSUs scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Payment after Vesting. Subject to Section 7, any RSUs that vest will be paid to Participant (or in the event of Participant's death, to his or her properly designated beneficiary or estate) in whole Shares as soon as practicable after vesting, but in each such case within fourteen (14) days from the date the RSUs vest.

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the RSUs that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such tax withholding obligation, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum amount required to be withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it shall have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable RSUs otherwise are scheduled to vest and be settled pursuant to Section 3, Participant will permanently forfeit such RSUs and any right to receive Shares thereunder and the RSUs will be returned to the Company at no cost to the Company.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RSUS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RSUS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD,

FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Cutera, Inc., 3240 Bayshore Boulevard Brisbane, CA 94005, or at such other address as the Company may hereafter designate in writing.

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority.

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to RSUs awarded under the Plan or future RSUs that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of RSUs.

20. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of RSUs under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. Governing Law. This Award Agreement shall be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of RSUs or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of California, and agree that such litigation shall be conducted in the courts of San Mateo County, California, or the federal courts for the United States for the San Mateo County of California, and no other courts, where this Award of RSUs is made and/or to be performed.

EXECUTION VERSION

BUSINESS TRANSFER AND TERMINATION AGREEMENT

by and among

ZO SKIN HEALTH, INC.

AND

ZO SKIN HEALTH GK

AND

CUTERA, INC.

AND

CUTERA KK

Dated as of February 28, 2024

TABLE OF CONTENTS

ARTICLE I DEFINITIONS 1

 1.1 Definitions. 1

 1.2 Interpretation..... 5

ARTICLE II TERMINATION OF DISTRIBUTION AGREEMENTS 5

 2.1 Termination of Distribution Agreements..... 5

 2.2 Releases. 6

ARTICLE III BUSINESS TRANSFER 7

 3.1 Transactions. 7

 3.2 Termination Payment..... 7

 3.3 Covenants. 8

 3.4 Conditions Precedent. 13

 3.5 Closing..... 14

ARTICLE IV REPRESENTATIONS AND WARRANTIES 14

 4.1 Representations and Warranties of Cutera..... 14

 4.2 Representations and Warranties of ZO. 15

ARTICLE V TERMINATION..... 16

 5.1 Termination Event. 16

 5.2 Effect of Termination. 16

ARTICLE VI MISCELLANEOUS PROVISIONS 16

 6.1 Governing Law; Dispute Resolution. 16

 6.2 Notices and Other Communications. 16

 6.3 Severability..... 17

 6.4 Language and Headings..... 17

 6.5 Further Assurances; Cooperation..... 17

 6.6 Expenses. 17

 6.7 Entire Agreement; Amendments and Waivers. 18

 6.8 Successors and Assigns. 18

 6.9 Confidentiality and Publicity..... 18

 6.10 Counterparts; Effect of Facsimiles or PDFs. 18

BUSINESS TRANSFER AND TERMINATION AGREEMENT

This Business Transfer and Termination Agreement (this “**Agreement**”) is dated as of February 28, 2024, by and among (i) ZO Skin Health, Inc., a California corporation (“**ZO USA**”), (ii) ZO Skin Health GK, a Japanese company (“**ZO Japan**”, and together with ZO USA, “**ZO**”), (iii) Cutera, Inc., a Delaware corporation (“**Cutera USA**”), and (iv) Cutera KK, a Japanese corporation (“**Cutera Japan**, and together with Cutera USA, “**Cutera**”). Each of ZO USA, ZO Japan, Cutera USA and Cutera Japan is individually referred to herein as a “**Party**” and collectively as the “**Parties.**”

RECITALS

A. ZO USA and Cutera USA entered into the Distribution Agreements pursuant to which, among other things, ZO USA granted Cutera USA the exclusive right to promote, market, sell and distribute in Japan a line of skin care products produced by or for ZO known as “ZO Skin Health” and “ZO Medical” (such products, the “**ZO Skin Products**”) and certain products related to the “ZO Skin Health” and “ZO Medical” product lines (such related products, the “**ZO Related Products**”), in each case, as listed on the relevant exhibit attached to the relevant agreement, as updated by ZO USA from time to time.

B. The Distribution Agreements expire in accordance with their terms on June 14, 2024, at which point Cutera will no longer have the right to distribute ZO Products and therefore, in absence of the transactions contemplated hereby, would be subject to obligations and liabilities that could be detrimental to their ongoing business.

C. The Parties desire to, pursuant to the terms and provisions of this Agreement: (i) cooperate with each other to facilitate the orderly and expeditious transition of the distribution of ZO Products in Japan (the “**ZO Business**”) from Cutera and their Affiliates to ZO and their Affiliates under a direct business model (the “**Transition**”); (ii) terminate the Distribution Agreements; (iii) cooperate with each other to facilitate the employment or retention by ZO Japan of certain employees and contractors of Cutera or their Affiliates; (iv) cooperate with the assignment of Cutera’s existing contracts with Yamato, Yamato CF and/or Atago to ZO (or one of their Affiliates) or, alternatively, cooperate with ZO Japan’s entry into new logistics, payment support and warehousing service agreements with Yamato, Yamato CF and/or Atago, as the case may be; and (v) transfer inventory and assets from Cutera (or their Affiliates) to ZO (or one of their Affiliates).

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. Unless the context otherwise requires, capitalized terms used in this Agreement (including the recitals) shall have the meanings assigned to them in this Section 1.1.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, “**control**,” “**controlling**,” and “**controlled by**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies (whether through ownership of securities or other ownership interests, by contract or otherwise) of another Person.

“**Agreement**” is defined in the preamble.

“**Applicable Laws**” means, in respect of any Person, any laws, rules, regulations, ordinances, directives, publicly announced guidelines or guidance, treaties, decrees or orders of any competent Government Authority and to which such Person is subject.

“**Atago**” means Atagosoko Co., Ltd., a company organized under the laws of Japan.

“**Business Day**” means any day (except Saturdays, Sundays and public holidays) on which deposit-taking banks are open in each of Tokyo, Japan and Los Angeles, California (United States of America) for the normal business of over-the-counter deposit taking.

“**Closing**” means the First Closing or the Second Closing, as the case may be.

“**Customer Notification**” is defined in Section 3.3(a)(vi).

“**Customers**” means any customer who purchases ZO Products, including any ZO Customer.

“**Cutera**” is defined in the preamble.

“**Cutera Account**” means the bank account for which the details are set forth in ANNEX A.

“**Cutera Indemnitees**” is defined in Section 3.3(a)(ix)(2).

“**Cutera Japan**” is defined in the preamble.

“**Cutera Released Claims**” is defined in Section 2.2(a).

“**Cutera Releasers**” is defined in Section 2.2(a).

“**Cutera USA**” is defined in the preamble.

“**Distribution Agreements**” means all agreements between ZO USA and Cutera USA relating to or involving ZO Products, including those listed on EXHIBIT A.

“**Due Diligence Documents**” means the documents and information listed on EXHIBIT C.

“**Encumbrance**” means any charge, claim, pledge, lien, option, collateral assignment, security interest, adverse claim, option, restrictive covenant, or any similar restriction to the foregoing, including any restriction on use, transfer or exercise of any other attribute of ownership.

“**Existing Atago Agreement**” means the agreement, dated September 1, 2013, between Atago and Cutera Japan for the provision of services by Atago to Cutera Japan (or its Affiliates) in connection with the distribution of ZO Products by Cutera Japan pursuant to the Distribution Agreements.

“**Existing Yamato CF Agreement**” means the agreement, dated September 1, 2023, between Yamato CF and Cutera Japan for the provision of credit and guarantee services by Yamato CF to Cutera Japan (or its Affiliates) in connection with the distribution of ZO Products by Cutera Japan pursuant to the Distribution Agreements.

“**Existing Yamato Logistics Agreement**” means the agreement, dated September 1, 2023, between Yamato and Cutera Japan for the provision of logistics and related services by Yamato to Cutera Japan (or its Affiliates) in connection with the distribution of ZO Products by Cutera Japan pursuant to the Distribution Agreements.

“**First Closing**” is defined in Section 3.5(a).

“**First Closing Date**” is defined in Section 3.5(a).

“**First Closing Transferred Inventory**” means all of Cutera’s inventory of ZO Products (including those held at the premises of Atago and Yamato) as of the First Closing Date that are deemed sellable by ZO USA at its sole discretion, as listed on EXHIBIT D.

“**First Tranche Payment**” equals 50% of the Termination Payment, subject to Section 3.2(c).

“**Government Authority**” means any (a) government, governmental entity, government authority, ministry, commission, board, accreditation body, agency or instrumentality, whether national, regional, prefectural, provincial, local or foreign, of any country; (b) court, tribunal or judicial body of any country; and (c) stock exchange or regulated over-the-counter market on which the securities of a Party or any of its Affiliates are listed or are admitted to trading.

“**Insolvency Event**” means, in respect of a Person, any event where such Person or any of its subsidiaries makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against such Person or any of its subsidiaries seeking to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding up or reorganization, arrangement, adjustment, protection, relief or composition of their debts under any Applicable Law relating to bankruptcy, insolvency or reorganization.

“**New Atago Agreement**” means the agreement between Atago and ZO Japan for the provision of warehouse and related services.

“**New Yamato Logistics Agreement**” means either (a) an agreement between Yamato and ZO Japan for the provision of logistics and related services, or (b) an assignment agreement between Yamato, Cutera Japan and ZO Japan for the assignment of the Existing Yamato Logistics Agreement to ZO Japan.

“**Non-Sellable Inventory**” is defined in Section 3.3(a)(iv).

“**Party**” and “**Parties**” are defined in the preamble.

“**Person**” means a natural person, corporation, partnership, limited liability company, trust or other entities which are given, or are recognized as having, a legal personality by Applicable Law.

“**Reduction Amount**” means the amount equal to 42.2% of Cutera’s net revenue for sales of ZO Products in Japan in accordance with the Distribution Agreements during the period commencing on January 1, 2024 and ending on the First Closing Date.

“**Released Cutera Persons**” is defined in Section 2.2(b).

“**Released ZO Persons**” is defined in Section 2.2(a).

“**Second Closing**” is defined in Section 3.5(b).

“**Second Closing Date**” is defined in Section 3.5(b).

“**Second Closing Transferred Inventory**” means all of Cutera’s inventory of ZO Products (including those held at the premises of Atago and Yamato) as of the Second Closing Date that are deemed sellable by ZO USA at its sole discretion, as listed on EXHIBIT D.

“**Second Tranche Payment**” is the amount equal to 50% of the Termination Payment less the Reduction Amount, subject to Section 3.2(c).

“**Target Employees**” means the employees and contractors of Cutera or their Affiliates listed on EXHIBIT B.

“**Termination Payment**” equals the amount of Eleven Million Five Hundred Thousand US Dollars (USD 11,500,000.00).

“**Transferred Assets**” means the assets listed on EXHIBIT E.

“**Transferring Employees**” means the Target Employees who have agreed to (and who in fact do) cease their employment or service relationship with Cutera and to enter into direct employment or service relationships with ZO Japan on or prior to the First Closing Date or as promptly as possible after the First Closing Date as needed for the Target Employee to fully transition to a direct employment or service relationship with ZO Japan.

“**Transition**” is defined in the recitals.

“**Transition Completion Date**” means the earlier of (A) the first Business Day following the date upon which ZO Japan has (i) entered into the New Atago Agreement, (ii) entered into the New Yamato Logistics Agreement, (iii) entered into the Yamato CF Assignment Agreement, and (iv) each of Atago, Yamato and Yamato CF are fully performing the services under such relevant agreement in substantially the manner such services were previously provided to Cutera in order to allow ZO to fulfill ZO Product orders made by Customers in Japan from order entry through product delivery autonomously without support from Cutera and their Affiliates, as determined by ZO USA and Cutera USA following good faith discussions, and (B) June 14, 2024.

“**USD**” or “**US Dollars**” means United States dollars, the lawful currency of the United States of America.

“**Yamato**” means Yamato Transport Co., Ltd., a company organized under the laws of Japan.

“**Yamato CF Assignment Agreement**” means the assignment agreement to be entered into among Yamato CF, Cutera Japan and ZO Japan for the assignment of the Existing Yamato CF Agreement to ZO Japan.

“**Yamato CF**” means Yamato Credit & Finance Co., Ltd., a company organized under the laws of Japan.

“**ZO**” is defined in the preamble.

“**ZO Business**” is defined in the recitals.

“**ZO Customer**” means any account, clinic, business or Person that has purchased ZO Products from Cutera or their Affiliates at any time since January 1, 2019, regardless of whether such customer meets the definition of “Customer” under the Distribution Agreements.

“**ZO Employment Agreement**” means an employment or service agreement to be entered into between ZO Japan and each Transferring Employee on terms mutually acceptable to both ZO Japan and such Transferring Employee.

“**ZO Japan**” is defined in the preamble.

“**ZO Products**” means ZO Skin Products and ZO Related Products, individually and collectively, as the case may be.

“**ZO Related Products**” is defined in the recitals.

“**ZO Released Claims**” is defined in Section 2.2(b).

“**ZO Releasers**” is defined in Section 2.2(b).

“**ZO Skin Products**” is defined in the recitals.

“**ZO Team**” means those persons designated in writing from time to time by ZO USA to Cutera USA, it being understood that the ZO Team initially consists of Nicole Tan, Ayumi Ito, Ikumi Kunimura, John Yasuji Aoyagi, Nami Sakai, Drew Bordages and Kristen Flynn.

“**ZO USA**” is defined in the preamble.

“**ZOMD Distribution Agreement**” is defined in EXHIBIT A.

“**ZOSH Distribution Agreement**” is defined in EXHIBIT A.

1.2 Interpretation. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement and not merely to the specific Article or Section where such terms may appear; (iv) the term “including” shall mean “including, but not limited to”; (v) the term “or” shall not be exclusive; (vi) references to any Applicable Law are to be construed as including all statutory or regulatory provisions consolidating, amending, replacing, succeeding or supplementing such Applicable Law; (vii) all references to any period of days shall be deemed to be the relevant number of calendar days, unless otherwise specified as a Business Day; (viii) with respect to any determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”; and (ix) references to “Articles”, “Sections”, “Exhibits” and “Annexes” refer to the Articles of, Sections of, the Exhibits to and Annexes to this Agreement.

ARTICLE II TERMINATION OF DISTRIBUTION AGREEMENTS

2.1 Termination of Distribution Agreements.

(a) Subject to Section 2.1(b), effective as of the First Closing, each Party agrees that it shall have no further rights or obligations under any of the Distribution Agreements (as the case may be), and the Distribution Agreements shall terminate and all provisions of the Distribution Agreements, including any that expressly state that they will survive the expiration, termination, or cancellation of such Distribution Agreement, shall be terminated and be of no further force or effect without the need for any further action by the Parties. The Parties waive any rights to notice of termination and the period of time before such termination notice may become effective in connection with their collective desire to terminate the Distribution Agreements as of the First Closing, and agree that the execution of this Agreement shall constitute a written waiver to allow the termination of the Distribution Agreements pursuant to the terms and provisions of this Agreement. The Parties further agree that the termination of the Distribution Agreements shall only be effective as of and after the First Closing, and shall not affect the validity of any transaction conducted under the Distribution Agreements before such termination; provided, however, that in no event shall the foregoing in anyway limit the scope of the releases provided for in Section 2.2.

(b) Notwithstanding the termination of the Distribution Agreements and any provisions therein, the Parties agree that the following obligations shall survive:

(i) Sections 2.4, 4.2(i), 12, 13, 14.4 (without regard to the exception for sales made in accordance with Section 8.3(c)), 16.1 through 16.7 and 16.9 through 16.14 of the Distribution Agreements;

(ii) Section 4.2(h) of the Distribution Agreements, but only until the Second Closing at which time Section 4.2(h) of the Distribution Agreements shall terminate;

(iii) Cutera shall, and shall cause their Affiliates to, promptly destroy all of ZO's sales and technical literature and materials and all "Proprietary Information" (as such term is defined in the Distribution Agreements) of ZO in the possession of Cutera and their Affiliates, and Cutera shall promptly certify such destruction in writing to ZO USA; and

(iv) except as otherwise agreed in writing by ZO USA, Cutera shall, and shall cause their Affiliates to (1) promptly remove from Cutera's and their Affiliates' facilities all signs, billboards and other similar items bearing any of the "ZO SKIN HEALTH Marks" (as such term is defined in the Distribution Agreements) or identifying Cutera or any of their Affiliates as an authorized distributor of ZO Products, and (2) withdraw or cancel all registrations or filings with Government Authorities relating to the use by Cutera or any of their Affiliates of the ZO SKIN HEALTH Marks.

2.2 Releases.

(a) Except as set forth in Section 2.2(c), effective as of the First Closing, Cutera USA and Cutera Japan, on each of its own behalf and on behalf of each of its Affiliates and each of its and their representatives, successors and assigns (collectively, the "**Cutera Releasers**"), hereby unconditionally and irrevocably releases and forever discharges each of ZO USA and ZO Japan, each of their Affiliates, and all of each of its and their respective present and former equity holders, stockholders, shareholders, members, directors, officers, managers, statutory auditors, agents, and employees (collectively, the "**Released ZO Persons**"), from any and all costs, expenses, damages, liabilities, obligations, losses, claims, demands, actions, rights of action, and causes of action of any kind, whether known or unknown, contingent or matured, and whether arising pursuant to statute, contract, or tort, now existing or hereafter acquired, arising from or in any way, directly or indirectly, connected with any acts or omissions under any of the Distribution Agreements by any Released ZO Persons that occurred at any time on or prior to the First Closing (collectively, the "**Cutera Released Claims**"). From the First Closing, the Cutera Releasers irrevocably agree to refrain from directly or indirectly asserting any claim or demand or commencing (or causing to be commenced) any claim or demand of any kind, in any court or before any tribunal (governmental or otherwise), against any Released ZO Persons based upon any Cutera Released Claims.

(b) Except as set forth in Section 2.2(c), effective as of the First Closing, ZO USA and ZO Japan, on each of its own behalf and on behalf of each of its Affiliates and each of its and their representatives, successors and assigns (collectively, the "**ZO Releasers**") hereby unconditionally and irrevocably releases and forever discharges each of Cutera USA and Cutera Japan, each of their Affiliates, and all of each of its and their respective present and former equity holders, stockholders, shareholders, members, directors, officers, managers, statutory auditors, agents, and employees (collectively, the "**Released Cutera Persons**"), from any and all costs, expenses, damages, liabilities, obligations, losses, claims, demands, actions, rights of action, and causes of action of any kind, whether known or unknown, contingent or matured, and whether arising pursuant to statute, contract, or tort, now existing or hereafter acquired, arising from or in any way, directly or indirectly, connected with any acts or omissions under any of the Distribution Agreements by any Released Cutera Persons that occurred at any time on or prior to the First Closing (collectively, the "**ZO Released Claims**"). From the First Closing, the ZO Releasers irrevocably agree to refrain from directly or indirectly asserting any claim or demand or commencing (or causing to be commenced) any claim or demand of any kind, in any court or before any tribunal (governmental or otherwise), against any Released Cutera Persons based upon any ZO Released Claims.

(c) The releases set forth in this Section 2.2 shall not release any Party from breaches of or any other obligations or liabilities created by this Agreement.

ARTICLE III BUSINESS TRANSFER

3.1 Transactions.

(a) First Closing. Subject to the terms and conditions of this Agreement, upon the First Closing:

(i) the Distribution Agreements shall be terminated in accordance with Section 2.1;

(ii) each Party shall grant the mutual releases in accordance with Section 2.2;

(iii) Cutera shall or shall cause their Affiliates to sell, transfer, assign and convey to ZO (or an Affiliate of ZO designated in writing by ZO USA to Cutera USA), and ZO shall or shall cause their designated Affiliate to acquire, accept and take title from Cutera or their Affiliates, the First Closing Transferred Inventory and the Transferred Assets;

(iv) ZO Japan and the Transferring Employees shall enter into the ZO Employment Agreements (except for those Transferring Employees who can only fully transition to a direct employment or service relationship with ZO Japan after the First Closing Date in accordance with Section 3.3(a)(iii); and

(v) within three (3) Business Days after the First Closing, ZO (or an Affiliate of ZO designated by ZO USA) shall make the First Tranche Payment to the Cutera Account.

(b) Second Closing. Subject to the terms and conditions of this Agreement, upon the Second Closing:

(i) ZO (or an Affiliate of ZO designated by ZO USA) shall (i) make the Second Tranche Payment to the Cutera Account in accordance with Section 3.2(b), (ii) acquire, accept and take title from Cutera or their Affiliates the Second Closing Transferred Inventory, and (iii) make the payment to the Cutera Account for the amounts incurred under Section 3.3(a)(v)(1); and

(ii) Cutera USA shall provide to ZO USA documentary evidence to the satisfaction of ZO USA that the Second Closing Transferred Inventory is held by Yamato and Atago for the benefit of ZO (or their Affiliates) on and from the Second Closing Date.

(c) The Parties acknowledge and agree that, from and after March 1, 2024 and regardless of the status of the overall Transition, all sales of ZO Products in Japan shall be made by ZO Japan, and ZO Japan shall recognize all revenue from the sale thereof in compliance with Applicable Law and accounting standards. For the avoidance of doubt, from January 1, 2024 through February 29, 2024, Cutera will recognize all revenue from the sales of ZO Products and such sales shall be subject to the Reduction Amount.

3.2 Termination Payment.

(a) In consideration for Cutera's fulfillment of Cutera's obligations in this Agreement, ZO shall (or ZO shall cause their Affiliate to) pay to Cutera USA a total amount equal to

the Termination Payment less the Reduction Amount, which sum shall be payable in two installments and subject to Section 3.2(c).

(b) Subject to the terms and conditions of this Agreement, the Termination Payment will be paid in the following instalments by ZO (or their Affiliate):

(i) within three (3) Business Days after the First Closing Date, the First Tranche Payment will be paid to the Cutera Account; and

(ii) on the earlier of the Second Closing Date and June 14, 2024, the Second Tranche Payment will be paid to the Cutera Account.

(c) At its option and in accordance with Applicable Laws, ZO shall have the right to set-off against the First Tranche Payment and the Second Tranche Payment all amounts owed to them and their Affiliates by Cutera and their Affiliates for orders of ZO Products placed by Cutera and their Affiliates with ZO and their Affiliates prior to January 1, 2024 (i) that have not been paid in full by the First Closing Date (if ZO elects to make a set-off against the First Tranche Payment) or (ii) that have not been paid in full by the Second Closing Date or set-off against the First Tranche Payment (if ZO elects to make a set-off against the Second Tranche Payment).

3.3 Covenants. The Parties agree as follows:

(a) Covenants from the First Closing until the Second Closing.

(i) *First Tranche Payment*. Within three (3) Business Days after the First Closing, ZO (or an Affiliate of ZO designated by ZO USA) shall make the First Tranche Payment in full to the Cutera Account.

(ii) *Business*.

(1) To the extent that any Transferring Employees have not fully transitioned to a direct employment or service relationship with ZO Japan on or prior to the First Closing, Cutera shall, and shall cause their Affiliates to, permit the ZO Team to work directly with such Transferring Employees to allow for coordinated sales efforts and a smooth transition of sales of ZO Products from Cutera and their Affiliates to ZO Japan in connection with the Transition.

(2) Cutera shall, and shall cause their Affiliates to, (x) promptly provide ZO with Due Diligence Documents to the extent not already provided to ZO prior to the First Closing Date, and (y) promptly respond to all reasonable questions posed by ZO or their Affiliates concerning information contained in the Due Diligence Documents (or related thereto).

(iii) *Employees*.

(1) To the extent that ZO Japan's discussions with Target Employees regarding potential employment or retention by ZO Japan have not concluded prior to the First Closing, Cutera shall, and shall cause their Affiliates to, continue to make such Target Employees available to ZO Japan to discuss the potential employment or retention of the Target Employees by ZO Japan as promptly as possible after the First Closing Date, and cooperate with ZO Japan in hiring or retaining the Transferring Employees.

(2) Cutera shall, and shall cause their Affiliates to, fully cooperate with ZO Japan in the discussions under Section 3.3(a)(iii)(1). For the avoidance of doubt, the Parties acknowledge that Cutera or their Affiliates may make an offer of continuing employment to any Target Employee, which will not be considered a breach of this Section 3.3(a)(iii).

(3) Cutera hereby fully releases (and shall cause their Affiliates to fully release) the Transferring Employees from any notice periods, non-competition obligations and all other employment obligations with Cutera or their Affiliates under any existing employment agreements or service contracts between the Transferring Employees and Cutera or their Affiliates, or internal work rules and regulations or any other document or agreement applicable to such Transferring Employees. The Parties acknowledge that the Transferring Employees will continue to work for Cutera or their Affiliates until the First Closing Date or until as soon as possible after the First Closing Date when the Transferring Employees can be fully transitioned to a direct employment or service relationship with ZO Japan, and will commence working for ZO Japan on and from the First Closing Date or on or from that date as soon as possible after the First Closing Date when the Transferring Employees can be fully transitioned to a direct employment or service relationship with ZO Japan.

(4) Cutera shall, and shall cause its Affiliates to, cooperate with ZO Japan in transferring the mobile phone numbers of the Transferring Employees to their respective mobile phones to be issued by ZO Japan; provided, however, ZO Japan shall be responsible for providing the Transferring Employees with all equipment and resources necessary to fulfill their employment obligations with ZO Japan, including providing the Transferring Employees with computers and mobile phones.

(5) Notwithstanding anything contained herein to the contrary, nothing in this Agreement shall be construed as imposing any obligation on ZO or their Affiliates to hire or engage the services of any employees or contractors of Cutera or their Affiliates, including the Target Employees; provided, however ZO and its Affiliates will use commercially reasonable efforts to hire the Target Employees. In furtherance and not in limitation of the foregoing, ZO shall have no obligation to offer employment terms and conditions that are requested by any Person in order to retain a Target Employee (even if such term or condition is currently being offered by Cutera or any of their Affiliates to a Target Employee) or convert a person from the status of a contractor to a full-time employee. Cutera acknowledges and agrees that any Target Employees not hired or engaged by ZO, and any obligations that Cutera and their Affiliates have to a Transferring Employee by nature of such Transferring Employee's voluntary resignation from Cutera or their Affiliates, shall remain the full responsibility of Cutera and their Affiliates.

(iv) *Inventory*. Neither ZO nor their Affiliates will acquire or take title to any of Cutera's inventory of ZO Products (including those held at the premises of Atago and Yamato) deemed non-sellable by ZO USA in its sole and absolute discretion ("**Non-Sellable Inventory**"). Cutera shall, and shall cause their Affiliates to, destroy all Non-Sellable Inventory within thirty (30) days of a written request by ZO USA for no compensation payable by ZO or any of their Affiliates, and shall promptly certify such destruction in writing to ZO USA.

(v) *Third Party Support.*

(1) From the First Closing until the Second Closing, Cutera shall, and shall cause their Affiliates to, continue to work with ZO and their Affiliates to ensure that ZO and their Affiliates secure, at ZO's sole cost and expense to be charged by Cutera to ZO USA (or an Affiliate of ZO designated in writing by ZO USA to Cutera USA) at the actual out-of-pocket third-party cost and incurred by Cutera, support from Yamato, Yamato CF and Atago, respectively, substantially similar to the support currently provided to Cutera USA or Cutera Japan as of the First Closing Date by Yamato, Yamato CF and Atago, respectively, in order to allow ZO and their Affiliates to directly sell ZO Products in Japan. In the event that any Transferring Employee remains on Cutera's payroll past the First Closing Date, ZO shall reimburse Cutera for the actual out-of-pocket costs of employing such Transferring Employee (including salary and actual benefits costs) for the period between the First Closing Date and the date such Transferring Employee commences employment with ZO. ZO shall further pay to Cutera the actual out-of-pocket costs incurred by Cutera under Section 3.3(a)(ix)(1). Cutera USA shall promptly provide ZO USA with all reasonably requested documentation to support the amount of any payments required to be made by ZO (or their Affiliate) hereunder.

(2) Cutera shall, and shall cause their Affiliates to, waive any confidentiality obligations of Yamato, Yamato CF and Atago owed to Cutera and their Affiliates to the extent necessary to give effect to Section 3.3(a)(v)(1).

(3) In furtherance of Section 3.3(a)(iv)(1), at ZO's option (and subject to the terms of the Existing Atago Agreement, the Existing Yamato CF Agreement and the Existing Yamato Logistics Agreement): (i) Cutera and their Affiliates will assign, and ZO Japan will assume, the Existing Yamato CF Agreement pursuant to Yamato CF Assignment Agreement; and (ii) Cutera shall, and shall cause their Affiliates to, cooperate with ZO Japan in order for ZO Japan to enter into the New Atago Agreement and the New Yamato Logistics Agreement with Atago and Yamato, respectively.

(4) Notwithstanding anything contained herein and notwithstanding ZO and their Affiliates' relationships with Yamato, Yamato CF and Atago, Cutera shall be entitled to continue its relationship with Yamato, Yamato CF and Atago with respect to its business (excluding the ZO Business) in its sole and absolute discretion.

(vi) *Customer Communications.*

On the First Closing Date, the Parties shall issue a mutually agreeable joint communication to the ZO Customers designated by ZO (the "**Customer Notification**"): (i) notifying such ZO Customers of the Transition; (ii) introducing such ZO Customers to the ZO Team; (iii) assuring such ZO Customers of the continuous availability of ZO Products and customer support; and (iv) authorizing and instructing such ZO Customers to commence direct communications with the ZO Team.

(vii) *Reduction Amount*

By no later than ten (10) Business Days after the First Closing Date, Cutera USA shall deliver its estimate of the Reduction Amount to ZO USA along with supporting documentation, and shall promptly respond to all reasonable questions and backup materials reasonably requested by ZO USA concerning the calculation of the Reduction Amount.

(viii) *Physical Deliveries*

(1) By the seventh (7th) Business Day after the First Closing, Cutera shall, and shall cause their Affiliates to, deliver to ZO (or an Affiliate of ZO designated in writing by ZO USA to Cutera USA), all tangible items and original agreements, including the following, to the extent that such items and agreements could not be delivered on the First Closing Date:

(I) documentary evidence to the satisfaction of ZO that the First Closing Transferred Inventory is held by Yamato and Atago for the benefit of ZO (or their Affiliates) on and from the First Closing Date; and

(II) the Transferred Assets.

(ix) *Transition Efforts*

(1) From the First Closing Date until the Second Closing Date, Cutera shall, and shall cause their Affiliates to, provide ongoing support to ZO and their Affiliates to ensure a full and smooth Transition. Specifically, Cutera shall, and shall cause their Affiliates to, at the direction of ZO (or an Affiliate of ZO designated in writing by ZO USA to Cutera USA):

(I) order ZO Products in quantities specified by ZO (or their designated Affiliate);

(II) import such ZO Products on behalf of ZO (or their designated Affiliate);

(III) over-label such ZO Products with labels specified by ZO (or their designated Affiliate);

(IV) transfer such over-labelled products to ZO (or their designated Affiliate) for delivery by ZO (or their designated Affiliate) to Customers in Japan; and

(V) take all such other actions required by this Agreement.

(2) After the First Closing, ZO and their Affiliates shall have the exclusive right to sell the existing inventory of ZO Products with labeling of Cutera and their Affiliates (including those held at the premises of Atago and Yamato) deemed sellable by ZO USA, and Cutera shall, and shall cause their Affiliates to, comply with the instructions of ZO and their Affiliates in connection with the exercise of the rights of ZO and their Affiliates hereunder; provided, however, ZO USA shall indemnify, defend, and hold harmless Cutera USA, its Affiliates, and all of its and their respective present and former equity holders, stockholders, shareholders, members, directors, officers, managers, and employees (collectively the "**Cutera Indemnitees**") from and against any and all costs, expenses (including reasonable attorneys'

fees and expenses of litigation), damages, liabilities, obligations, and losses incurred by or imposed upon any of the Cutera Indemnitees from any claims, suits, actions, demands or judgments under any theory of liability (including without limitation actions in the form of tort, warranty, or strict liability) resulting from or arising out of ZO's or its Affiliates' sale of the existing inventory of ZO Products pursuant to this Section 3.3(a)(ix)(2) to the extent any such cost, expense (including reasonable attorneys' fees and expenses of litigation), damage, liability, obligation, or loss did not result from or arise out of any grossly negligent act or omission by a Cutera Indemnitee.

(b) Covenants from the First Closing.

(i) *Other Assets.* From the First Closing Date until the Second Closing Date, if Cutera discovers an asset used exclusively by Cutera to undertake the ZO Business that has not been transferred to ZO Japan as part of the Transferred Assets, then Cutera agrees to promptly transfer (or cause the transfer) to ZO Japan such asset for no compensation or other obligation.

(ii) *Customer Communications.* From the First Closing until June 14, 2024, Cutera shall, and shall cause their Affiliates to, promptly (1) refer all communications from Customers to ZO Japan or to the Transferring Employees, as directed by ZO USA or ZO Japan, and shall fulfill orders and requests from Customers only at the express direction and instruction of ZO USA or ZO Japan, and (2) forward to ZO USA (or to an Affiliate of ZO USA that ZO USA designates in writing to Cutera USA) all mail (electronic and regular/hard copy) relating to the ZO Business that is delivered to or received by Cutera or their Affiliates after the First Closing Date.

(iii) *Payments.* In recognition that, following the First Closing, Cutera and their Affiliates may receive payments for sales of ZO Products that were made after the First Closing, Cutera shall, and shall cause their Affiliates to, remit promptly to the bank account of ZO USA informed in writing by ZO USA to Cutera USA (or to the bank account of an Affiliate of ZO USA that ZO USA designates in writing to Cutera USA) the full amount of all revenues received by Cutera and their Affiliates from the sale of ZO Products made after the First Closing. Cutera further agrees to cooperate with ZO USA and its Affiliates to inform such Customers of the correct bank account details of ZO USA or its Affiliate (as directed by ZO USA) for which payments should be made for ZO Products purchased after the First Closing.

(iv) *Non-solicit.* For a period of two (2) years commencing on the First Closing Date, Cutera shall not, and shall not permit any of their Affiliates to, directly or indirectly, hire or solicit for employment any Transferring Employee or encourage any such employee to leave employment with ZO Japan. Notwithstanding the foregoing, nothing herein shall prevent Cutera or any of their Affiliates from (1) placing general solicitations of employment not specifically directed toward the Transferring Employees or (2) hiring any Transferring Employee who is discharged from employment by ZO Japan. Cutera acknowledges that a breach or threatened breach of this sub-clause would give rise to irreparable harm to ZO and their Affiliates, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by Cutera of any such obligations, ZO and their Affiliates shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek the granting of equitable relief, including a temporary restraining order, an injunction,

specific performance and any other relief that may be available from a court of competent jurisdiction.

(c) *General Covenants.* Subject to the terms and conditions herein provided, the Parties shall use their respective best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable under Applicable Law to consummate and make effective as promptly as practicable the Second Closing, including the satisfaction, but not waiver, of the conditions precedents set forth in Sections 3.4(a)(i) and (ii). Notwithstanding the foregoing or anything to the contrary in this Agreement, in the event that the Transition Completion Date has not occurred before June 14, 2024, (i) ZO shall be automatically deemed to have waived as of June 14, 2024 all of the conditions precedent set forth in Sections 3.4(a)(ii)c., d., f. and g.; (ii) subject to satisfaction of the conditions of Sections 3.4(a)(ii)a., b. and e. (provided that for purposes of this Section 3.3(c), the condition set forth in Section 3.4(a)(ii)b. shall be satisfied so long as Cutera has performed or complied with all *material* obligations and covenants required by this Agreement in all *material* respects), the Second Tranche Payment shall become immediately due and payable on June 14, 2024; and (iii) ZO shall make the Second Tranche Payment to the Cutera Account on June 14, 2024.

3.4 Conditions Precedent.

(a) Second Closing Conditions Precedent.

(i) Cutera's obligation to perform the Second Closing is expressly conditional upon the fulfilment, to the satisfaction of Cutera USA (or waiver by Cutera USA) of the following conditions:

- a. each of the representations and warranties of ZO under Section 4.2 shall be true and correct at and as of the Second Closing Date;
- b. ZO shall have performed or complied with all obligations and covenants required by this Agreement to be performed or complied with on or prior to the Second Closing Date;
- c. the First Closing shall have occurred and Cutera shall have received the First Tranche Payment; and
- d. Cutera USA shall have agreed to the amount of the Reduction Amount.

(ii) Subject to Section 3.3(c), ZO's obligation to perform the Second Closing is expressly conditional upon the fulfilment, to the satisfaction of ZO USA (or waiver by ZO USA, including pursuant to Section 3.3(c)) of the following conditions:

- a. each of the representations and warranties of Cutera under Section 4.1 shall be true and correct at and as of the Second Closing Date;
- b. Cutera shall have performed or complied with all obligations and covenants required by this Agreement to be performed or complied with on or prior to the Second Closing Date;
- c. the First Closing shall have occurred;
- d. ZO USA shall have agreed to the amount of the Reduction Amount;

- e. the Second Closing Transferred Inventory shall be held by Yamato and Atago for the benefit of ZO (or their Affiliates);
- f. ZO Japan shall have entered into the New Atago Agreement, the New Yamato Logistics Agreement, and the Yamato CF Assignment Agreement; and
- g. the Transition Completion Date shall have occurred.

3.5 Closing.

(a) First Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions under Section 3.1(a) (the “**First Closing**”) shall take place simultaneously with the execution of this Agreement (the “**First Closing Date**”), except where noted. The First Closing shall be effected remotely by exchange of documents and signatures (or their electronic counterparts).

(b) Second Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions under Section 3.1(b) (the “**Second Closing**”) shall take place on the third (3rd) Business Day after the satisfaction or waiver of the conditions set forth in Section 3.4(a), including the limited automatic waiver pursuant to Section 3.3(c) (other than those conditions with respect to actions each Party is required to take at the Second Closing), or at such other time or date as ZO USA and Cutera USA may agree upon in writing (the actual date of the Second Closing being referred to as the “**Second Closing Date**”). The Parties shall use their respective reasonable efforts to cause the Second Closing Date to occur as soon as possible after the Transition Completion Date, but in no event later than seven (7) days after the Transition Completion Date. Subject to Section 3.3(c), ZO USA and Cutera USA shall notify the other in writing of the satisfaction in full of the conditions precedent applicable to it under Section 3.4(a). The Second Closing shall be effected remotely by exchange of documents and signatures (or their electronic counterparts).

ARTICLE IV REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Cutera. Cutera represents and warrants to ZO as of the First Closing Date and the Second Closing Date as follows:

(a) Organization. It is a company duly organized and validly existing under the laws of its jurisdiction of formation, and has all requisite power and authority to own its assets and carry on its business as now conducted and as contemplated under this Agreement.

(b) Authorization. All corporate action on the part of itself necessary for the authorization, execution and delivery of this Agreement and for the performance of all of its obligations hereunder has been taken.

(c) Consents. No consent, authorization, license, permit, registration or approval of, or exemption or other action by, any Government Authority or any other Person is required in connection with its execution, delivery and performance of this Agreement and for the performance of all of its obligations hereunder.

(d) Binding Effect. This Agreement is a valid and binding obligation of it, and this Agreement is enforceable in accordance with its terms, except as such enforceability may be limited by Applicable Laws relating to bankruptcy, insolvency, reorganization, restructuring, moratorium or other similar laws relating to or affecting creditors’ rights generally.

(e) No Conflicts or Violations. The execution, delivery and performance by it of this Agreement did not and will not (i) violate or conflict with any rules of a Government Authority affecting or binding upon it, (ii) violate, conflict with or cause a breach under any provision of any indenture, mortgage or contract to which it is a party or result in a breach of or constitute (with notice or lapse of time or both) a default, which violation, conflict, breach or default would have a material adverse effect on this Agreement, (iii) result in the creation or imposition of any charges on its assets, or (iv) violate, conflict with or cause a breach under its organizational documents.

(f) No Encumbrances. Cutera has good and valid title to and has the right to sell all of the First Closing Transferred Inventory, the Second Closing Transferred Inventory and the Transferred Assets, in each case, free and clear of any Encumbrances. Upon the consummation of the transactions contemplated by this Agreement (including the payment to Cutera of the First Tranche Payment and the Second Tranche Payment), ZO or its designated Affiliate will acquire the exclusive legal ownership of the First Closing Transferred Inventory, the Second Closing Transferred Inventory and the Transferred Assets, in each case, free and clear of any Encumbrances.

(g) Full Disclosure. All information which has been provided by or on behalf of Cutera or their authorised representatives to ZO and their advisers or agents in the course of the due diligence conducted by ZO and the negotiations leading to this Agreement is, to Cutera's knowledge, true, complete and accurate in all material respects and not misleading in any material respect. There is no fact that materially affects, or in the future might reasonably be expected to have a material adverse effect on the ZO Business that is known by Cutera or any of their Affiliates and that has not been disclosed in writing prior to the First Closing Date by Cutera to ZO.

4.2 Representations and Warranties of ZO. ZO represents and warrants to Cutera as of the First Closing Date and the Second Closing Date as follows:

(a) Organization. It is a company duly organized and validly existing under the laws of its jurisdiction of formation, and has all requisite power and authority to own its assets and carry on its business as now conducted and as contemplated under this Agreement.

(b) Authorization. All corporate action on the part of itself necessary for the authorization, execution and delivery of this Agreement and for the performance of all of its obligations hereunder has been taken.

(c) Consents. No consent, authorization, license, permit, registration or approval of, or exemption or other action by, any Government Authority or any other Person is required in connection with its execution, delivery and performance of this Agreement and for the performance of all of its obligations hereunder.

(d) Binding Effect. This Agreement is a valid and binding obligation of it, and this Agreement is enforceable in accordance with its terms, except as such enforceability may be limited by Applicable Laws relating to bankruptcy, insolvency, reorganization, restructuring, moratorium or other similar laws relating to or affecting creditors' rights generally.

(e) No Conflicts or Violations. The execution, delivery and performance by it of this Agreement did not and will not (i) violate or conflict with any rules of a Government Authority affecting or binding upon it, (ii) violate, conflict with or cause a breach under any provision of any indenture, mortgage or contract to which it is a party or result in a breach of or constitute (with notice or lapse of time or both) a default, which violation, conflict, breach or default would have a material adverse effect on this Agreement, (iii) result in the creation or imposition of any charges on its assets, or (iv) violate, conflict with or cause a breach under its organizational documents.

ARTICLE V TERMINATION

5.1 Termination Event. This Agreement may be terminated prior to the Second Closing:

(a) by ZO USA, immediately by written notice to Cutera USA, if:

(i) an Insolvency Event occurs with respect to Cutera USA or Cutera Japan; or

(ii) the Second Closing does not occur within thirty (30) Business Days after the Transition Completion Date and such delay is not caused by ZO or any of their Affiliates;

(b) by Cutera USA, immediately by written notice to ZO USA, if an Insolvency Event occurs with respect to ZO USA or ZO Japan;

(c) by either ZO USA or Cutera USA, immediately by written notice to the other if any Party receives a notice of any injunction, judgment, order, decree, ruling, verdict or other decision issued, promulgated or entered by or with any Government Authority of competent jurisdiction restraining or prohibiting the consummation of the transactions contemplated by this Agreement, or notice that any of the foregoing is pending or threatened; or

(d) if ZO USA and Cutera USA mutually agree in writing to terminate this Agreement, then this Agreement shall terminate on the date mutually agreed by ZO USA and Cutera USA.

5.2 Effect of Termination.

If this Agreement is terminated in accordance with ARTICLE V, then all rights and obligations of ZO and Cutera under this Agreement shall end (except for the provisions of ARTICLE II, this Section 5.2, and ARTICLE VI, and, in event of a termination not caused by a breach or default of ZO, Sections 3.3(b)(iii) and (iv), which shall remain in full force and effect in accordance with their terms).

ARTICLE VI MISCELLANEOUS PROVISIONS

6.1 Governing Law; Dispute Resolution.

(a) This Agreement, and any claim that may arise from or result under this Agreement, whether in contract, tort, or otherwise, shall be governed by and construed in accordance with the laws of the State of California, United States of America.

(b) Any dispute, claim or controversy that arises out of or relates to this Agreement (whether in contract, tort or otherwise), including a dispute with respect to issues regarding or in respect of this Agreement's negotiation, execution, performance, subject matter, or any course of conduct or dealing or actions under or in respect of this Agreement, shall be submitted to final, binding arbitration under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with said Rules. The Expedited Procedure Provisions shall not apply. The seat, or legal place, of the arbitration shall be California. The language to be used in the arbitral proceedings shall be English. No award or procedural order made in the arbitration shall be published. The law of this arbitration clause shall be the laws of the State of California, United States of America.

6.2 Notices and Other Communications.

(a) Any notice, request, instruction or other document to be given under this Agreement by a Party shall be in writing and in English, and shall be deemed to have been duly given: (i) when received if given in person, (ii) on the date of transmission if sent by facsimile, e-mail or other wire transmission so long as the recipient acknowledges receipt of the message by reply e-mail or other form of written communication (except that return emails automatically generated shall not constitute an acknowledgement or reply); or (iii) three (3) Business Days after it is mailed by certified or registered first class mail, postage prepaid and return receipt requested, or if sent by express delivery service (receipt requested), on the date received by the addressee, to the following addresses (or to such other address for a Party as shall be specified by notice pursuant to this Section 6.2, with such change of address being effective only upon receipt by all Parties):

(i) If to ZO USA or ZO Japan:

ZO Skin Health, Inc.
9685 Research Drive
Irvine, CA 92618
Attention: Drew Bordages, EVP & General Counsel
E-mail: dbordages@ZOSkinHealth.com

(ii) If to Cutera USA or Cutera Japan:

Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, CA 94005
Attention: Stephana E. Patton, Chief Legal Officer
E-mail: spatton@cutera.com

(b) All notices, requests, instructions and other documents shall be deemed received on the date of receipt by the recipient if received prior to 5 PM on a Business Day in the place of receipt. Otherwise, any such notice, request, instruction and other document shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

6.3 Severability. If any provision in this Agreement is found to be invalid or unenforceable, then the meaning of such provision shall be construed, to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, then it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by any Party. In such event, ZO USA and Cutera USA shall use their best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement that most nearly corresponds to the spirit and intent of the invalid or unenforceable provision.

6.4 Language and Headings. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions of this Agreement in any other language shall be for accommodation only and shall not be binding upon the Parties. The titles of Articles and Sections of this Agreement are for convenience only and shall not be interpreted to limit or otherwise affect the provisions of this Agreement.

6.5 Further Assurances; Cooperation. The Parties shall each perform such acts, execute and deliver such instruments and documents, and do all such other things as may be reasonably necessary to accomplish the transactions contemplated in this Agreement.

6.6 Expenses. Each Party shall be responsible for its own fees, costs and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (including the fees, costs and expenses of its legal counsel, accountants, brokers, financial advisors, consultants, and other representatives).

6.7 Entire Agreement; Amendments and Waivers.

(a) The terms and conditions contained in this Agreement (including the Exhibits and Annexes) constitute the entire agreement among the Parties and supersede all previous agreements and understandings among or relating to the Parties with respect to the subject matter hereof, including the non-binding term sheet, dated January 15, 2024, by and between ZO USA and Cutera USA. The provisions of this Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealing. There have been no representations or statements, oral or written, that have been relied on by any Party, except those expressly set forth in this Agreement.

(b) Any provision of this Agreement may be amended or waived, but only if such amendment or waiver is in a written agreement specifically prepared for such purpose (and not an e-mail or other electronic communication) and such written agreement is signed (i) by each Party in the case of an amendment, or (ii) by the Party against whom the waiver is to be effective in the case of a waiver (whose consent may be withheld or conditioned at its sole discretion).

6.8 Successors and Assigns. No Party may assign any of its rights or delegate any of its obligations under this Agreement, by operation of Applicable Law or otherwise, without the prior written consent of ZO USA and Cutera USA. This Agreement is binding upon the Parties and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

6.9 Confidentiality and Publicity.

(a) The Parties agree to treat this Agreement as confidential and shall not disclose its contents to any third party, except that the contents of this Agreement may be disclosed by a Party (i) to any of its Affiliates and its and their respective professional advisers and auditors, so long as such Persons agree to the confidentiality provisions of this Section 6.9, or (ii) when disclosure is required under Applicable Law. The Parties agree that copies of this Agreement shall not be publicly filed or otherwise made available to the public, except when such filing is required by Applicable Law, in which case the disclosing Party agrees to use its commercially reasonable efforts to obtain “confidential treatment” (or the equivalent treatment) of this Agreement with the relevant Government Authority and to redact such terms of this Agreement to the extent reasonably practical.


(b) Except for the Customer Notification, no Party shall issue a press release or make a public announcement concerning this Agreement without the prior written approval of ZO USA and Cutera USA, which approval shall not be unreasonably withheld, conditioned or delayed; provided, that to the extent a Party is required to make an announcement, disclosure or filing pursuant to any Applicable Law or the rules and regulations of any stock exchange, such Party shall be permitted to do so without an approval of the other Parties; provided, further, that such disclosing Party has consulted with the other Parties in good faith in advance and the other Parties shall be entitled to publicly disclose the same information.

6.10 Counterparts; Effect of Facsimiles or PDFs. This Agreement may be executed by the Parties in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Signatures to this Agreement transmitted by fax, by email in “portable document format” (“pdf”) or by any other electronic means intended to preserve the original graphic and pictorial appearance of this Agreement shall have the same effect as physical delivery of the paper document bearing an original signature. All signatures need not be on the same counterpart.

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IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date first written above.


ZO SKIN HEALTH, INC.

By: 
Name: Mark A. Williams
Title: CEO & President

ZO SKIN HEALTH GK

By: 
Name: Mark Williams
Managing Member: ZO Skin Health Ireland Limited
Title: Executive Manager

CUTERA, INC.

By: 
Name: Taylor Harris
Title: CEO

CUTERA KK

By: 
Name: Takeshi Fujiwara
Title: Representative Director

EXHIBIT A

Distribution Agreements

1. Distribution Agreement, dated August 5, 2013, between ZO USA and Cutera USA, in respect of the line of products known as “ZO Skin Health” (the “**ZOSH Distribution Agreement**,” which was subsequently amended from time to time);
 2. Distribution Agreement, dated August 5, 2013, between ZO USA and Cutera USA, in respect of the line of products known as “ZO Medical” (the “**ZOMD Distribution Agreement**,” which was subsequently amended from time to time);
 3. Amendment to the ZOSH Distribution Agreement, with effect from August 21, 2013, between ZO USA and Cutera USA;
 4. Amendment to the ZOMD Distribution Agreement, with effect from August 21, 2013, between ZO USA and Cutera USA;
 5. Omnibus Amendment to the ZOSH Distribution Agreement and the ZOMD Distribution Agreement, with effect from January 25, 2021, between ZO USA and Cutera USA;
 6. Amendment to the ZOSH Distribution Agreement, with effect from June 14, 2021, between ZO USA and Cutera USA;
 7. Amendment to the ZOSH Distribution Agreement, with effect from January 1, 2022, between ZO USA and Cutera USA; and
 8. Any amendment or restatement of any agreement listed on this EXHIBIT A.
-

EXHIBIT B**Target Employees**

Dept.	Name		Current title	New title proposal	
Sales	Mr. Kazuya Fujii	藤井 和也	National Sales Manager	National Field Sales Manager	ナショナル フィールドセールスマネージャー
Sales	Ms. Kyoko Miyama	美山 恭子	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Sales	Ms. Satoko Yoshida	吉田 聡子	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Sales	Mr. Toru Takei	武井 徹	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Sales	Ms. Mai Yanagisawa	柳澤 翠薫	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Sales	Ms. Sakiko Iwashita	岩下 祥子	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Sales	Ms. Minako Inoue	井上 美奈子	Area Sales Manager	Area Sales Manager	エリアセールスマネージャー
Mgmt	Ms. Kaori Mori	森 可央里	-	Sales Assistant	セールス アシスタント

Contractors:

- Mr. Masanori Yamada

EXHIBIT C

Due Diligence Documents

1. ZO Customer master list including all contact information as of January 15, 2024;
 2. Current ZO Customer contracts and Customer contract template(s) as of January 15, 2024;
 3. Current ZO Customer order forms as of January 15, 2024;
 4. Historical sales data in both quantity and pricing, including discounts, by clinic and by stock keeping unit for 2023;
 5. QA Product Information File (PIF: *Seihin Hyoujunsho*);
 6. RA Product Notification to Tokyo Metropolitan Government;
 7. RA Formula Translation/Compliance Review Document;
 8. data file and hard copy of all brochures, leaflets, and other materials provided to ZO Customers at any time during 2023 (training material, marketing materials, detailing kits, etc.);
 9. Data file for all label artwork; and
 10. All employment and labor information pertaining to the Target Employees to the extent disclosure to a third party is permissible under Applicable Law.
-

EXHIBIT D**Transferred Inventory****First Closing Transferred Inventory**

SKU	Description	Qty To Keep	Location
1003	?	2048	Yamato
1004	?	347	Yamato
1005	?	2583	Yamato
1006	?	3142	Yamato
3001	?	322	Yamato
3002	?	323	Yamato
3003	?	81	Yamato
3004	?	61	Yamato
3005	?	112	Yamato
3006	?	94	Yamato
193004	PMP 28/410 PP lotion pump - A02 3.5cc	134	Atago
600127	2022 November GWP GBL	1998	Atago
600139	2023 January GWP Japan	360	Atago
600140	2023 February GWP GBL	1337	Yamato
900400	Exfoliating Polish 65g GBL	3560	Atago
900400	Exfoliating Polish 65g GBL	588	Yamato
904000	10% Vitamin C 50mL GBL	2084	Atago
904000	10% Vitamin C 50mL GBL	298	Yamato
904400	Growth Factor Serum 30mL GBL	127	Yamato
905400	Pigment Control Crème 4% 80mL US	4746	Atago
905400	Pigment Control Crème 4% 80mL US	1209	Yamato
905700	Pigment Control + Blending Crème 4% 80mL US	3930	Atago
905700	Pigment Control + Blending Crème 4% 80mL US	599	Yamato
906200	Brightalive 50mL GBL	372	Atago
906200	Brightalive 50mL GBL	343	Yamato
912700	Firming Serum 47mL GBL	99	Atago
912700	Firming Serum 47mL GBL	99	Yamato
916100	Balancing Cleansing Emulsion 200mL GBL	96	Atago
916100	Balancing Cleansing Emulsion 200mL GBL	36	Yamato
916900	Sheer Fluid Broad-Spectrum SPF50 50mL INTL	96	Atago
916900	Sheer Fluid Broad-Spectrum SPF50 50mL INTL	23	Yamato
917000	Body Emulsion 240mL GBL	479	Atago
917000	Body Emulsion 240mL GBL	113	Yamato
918300	Eye Brightening Crème 15 g / 0.5 OZ GBL	416	Atago
918300	Eye Brightening Crème 15 g / 0.5 OZ GBL	180	Yamato
919300	Sunscreen + Primer SPF30 30mL INTL	195	Yamato
919800	Sunscreen + Primer SPF30 75mL INTL	36	Atago
919800	Sunscreen + Primer SPF30 75mL INTL	23	Yamato
928600	Calming Toner 180mL GBL	17359	Atago

928600	Calming Toner 180mL GBL	1294	Yamato
930300	Firming Serum Accelerated Kit GBL (6pk)	45	Atago
930300	Firming Serum Accelerated Kit GBL (6pk)	40	Yamato
940600	Broad-Spectrum Sunscreen SPF50 118g INTL	608	Atago
940600	Broad-Spectrum Sunscreen SPF50 118g INTL	293	Yamato
941800	Instant Pore Refiner 29g GBL	120	Atago
941800	Instant Pore Refiner 29g GBL	89	Yamato
950100	Recovery CrÃme 50mL GBL	10268	Atago
950100	Recovery CrÃme 50mL GBL	717	Yamato
950200	Renewal CrÃme 50mL GBL	879	Atago
950200	Renewal CrÃme 50mL GBL	178	Yamato
950300	Retinol Skin Brightener 0.5% 50mL GBL	276	Atago
950300	Retinol Skin Brightener 0.5% 50mL GBL	174	Yamato
950400	Retinol Skin Brightener 0.25% 50mL GBL	503	Atago
950400	Retinol Skin Brightener 0.25% 50mL GBL	456	Yamato
950500	Retinol Skin Brightener 1% 50mL GBL	568	Atago
950500	Retinol Skin Brightener 1% 50mL GBL	344	Yamato
961000	Radical Night Repair 60mL GBL	132	Atago
961000	Radical Night Repair 60mL GBL	176	Yamato
967100	Exfoliating Cleanser 200mL GBL	2340	Atago
967100	Exfoliating Cleanser 200mL GBL	773	Yamato
968600	Hydrating Cleanser 200mL GBL	852	Atago
968600	Hydrating Cleanser 200mL GBL	477	Yamato
969300	Wrinkle + Texture Repair 50mL GBL	565	Atago
969300	Wrinkle + Texture Repair 50mL GBL	129	Yamato
969600	Illuminating AOX Serum 50mL GBL	1438	Atago
969600	Illuminating AOX Serum 50mL GBL	9	Yamato
969700	Daily Power Defense 50mL GBL	5709	Atago
969700	Daily Power Defense 50mL GBL	1364	Yamato
970000	Daily Power Defense 75mL GBL	304	Atago
970000	Daily Power Defense 75mL GBL	103	Yamato
972500	Sunscreen + Powder Broad-Spectrum Medium 2.7g SPF30 INTL	792	Atago
972500	Sunscreen + Powder Broad-Spectrum Medium 2.7g SPF30 INTL	434	Yamato
973130	Growth Factor Eye Serum 15 mL GBL	351	Atago
973130	Growth Factor Eye Serum 15 mL GBL	161	Yamato
973480	Gentle Cleanser (Bundle)	88	Yamato
973600	Gentle Cleanser 200mL GBL	1507	Atago
973600	Gentle Cleanser 200mL GBL	235	Yamato

Inventory from PO numbers 317, 318MA, 319 and 320MA, not yet reflected in Atago's inventory system:

Row Labels	Sum of Qty Shipped
2/7/2024	4426
SO1469115	4426
PO #317 and #318MA	4426
830032-02	1

906200	2268
918300	324
930300	45
940600	972
968600	816
2/13/2024	60271
SO1475288	60271
PO #319 and #320MA	60271
193004	80
900400	1728
904000	1944
904400	504
905400	7080
905700	3360
906200	2052
912700	504
917000	156
918300	432
919300	1548
919800	25
928600	7776
930300	54
940600	972
941800	396
950100	12096
950200	688
950300	900
950400	864
950500	36
961000	108
967100	3072
968600	2080
969300	504
969700	9072
970000	264
973130	360
973230	80
973600	1536
2/16/2024	324
SO1479641	324
Overshipped 906200 // PO #319 #320MA	324
906200	324
Grand Total	65021

Second Closing Transferred Inventory

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All other sellable inventory of ZO Products owned by Cutera that is not included in the First Closing Transferred Inventory.

EXHIBIT E

Transferred Assets

- Accounts payable with respect to orders placed by Cutera from ZO on or after January 2, 2024
 - SIM card from the Cutera mobile phone of each Transferring Employee; provided, however, that following the First Closing Date, ZO will promptly transfer the accounts for the phone numbers associated with such SIM cards from Cutera to ZO Japan and, after the First Closing Date, ZO will be fully responsible for all charges attributable to the phone numbers associated with such SIM cards
 - ZO Customer master list, including all Customer contact information and rights in the underlying Customer data held by or on behalf of Cutera and utilized in the ZO Business; provided, however, that Cutera retains the right to use all such customer data in Cutera's ongoing business
 - All filings, records, and reports with respect to the ZO Business or the ZO Products held by Cutera, including all ZO Product registrations and dossiers, regulatory filings and QA product information files
 - All records, performance reviews, disciplinary action findings, and whistle blower reports related to the ZO Business held by Cutera relating to or involving the Transferring Employees
 - Rights in and to any other assets held by or on behalf of Cutera that are used exclusively in the ZO Business
-

ANNEX A

Cutera Account

DOMESTIC WIRE TRANSFER

Instruct the paying financial institution or the payor to route all domestic wire transfers via

FEDWIRE to the following ABA number:

PAY TO SVB, a division of First-Citizens Bank
3003 TASMAN DRIVE, SANTA CLARA, CA 95054

ROUTING & TRANSIT # 121140399

FOR CREDIT OF: CUTERA INC

ADDRESS: 3240 BAYSHORE BOULEVARD, BRISBANE CA 94005

CREDIT ACCOUNT # 3300101624

INTERNATIONAL WIRE TRANSFER

Instruct the paying financial institution to advise their U.S. correspondent to pay as follows:

PAY TO SILICON VALLEY BANK
3003 TASMAN DRIVE, SANTA CLARA, CA 95054, USA

ROUTING & TRANSIT # 121140399

SWIFT CODE SVBKUS6S

FOR CREDIT OF: CUTERA INC

ADDRESS: 3240 BAYSHORE BOULEVARD, BRISBANE CA 94005

FINAL CREDIT ACCOUNT # 3300101624

IMPORTANT: Wire instructions MUST designate your **FULL TEN-DIGIT ACCOUNT NUMBER**. Wires received by Silicon Valley Bank, a division of First-Citizens Bank with **INCOMPLETE** or **INVALID ACCOUNT NUMBERS** may be delayed and could possibly require return to the sending bank due to new regulations.

SETTLEMENT AGREEMENT

This Settlement Agreement (the “**Agreement**”) is made and entered into this 28th day of, February 2024 (“**Effective Date**”), by and between Cutera, Inc., on behalf of itself and its affiliated and subsidiary companies and divisions, predecessors, successors, assigns and all other related entities (collectively “**Cutera**”) and Jabil Inc., of itself and its affiliated and subsidiary companies and divisions, predecessors, successors, assigns and all other related entities (collectively “**Jabil**”). Cutera and Jabil may be referred to herein collectively as the “**Parties**” and individually as “**Party**”.

WHEREAS, Jabil and Cutera entered into the Manufacturing Service Agreement, dated March 10, 2021 (“**MSA**”);

WHEREAS, pursuant to the MSA, Jabil performed certain Manufacturing Services for the benefit of Cutera, including without limitation the manufacture of Products and the purchase of Components to be used in the manufacture of Products;

WHEREAS, pursuant to the MSA, Cutera agreed to undertake specified obligations including, without limitation, the obligation to pay Jabil for Products manufactured as well as for certain raw materials and components Jabil procured for the manufacture of Cutera’s Products pursuant to Cutera’s issued Forecasts.

WHEREAS, the Parties are agreeing that the MSA was not being renewed by Cutera and Jabil has ceased the manufacture of Products on behalf of Cutera (“**Termination**”);

WHEREAS, while the Parties acknowledge that as a result of Termination, there are outstanding balance amounts Cutera owes Jabil under the MSA and Jabil owes Cutera (collectively “**Amounts Owed**”) the Parties did not agree on the exact balance each Party owed the other (the “**Dispute**”); and

WHEREAS, in lieu of the expense and time involved in litigation, the Parties have agreed to the resolution, compromise and settlement of the Dispute as well as all other disputes and differences related to the Amounts Owed, any identified Inventory and the Termination.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the sufficiency and adequacy of which is expressly acknowledged by the Parties’ signatures affixed herein below and the receipt of all such consideration is hereby acknowledged, the Parties agree hereto a full and final settlement between the Parties as follows:

SETTLEMENT TERMS

The foregoing recitals are incorporated herein by reference as if fully set forth herein at length.

1. Definitions. Capitalized terms used in this Agreement, including any of the above recitals, will have the applicable meanings set forth in the MSA, unless otherwise defined in this Agreement.

2. Settlement Terms.

A. Payments.

- a. **Payments to Jabil.** Upon the execution of this Agreement, Cutera shall owe to Jabil the amount of nineteen million, four hundred fifty thousand United States Dollars (\$19,450,000.00 USD) (hereinafter the “**Settlement Amount**”), which Cutera shall remit payment of Eighteen Million, Seven Hundred Thousand United States Dollars (\$18,700,000.00 USD) (“**First Jabil Payment**”) and ensure that the First Jabil Payment is received by Jabil no later than noon (U.S. Eastern Time) on February 29, 2024. No later than 5:00 pm (U.S. Pacific Time) on the day three days after Purchased Assets (as defined below in Section 2.D), have been received by Cutera and a full reconciliation has been conducted pursuant to Section 2.B below, Cutera shall pay seven hundred

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fifty thousand United States Dollars (\$750,000.00 USD) less any True-Up Amount (as defined in Section 2.B.) (“**Final Jabil Payment**”).

- b. **Payments to Cutera.** No later than 5:00 pm (U.S. Pacific Time) on March 15, 2024, Jabil shall issue a payment to Cutera in the amount of One Million, Three Hundred Thousand, United States Dollars (\$1,300,000.00 USD).

B. **Inventory Disposition.** Upon payment of the Settlement Amount, the Parties agree that Jabil hereby irrevocably sells, assigns, transfers, conveys, grants bargains, and delivers to Cutera, all of its right, title, and interest in and to the assets listed in Attachment 1 to this Agreement (“**Purchased Assets**”). Incoterms 2020 “EXW” (Ex Works) will apply to the shipment of the Purchased Assets and will be deemed delivered in accordance thereto. Cutera shall arrange for a courier to pick up the Purchased Assets from Jabil’s facilities no later than 4:00 pm April 26, 2024 (local time to Jabil’s facility). Cutera may request a delay in pick-up after April 26, 2024, provided that any extension must be mutually agreed upon in writing. For the avoidance of doubt, once the First Jabil Payment has been received by Jabil, title to the Purchased Assets will transfer to Cutera and thereafter held by Jabil in consignment until Cutera arranges for its removal from Jabil’s facility in accordance with the foregoing. Cutera will be responsible for all costs associated with transporting the Purchased Assets to Cutera’s desired location. Cutera may, before the removal of the Purchased Assets from Jabil’s facility, conduct a count of the Purchased Assets to ensure such Purchased Assets are present. Cutera shall conduct a count of all Purchased Assets received at the facility designated by Cutera and the Parties shall conduct a reconciliation of the items received to the inventory list included in Attachment 1. Jabil has a right to be present for the count and reconciliation at Cutera’s facilities, and Cutera shall permit representatives from Jabil to be present for such count and reconciliation. Jabil shall cooperate with the reconciliation and provide all reasonable documentation to verify the Purchased Assets in Attachment 1. If, during such count and reconciliation thereof to the inventory list of Purchased Assets found in Attachment 1, there is a discrepancy in the quantity of the Purchased Assets, received by Cutera from what is identified in Attachment 1, or a discrepancy in the valuation of the Purchased Assets, then Jabil shall true-up Cutera for the amount of missing Purchased Assets or valuations thereof (“**True-Up Amount**”). For the avoidance of doubt, Final Jabil Payment and the True-up Amount shall not be affected if any quantity of Purchased Assets are lost or damaged during transit to Cutera’s facility. Cutera shall complete any such count and reconciliation within thirty (30) business days from the receipt of the last of the Purchased Assets into Cutera’s facilities, provided that Cutera shall not purposely delay its receipt of such Purchased Assets. In accordance with the foregoing, Cutera may deduct the True-Up Amount from the Final Jabil Payment, and any remaining amounts, if any, will be paid to Cutera by Jabil no later than 5:00 pm (U.S. Pacific Time) on the day three days after all of the Purchased Assets, have been received by Cutera and a full reconciliation has been conducted by Cutera. For the avoidance of doubt, Cutera shall not owe more than the Settlement Amount. THE PURCHASED ASSETS ARE PROVIDED “AS IS” AND JABIL PROVIDES NO WARRANTY OF ANY KIND TO CUTERA, OR TO ANY OTHER PARTY, AND EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

D. **Equipment and Consigned Disposition.** Pursuant to the MSA, Cutera supplied certain Loaned Equipment, Molds, and/or Automation, each as defined in the MSA, Purchased Assets, together with Loaned Equipment, Molds, and/or Automation, may be referred to here as “**Cutera Assets**”. Cutera shall arrange, at its cost, for the Loaned Equipment, Molds, and/or Automation to be collected, packaged, and removed from Jabil’s or its supplier’s facilities. Cutera will be responsible for all costs associated with transporting such Loaned Equipment, Molds, and/or Automation to Cutera’s desired location. Cutera shall arrange for the collection, packaging, and removal of such Loaned Equipment, Molds, and/or Automation to take place no later than April 26, 2024. For the avoidance of doubt, Jabil has already loaded Cutera Assets onto pallets, and Cutera may, prior to shipment of Cutera Assets and no later than two weeks from the Effective Date, determine additional packaging may be needed, at its cost with its carriers.

C. **Termination.** The Parties hereby agree that the MSA and any executed quality agreement between the Parties or their respective affiliates related to the Products are hereby terminated as of the Effective Date, except for the following Sections of the MSA which shall survive the Termination except as specifically modified in this Agreement: Section 1 (Definitions), Section 7 (Limitation of Damages), Section 14 (Confidentiality), Section 15 (Intellectual Property Rights), Section 16 (Indemnification), and Section 19 (Publicity). The Parties agree that this Section 2.C. of the Agreement shall supersede Section 12 of the MSA and that only the provisions of the MSA expressly referenced herein shall survive and will continue to bind the Parties. Notwithstanding the foregoing, the Parties’ respective indemnification obligations outlined in Section 16 of the MSA shall survive termination of the

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MSA. For the avoidance of doubt, Jabil has already returned the device history file to Cutera and is no longer obligated to retain any further records under any such quality agreements.

D. Release. In exchange for the payment of the Settlement Amount outlined in Section 1 above and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged, upon execution of this Agreement, except as to the obligations set forth in this Agreement, Jabil and Cutera each hereby fully and forever automatically and irrevocably expressly release, acquit and forever discharge each other, and their past and present subsidiaries, parent companies, affiliates and distributors or brokers, as well as their past and present employees, officers, directors, stockholders, attorneys, successors and assigns and concessionaires (collectively the “**Released Parties**”) from any and all actions, causes of action, claims or demands, liabilities, losses, damages, attorneys’ fees, court costs, or any other form of claim or compensation for claims or liability, whether known or unknown, which a Released Party now has or may hereafter have against the other, including but not limited to that which relates to or arises from, based on the facts presented, could have been brought before the Effective Date in connection with or in any way relating to the MSA, Dispute, the Amounts Owed, the Termination, and the Purchased Assets (“**Released Claims**”), provided, however, that Jabil and Cutera do not release each other from any claims that they may bring under this Settlement Agreement, or are unrelated to the Released Claims. The Parties mutually and expressly acknowledge and agree that this Agreement fully and finally releases and fully resolves their respective Released Claims, including those that are unknown.

The Parties mutually and expressly waive all of their rights under California Civil Code §1542, which provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR (“**UNKNOWN CLAIMS**”).

The Parties also mutually and expressly waive all rights under any other statutes, legal decisions, or common law principles of similar effect.

3. No Admission. Nothing in this Agreement constitutes nor shall be deemed to constitute an admission of outstanding balance, wrongdoing, liability, or fault by any party and such liability or wrongdoing is expressly denied and disputed, and the Parties hereto agree that legal liability and damages for all claims are disputed by the persons and Parties released herein, and this release is a compromise and shall never be treated as an admission of liability or responsibility at any time for any purpose.

4. Governing Law, Venue, Fees, and Jurisdiction. This Agreement shall be governed and construed in accordance with Florida law without resort to its conflicts of law provisions. The Parties agree that all disputes and matters whatsoever arising under, in connection with, or incidental to this Agreement shall be litigated, if at all, in and before the United States District Court for Delaware (or as to those lawsuits to which the federal courts of the United States lack subject matter jurisdiction, before a court located in Wilmington, Delaware) to the exclusion of the courts of any other state, territory or country. The Parties hereby consent to such jurisdiction and waive any venue or other objection that either may have to any such action or proceeding being brought in the applicable court in Wilmington, Delaware. In any litigation arising out of, or relating to, this Agreement, the prevailing party shall be entitled to reasonable attorneys’ fees and costs.

5. Jury Trial Waiver. EACH PARTY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHT WHICH SUCH PARTY HAS OR MAY HAVE TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM, LITIGATION, OR PROCEEDING BASED ON OR ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO OR FROM THIS AGREEMENT OR ANY DOCUMENT EXECUTED IN CONNECTION WITH THIS AGREEMENT, INCLUDING, BY WAY OF EXAMPLE BUT NOT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, VERBAL OR WRITTEN STATEMENTS, OR ACTS OR OMISSIONS OF ANY PARTY THAT IN ANY WAY RELATE TO THIS AGREEMENT OR OTHER SUCH DOCUMENT. FURTHERMORE, EACH PARTY AGREES THAT SUCH PARTY WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PARTIES HAVE

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SPECIFICALLY DISCUSSED AND NEGOTIATED FOR THIS WAIVER, INTEND THAT IT BE GIVEN THE BROADEST POSSIBLE EFFECT ALLOWED BY DELAWARE LAW, AND UNDERSTAND ITS LEGAL CONSEQUENCES.

6. Modification. No modification, amendment, termination, or waiver of this Agreement shall be valid unless made in writing and signed by the Parties hereto.

7. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement shall be deemed prohibited or invalid under such applicable law, said provision shall be ineffective only to the extent of said prohibition or invalidity, and said prohibition or invalidity shall not invalidate the remainder of said provision or any other provision of this Agreement.

8. Entire Agreement. This Agreement contains the entire agreement and understanding among the Parties with respect to the terms and conditions contemplated hereunder. This Agreement is the complete, final, and exclusive statement of those terms and conditions notwithstanding any prior agreements, representations, or statements to the contrary, except as expressly herein provided to the contrary. The Parties further agree and acknowledge that this Agreement is unconditional and that no promise or inducement has been made or offered except as set forth herein.

9. No Precedent. The Parties warrant, represent, covenant, and agree that the terms, provisions, agreements, covenants, conditions, warranties, representations, and considerations set forth in this Agreement are without precedential value, and are not intended to be, nor shall they be, construed as an interpretation of any provision of any agreement between the Parties or any governing terms and conditions between the Parties, their predecessors, parents, subsidiaries, and/or its affiliates. Nor shall the terms, provisions, agreements, covenants, conditions, warranties, representations, and considerations set forth in this Agreement, including all communications and negotiations relating thereto, be used as evidence, or be admissible in any other manner, in any court, suit, action or other dispute resolution proceedings, to create, prove, or interpret the obligations of the Parties related hereto, except as shall be necessary to enforce the terms of this Agreement.

10. Headings. The headings in this Agreement are for reference purposes only and shall not be used in construing or interpreting this Agreement.

11. Authorship. Both Parties actively participated in the drafting of this Agreement and will be deemed to have drafted the Agreement jointly. No inference or presumption of authorship shall exist as to its meaning or interpretation and no rule of construction will be applied against either Party, and any potential uncertainty or ambiguity will not be construed for or against either Party based upon attribution of drafting to either party.

12. Confidentiality. This Agreement and all of its terms and conditions, including its existence, shall remain confidential and shall not be disclosed to anyone except as follows:

- (a) As necessary to effectuate and/or enforce this Agreement;
- (b) To Jabil's or Cutera's employees, attorneys, accountants, insurers, auditors, and tax advisors, as necessary;
- (c) To Cutera's or Jabil's insurance carriers;
- (d) As required by law, including filings required by the SEC; or
- (e) By written, mutual agreement of the Parties.

Any unauthorized disclosure by either Party shall be presumed to cause harm that may be redressed in a damage action as provided by law.

13. Power and Authority. Each Party represents and warrants to the other Party that it has the power and authority to enter this Agreement and perform the terms hereof, and that the person executing this Agreement on behalf of the Party has the authority to enter this Agreement and to bind the Party hereto.

14. Legal Representation. The undersigned hereby represent that they have read this Agreement in its entirety and have been represented by legal counsel throughout the negotiation of this Agreement. Each Party further acknowledges that it and its counsel have had adequate opportunity to make whatever investigation or inquiry they may deem

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necessary or desirable in connection with the subject matter of this Agreement prior to the execution hereof and the delivery and acceptance of the consideration specified herein.

15. Counterparts. This Agreement, together with any amendment thereto, may be executed in one or more counterparts, each of which shall be deemed an original agreement, but all of which, taken together, shall constitute one and the same Agreement.

16. Separate Fees. The Parties shall each bear their respective costs and fees with respect to the preparation and negotiation of this Agreement.

By signing below, each Party represents and warrants that such execution is duly authorized by all necessary and appropriate corporate or other action, is duly executed by, or on behalf of, such Party, and such Party is legally bound by all the terms and conditions of this Agreement.

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IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Agreement as of the day and year first written above.

CUTERA, INC.

DocuSigned by:
By: Taylor Harris
5293BA3709B7466...

Print name: Taylor Harris

Title: CEO

Date: Feb 28, 2024

JABIL INC.

DocuSigned by:
By: [Signature]
1A6237DA9B79415...

Print name: James O'Gorman

Title: VP, Global Business Units

Date: Feb 28, 2024

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Attachment 1 to Settlement Agreement

Jabil Baja Cutera Materials

					\$ 12,249,323.77	\$ 244,806.07
Item	Description	Unit price	QTY	AMOUNT	Cancel Fee	
CPN3008731	Diode Laser Module, 1726.9nm, 100W, #8 S	\$ 13,209.00	195	\$ 2,575,755.00	\$ -	
CPN3008371	Weight, Narrow, Counter Balance, .06 Thk	\$ 13.76	12207	\$ 167,968.32	\$ -	
CPN1005202	CW Laser Diode Driver	\$ 640.00	757	\$ 484,480.00	\$ -	
CPN7002711	ASM, Fiber Coupled LASER, Alice	\$ 19,811.10	22	\$ 435,844.23	\$ -	
CPN3008528	ASM, FRAME, G3, ALICE	\$ 604.95	495	\$ 299,450.25	\$ -	
CPN1005308	PUMP, KNF, DC-BRUSHLESS, 24V, 4-WIRE	\$ 399.15	739	\$ 294,971.85	\$ -	
CPN3005013	CABLE ASM, KYSW, EMERG SW-AC PWR	\$ 111.29	2409	\$ 268,089.18	\$ -	
CPN1005307	PSU, 24V, 1500W, Cosel PCA1500F-24-F2	\$ 436.19	530	\$ 231,180.38	\$ -	
CPN7002712	PCBA, LASER THERMAL CONTROLLER	\$ 816.85	270	\$ 220,549.50	\$ -	
CPN3008334	Pole, Alice	\$ 277.87	703	\$ 195,342.61	\$ -	
CPN7002728	PCBA, DISPLAY ADAPTER	\$ 588.15	300	\$ 176,445.00	\$ -	
CPN1003184	CASTER, 3IN, TWIN, 3/8-16 X 3/4	\$ 15.20	10427	\$ 158,490.40	\$ -	
CPN3008044	PUMP, HP cooling	\$ 62.00	2439	\$ 151,218.00	\$ -	
CPN7002750	PCBA, AC CONTROL, ALICE	\$ 480.79	294	\$ 141,352.26	\$ -	
CPN7004333	PCBA Display IoT DVI and DF9	\$ 1,000.84	132	\$ 132,110.88	\$ -	
CPN1005260	POWER LINE FILTER, 20A 250V, M4 Studs	\$ 45.41	2398	\$ 108,884.55	\$ -	
CPN7002729	PCBA, HUMIDITY	\$ 760.32	138	\$ 104,924.16	\$ -	
CPN3008583	Heatsink, Laser, Alice	\$ 485.00	183	\$ 88,755.00	\$ -	
CPN3008182	Cable ASM, laser, TEC, Alice	\$ 85.00	1041	\$ 88,485.00	\$ -	
CPN7000418	ASS'Y., PCBA, FOOTSWITCH LEMO	\$ 57.68	1510	\$ 87,096.80	\$ -	
CPN3008768	SHIPPING BOX, CORRUGATED, Aviclear	\$ 421.14	206	\$ 86,754.84	\$ -	
CPN3008271	Skin, Side, EMI, Alice	\$ 92.00	937	\$ 86,204.00	\$ -	
CPN3007206	MOUNT, LBO, TEC	\$ 155.40	535	\$ 83,139.00	\$ -	
CPN3007164	CRYSTAL, LBO, 50 deg C	\$ 790.00	105	\$ 82,950.00	\$ -	
CPN3007275	FRAME, CONSOLE, EV	\$ 427.80	189	\$ 80,854.20	\$ -	
CPN7002737	Bracket, Display to Console, Alice	\$ 1,474.76	53	\$ 78,162.43	\$ -	
CPN3008261	TIM, Thermal Interface Material, Alice	\$ 1.64	45989	\$ 75,329.98	\$ -	
CPN3003458	CABLE ASM, FLOW SWITCH, EV	\$ 64.67	1056	\$ 68,286.24	\$ -	
CPN3006504	MIRROR FLAT HR AT 532NM 1064NM EV	\$ 222.00	307	\$ 68,154.00	\$ -	
CPN1003191	Q-SW, AO, 1064NM, 4MM, 1GW	\$ 702.00	95	\$ 66,690.00	\$ -	
CPN1003167	FTG, COUPLING INSERT, 1/4 TUBE	\$ 16.11	4133	\$ 66,582.63	\$ -	
CPN3008047	Display, TFT LCD Panel, Alice	\$ 375.00	176	\$ 66,000.00	\$ -	
CPN3007205	COVER, LBO, EV	\$ 100.04	604	\$ 60,424.16	\$ -	
CPN7002613	PCBA EV3 POWER MONITOR OPTO	\$ 256.39	235	\$ 60,251.65	\$ -	
CPN3006773	HEATSINK ASM EV2	\$ 109.55	526	\$ 57,621.83	\$ -	
CPN3008272	Skin, Side, EMI, Alice	\$ 92.00	612	\$ 56,304.00	\$ -	
CPN7002900	PCBA Main Controller Avi	\$ 808.62	60	\$ 48,517.20	\$ -	
CPN7002739	SUB ASM, FLOWER POT CONN, FRAME, ALICE	\$ 249.00	186	\$ 46,314.00	\$ -	
CPN1005293	Power Entry Connector Receptacle, Male B	\$ 30.95	1452	\$ 44,934.32	\$ -	
CPN7002734	ASM, Terminal Block, Alice	\$ 238.00	188	\$ 44,744.00	\$ 40,438.68	
CPN3008146	HANDLE REAR BAR. 75 IN AL, Alice	\$ 65.50	683	\$ 44,736.50	\$ -	
CPN5100RBN	Ribbon 2.5" UDI	\$ 3.43	12748	\$ 43,751.14	\$ -	
CPN3008729	HEATSINK, DEHUMIDIFIER, TESTED	\$ 218.24	198	\$ 43,211.52	\$ 7,155.00	
CPN1003503	DISPLAY, LED TFT-LCD W LED BACK LT	\$ 136.89	303	\$ 41,478.58	\$ -	
CPN1005200	Radiator/Heat Exchanger, Alice	\$ 74.77	548	\$ 40,973.96	\$ -	
CPN3008269	CABLE ASSY, ALICE SPEAKER	\$ 30.00	1315	\$ 39,450.00	\$ -	
CPN3002731	TRANSFORMER, TOROIDAL	\$ 321.12	121	\$ 38,855.52	\$ -	
CPN1005752	Noise Muffler Air Purifier 1/8 NPT Male,	\$ 90.00	430	\$ 38,700.00	\$ -	
CPN370005664	TUBING, HEAT SHRINK .125	\$ 0.97	39855	\$ 38,615.51	\$ -	
CPN3006588	HOUSING, LBO, EV	\$ 151.38	252	\$ 38,147.76	\$ -	
CPN1003151	MOTOR, STEP, 4:1, 25A	\$ 186.32	201	\$ 37,449.86	\$ -	
CPN3008428	Cable ASM, Extrusion Dehumidifier, TEC,	\$ 35.00	1060	\$ 37,100.00	\$ -	
CPN3008248	CABLE ASM, laser diode driver to laser p	\$ 39.00	936	\$ 36,504.00	\$ -	
CPN3007697	XENON LAMP, PULSED	\$ 174.00	205	\$ 35,670.00	\$ -	
CPN750005563	WIRE 10 AWG RED	\$ 18.00	1919.6	\$ 34,552.80	\$ -	
CPN147005355	REFLECTOR, CERAMIC, 5 IN ROD	\$ 249.55	137	\$ 34,188.35	\$ -	
CPN3008256	CABLE ASM, FIBER ID, ALICE 8"	\$ 41.00	816	\$ 33,456.00	\$ -	
CPN7002596	ASM, FRAME, EV3	\$ 11,070.15	3	\$ 33,210.46	\$ -	
CPN7002588	ASM, LASER CAVITY, EV3	\$ 2,254.64	14	\$ 31,564.95	\$ -	
CPN3004901	CABLE ASM, PURGE PUMP, EN	\$ 177.16	173	\$ 30,648.68	\$ -	
CPN7002185	ASM, LBO HOUSING, EV2	\$ 2,750.25	11	\$ 30,252.74	\$ -	
CPN1005444	WASHER, BELLEVILLE, #8, .344"OD X .045HT	\$ 3.84	7808	\$ 29,982.72	\$ -	
CPN3002620	BASE PLATE, LASER, EV	\$ 221.76	135	\$ 29,937.60	\$ -	
CPN1005919	CONNECTOR, ORIFICE, 0.0039, 1/4 OD	\$ 36.08	800	\$ 28,862.08	\$ -	
CPN3008504	MOUNT, HEATSINK, DEHUMIDIFIER, ALICE	\$ 16.70	1625	\$ 27,137.50	\$ -	
CPN7002814	ASM, PSU, COSEL, ALICE	\$ 1,505.32	18	\$ 27,095.69	\$ -	
CPN3008741	CABLE ASM, DOUBLE FAN, 2 WIRE, ALICE	\$ 146.00	183	\$ 26,718.00	\$ -	
CPN7002591	VASCULAR HANDPIECE EV3	\$ 3,194.55	8	\$ 25,556.44	\$ -	
CPN1000521	SWITCH,EMER PUSHBUTTON (MUSHROOM)	\$ 9.26	2756	\$ 25,528.83	\$ -	
CPN3002307	MIR FLAT HT 1064 HR-532	\$ 113.00	224	\$ 25,312.00	\$ -	
CPN3008160	Cover, Front, Console, EV2	\$ 112.00	222	\$ 24,864.00	\$ -	
CPN3002775	Shipping Crate, Cardboard, EV Cart	\$ 476.42	52	\$ 24,773.84	\$ 8,100.00	
CPN3008246	CABLE ASM, power supply to terminal bloc	\$ 22.00	1099	\$ 24,178.00	\$ 2,294.61	

CPN3008605	Cover, Front, Console, Alice	\$	101.80	234	\$	23,821.20	\$	-
CPN3006498	END BLOCK, ROD/LAMP, .390 DISTANCE, EV3	\$	103.63	229	\$	23,731.27	\$	-
CPN7000669	PCBA, HALL EFFECT, SENSOR ID	\$	15.95	1458	\$	23,255.10	\$	-
CPN3007234	COVER, BACKPACK, CONSOLE, EV2	\$	122.00	186	\$	22,692.00	\$	-
CPN3002767	CABLE ASM, HP COMM, GV	\$	52.89	748	\$	22,636.92	\$	-
CPN3008647	Base, Fiber Connector, Alice	\$	33.50	671	\$	22,478.50	\$	-
CPN3008247	CABLE ASM, power supply to terminal bloc	\$	22.00	1019	\$	22,418.00	\$	2,294.61
CPN1005549	USB TYPE A COUPLER, FEMALE BULKHEAD / LA	\$	13.23	1695	\$	22,416.38	\$	-
CPN1005601	Inline Filter for 1/4" Tube ID, AviClear	\$	24.50	913	\$	22,371.88	\$	-
CPN3008258	CABLE ASM, EMI FILTER TO GND, ALICE	\$	10.00	2198	\$	21,980.00	\$	-
CPN3008274	Skin, Side, Bottom, EMI, Alice	\$	26.50	825	\$	21,862.50	\$	-
CPN7002585	FINAL ASM, EV3	\$	21,364.68	1	\$	21,364.68	\$	-
CPN1003196	MOTOR, MIRCO, 24VDC, PRELOAD BB	\$	90.80	235	\$	21,338.00	\$	-
CPN3008543	Mount, FC Laser, Alice	\$	42.20	495	\$	20,889.00	\$	-
CPN1005755	Mount, Isolator, Lord Platform, 100PDL-	\$	4.95	4203	\$	20,794.76	\$	-
CPN3002326	MIRROR, FLT, HR	\$	99.00	207	\$	20,493.00	\$	-
CPN1000062	TOUCH SCREEN ANALOG RESISTIVE	\$	85.88	238	\$	20,439.44	\$	-
CPN7002210	GREENGENESIS HANDPIECE	\$	1,692.66	12	\$	20,311.88	\$	-
CPN7002745	ASM, OPTICAL FIBER CON, ALICE	\$	848.13	23	\$	19,507.01	\$	-
CPN3008115	Cable, Ribbon, 30 pin, Laser thermal con	\$	15.00	1293	\$	19,395.00	\$	-
CPN7002611	ASM, TOP COVER, EV3	\$	2,151.85	9	\$	19,366.66	\$	-
CPN3007117	BODY OPTICS ASSEMBLY HANDPIECE EV2	\$	43.80	442	\$	19,359.60	\$	-
CPN7002184	ASM, LBO, EV2	\$	1,603.99	12	\$	19,247.93	\$	-
CPN3002634	PUMP, DIAPHRAGM, 24VDC, 50PSI	\$	93.00	205	\$	19,065.00	\$	-
CPN3007856-FA	ND FILTER ND210B INTO 1.00" X 0.50"	\$	67.78	280	\$	18,978.40	\$	-
CPN380005015	HEAT EXCHANGER	\$	90.00	210	\$	18,900.00	\$	-
CPN3008509	Cover, Rear, Console, Alice	\$	106.85	176	\$	18,805.60	\$	-
CPN3008145	SUPT HANDLE REAR BAR. 5IN AL, Alice	\$	25.50	721	\$	18,385.50	\$	-
CPN3002525	CORDWRAP, CONSOLE, EV	\$	14.00	1283	\$	17,962.00	\$	-
CPN3008042-FA	OPTICAL FIBER INTERFACE CONNECTOR, ALICE	\$	34.41	510	\$	17,549.10	\$	-
CPN3008263	Cable, Ribbon, 14 pin, Laser thermal con	\$	22.00	790	\$	17,380.00	\$	7,047.70
CPN3008848	Mount, Control Bd & Dehumidifier, AV	\$	34.60	483	\$	16,711.80	\$	-
CPN3008041	SMA RECEPTACLE ADAPTER, ALICE	\$	58.00	286	\$	16,588.00	\$	-
CPN3008349	BUS BAR, GROUNDING	\$	18.05	905	\$	16,335.25	\$	-
CPN3000500	CABLE ASSY., KEYSWITCH, TT	\$	87.34	186	\$	16,245.24	\$	-
CPN3008435	Hsg, Left, Console, Alice	\$	76.23	213	\$	16,236.99	\$	-
CPN3008436	Hsg, Right, Console, Alice	\$	76.23	213	\$	16,236.99	\$	-
CPN52005697	EMI RFI POWER LINE FILTER	\$	59.36	269	\$	15,968.92	\$	-
CPN3007924	CABLE ASM, MEZZ-FP, CONSOLE, EV3	\$	62.30	244	\$	15,201.20	\$	-
CPN1003227	CABLE ASM, USB, MINI A - MINI B	\$	15.23	987	\$	15,032.01	\$	-
CPN3008333	CABLE ASM, AC PWR PCB TO EMI filter, lug	\$	13.00	1147	\$	14,911.00	\$	1,779.63
CPN1005276	CABLE ASSY HD15 SHLD BLK 3 ft	\$	6.12	2422	\$	14,827.24	\$	-
CPN3008542	SKIN, FRONT, EMI, ALICE	\$	79.45	185	\$	14,698.25	\$	-
CPN3008638	Insert, Mast Hub, Alice	\$	70.00	209	\$	14,630.00	\$	-
CPN3002552	CABLE ASM, CIR BRKR, ILLUM, GRN	\$	60.18	241	\$	14,503.38	\$	-
CPN3008154	CONNECTOR PLATE, ALICE	\$	30.50	475	\$	14,487.50	\$	-
CPN1005110	O-RING, 1.29MM 6.32MM FFKM 70A CLR-TRNSL	\$	26.53	545	\$	14,458.85	\$	-
CPN3001887	CABLE ASM, WATER SENSOR, TS	\$	70.00	205	\$	14,350.00	\$	29,508.26
CPN1004333	TBG, 1/4ID X 3/8OD, FEP (LENGTH:2FT)	\$	9.11	1573	\$	14,323.42	\$	-
CPN5168RBN	Ribbon 5.5" UDI	\$	0.10	143208.84	\$	14,320.88	\$	-
CPN3008123	Cable ASM, Fan, PS, Alice	\$	35.00	406	\$	14,210.00	\$	8,318.00
CPN3002885	CABLE ASM, DISPLAY MEZZ-FP, CONSOLE	\$	55.40	250	\$	13,850.00	\$	-
CPN7002870	ASM, Humidity Sensor, Alice	\$	1,064.74	13	\$	13,841.66	\$	-
CPN7002592	ASM, FIBER FOCUS, EV3	\$	765.36	18	\$	13,776.43	\$	-
CPN1003502	FTG CPLG BODY 1/4" X 3/8" T	\$	10.22	1347	\$	13,766.34	\$	-
CPN1003489	FTG CPLG BODY 1/4" X 1/4" T	\$	10.16	1348	\$	13,695.68	\$	-
CPN3002297	Window, Pick-off, 532nm, 1064nm	\$	103.00	130	\$	13,390.00	\$	-
CPN280005206	SOLENOID SAFETY SHUTTER	\$	57.56	230	\$	13,238.80	\$	-
CPN3008411	Mtg, Bracket, Laser Unit, Alice	\$	26.80	486	\$	13,024.80	\$	-
CPN1004488	LENS ACHROMATIC 20MM DIA 40MM FL	\$	56.00	230	\$	12,880.00	\$	-
CPN3008744	FOAM PAD KIT, DEHUMIDIFIER, AVICLEAR	\$	41.80	296	\$	12,372.80	\$	1,500.00
CPN7000681	PCBA, MEZZANIN, DISPLAY, RF	\$	63.75	189	\$	12,048.75	\$	-
CPN3003250	BODY, SMA HOUSING, EV	\$	25.64	469	\$	12,025.16	\$	-
CPN3006619	RF LASER COVER ASSEMBY, LBO	\$	86.86	138	\$	11,986.96	\$	-
CPN3002370	NUT, .14 X 20.8, MOD	\$	55.58	204	\$	11,337.85	\$	-
CPN3008512	Clamp, Dish Pan, Console, Alice	\$	7.95	1413	\$	11,233.35	\$	-
CPN3008462	Cable ASM, Air Pump, Pwr and Ctl, AL	\$	25.00	449	\$	11,225.00	\$	324.24
CPN0602440	Clear packaging tape 72mm width	\$	0.13	85529	\$	11,118.82	\$	-
CPN3002318	MIRROR, OC, 1064NM	\$	93.00	116	\$	10,788.00	\$	-
CPN3002320	MIR CONC R-100CM HR	\$	118.00	91	\$	10,738.00	\$	-
CPN3008313	Bottle, Reservoir, 500 ml, Alice	\$	49.00	216	\$	10,584.00	\$	27,838.75
CPN1005614	STDF, M/F, 1/4HEX X 15/32LG, 8-32, SS	\$	2.15	4912	\$	10,577.99	\$	-
CPN7000701	PCBA, SAFETY SHUTTER BOARD, EV	\$	66.16	158	\$	10,453.28	\$	-
CPN3002445	UMBILICAL, MONOCOIL, 0.32OD	\$	10.61	984	\$	10,440.24	\$	-
CPN7002136	ASM, Q-SWITCH, EV	\$	1,043.21	10	\$	10,432.10	\$	-
CPN3008448	Cable ASM, Humidity Sensor, Alice	\$	15.00	684	\$	10,260.00	\$	898.48
CPN3008267	CABLE ASM, Interlock ALICE	\$	12.00	840	\$	10,080.00	\$	-
CPN7000687	PCBA, MOTOR POSITION SENSOR	\$	42.96	232	\$	9,966.72	\$	-

CPN1000715	FAN 10IN DIA ORION	\$	56.15	177	\$	9,938.55	\$	-
CPN3008265	CABLE ASM, 12V Disp Adapter to main cont	\$	12.00	822	\$	9,864.00	\$	-
CPN3002648	FIBER MAST ASM, EV	\$	75.70	130	\$	9,841.00	\$	-
CPN3006109	TEC 2.44 X .74 DUAL MOUNT EH	\$	60.06	162	\$	9,729.72	\$	-
CPN3002376	Shaft Coupling, 2mm X 3mm Bore, Mod	\$	48.09	202	\$	9,714.75	\$	-
CPN3008352	Support, KNF Pump, Alice	\$	17.45	552	\$	9,632.40	\$	-
CPN3002369	MIR, FLT, HR532, 1064	\$	106.00	90	\$	9,540.00	\$	-
CPN3008539	HOLDER, RESERVOIR, ALICE	\$	11.40	836	\$	9,530.40	\$	-
CPN3008123-FA	CABLE ASM, FAN, PS, ALICE	\$	94.23	100	\$	9,423.00	\$	-
CPN1005231	SMA ADAPTER, HASMA, HP, ALICE	\$	7.54	1250	\$	9,420.25	\$	-
CPN3005571	DISC, MACOR, 25MM X 2.0MM, EN	\$	38.85	242	\$	9,401.70	\$	-
CPN3009347	CABLE ASM, 4 FAN, LASER, AV	\$	64.16	145	\$	9,303.20	\$	-
CPN3008628	Clamp, Reservoir, Alice, G3	\$	10.95	836	\$	9,154.20	\$	-
CPN1003201	ADJUSTER, 1/4-100 X 3/4 LG, HEX HD	\$	5.46	1629	\$	8,894.34	\$	-
CPN3007077	FTG, EL, 10-32 X 1/4T, CLEANED	\$	75.06	118	\$	8,856.73	\$	-
CPN3008601	COLDPALTE, .375 THK, DEHUMIDIFIER, ALICE	\$	47.00	186	\$	8,742.00	\$	-
CPN3009236	Support, Corner, Frame, AV	\$	9.55	914	\$	8,728.70	\$	-
CPN3003301	SCR CAP W/LK WHSR, 8-32 X 1/2SS	\$	1.06	8028	\$	8,509.68	\$	-
CPN1003230	SPACER, 1/2 ID X 5/8 OD X 3/16, SS	\$	2.44	3416	\$	8,324.79	\$	-
CPN410005449	SCR 8-32 X 3/8 PH PN HD SEMS	\$	0.08	107451	\$	8,273.73	\$	-
CPN7002212	DERMASTAT 2MM HANDPIECE	\$	919.06	9	\$	8,271.53	\$	-
CPN3008232	CABLE AC SWITCH BLUE ALICE	\$	7.50	1099	\$	8,242.50	\$	-
CPN3003255	Y MIRROR MNT, RT HAND, EV LSR HD	\$	13.78	596	\$	8,212.88	\$	-
CPN3008231	CABLE AC SWITCH BROWN, ALICE	\$	7.50	1094	\$	8,205.00	\$	-
CPN7002130	ASM, DIVERTER, EV	\$	512.15	16	\$	8,194.39	\$	-
CPN400005472	ADHESIVE LOCTITE 242	\$	47.41	170.94	\$	8,104.44	\$	-
CPN7002820	ASM, PUMP, KNF	\$	897.26	9	\$	8,075.31	\$	-
CPN1005754	SCR, 8-32 Thread, 3/8" Long Black-Oxide	\$	0.31	25572	\$	8,016.82	\$	-
CPN1005703	GPS antenna, Aviclear	\$	11.55	685	\$	7,911.75	\$	-
CPN3002506	MIRROR, CONC, R-1M,HR,1064	\$	90.00	87	\$	7,830.00	\$	-
CPN3008243	LASER ROD 6.35MM X 129 MM, EV	\$	869.00	9	\$	7,821.00	\$	-
CPN3008577	BRACKET, SUPPORT, UPPER, ELECTRONICS, AL	\$	16.05	486	\$	7,800.30	\$	-
CPN7002595	ASM, BAREBONE, EV3	\$	3,898.18	2	\$	7,796.36	\$	-
CPN3008273	kin, Fan, EMI, Alice	\$	27.60	282	\$	7,783.20	\$	-
CPN171005089	INSULATION BLOCK	\$	42.87	180	\$	7,716.60	\$	-
CPN7002587	ASM, LASER HEAD, EV3	\$	7,578.68	1	\$	7,578.68	\$	-
CPN7002593	ASM, POWER MONITOR, EV3	\$	576.63	13	\$	7,496.24	\$	-
CPN1005112	POWER SUPPLY, 24VDC, 13.4A, 321.6W	\$	44.09	168	\$	7,406.45	\$	-
CPN1005526	ORIFICE, .010" 1/4T PTC	\$	12.08	601	\$	7,260.26	\$	-
CPN3008510	Spacer, Caster, Console, Alice	\$	9.45	767	\$	7,248.15	\$	606.48
CPN411005675	TAPE, TEFLON	\$	2.85	2542	\$	7,244.70	\$	-
CPN3007755	HOUSING, BACK, DERMASTAT	\$	17.96	399	\$	7,167.96	\$	-
CPN1003166	FTG, COUPLING BODY, 5/32 TUBE	\$	9.78	699	\$	6,836.22	\$	-
CPN3008018	Enclosure, Heat Exchanger, Alice	\$	18.43	364	\$	6,708.52	\$	-
CPN3008114	Cable, Display to display adapter, Alice	\$	42.62	157	\$	6,691.34	\$	-
CPN3002371	MOD, THREADED ROD, 0.14"-20.8, HP, EV	\$	32.30	207	\$	6,686.27	\$	-
CPN1005269	FTG elbow 3/8" Plug-In Elbow	\$	7.60	870	\$	6,612.00	\$	-
CPN1004299	COOLANT, DOWFROST, 40% 1GAL	\$	110.00	60	\$	6,600.00	\$	-
CPN3008260	Cable ASM, 4 Fan, laser, Alice	\$	40.00	165	\$	6,600.00	\$	66,468.72
CPN7002123	ASM, OPTIC MOUNT, LM3, EV	\$	312.67	21	\$	6,565.99	\$	-
CPN3006585	PLATE, END, WINDOW, EV	\$	30.62	211	\$	6,460.40	\$	-
CPN7002125	ASM, OPTIC MOUNT, LM5, EV	\$	337.99	19	\$	6,421.78	\$	-
CPN3007061	BEZEL FRONT HANDPIECE EV2	\$	28.00	228	\$	6,383.09	\$	-
CPN3008493	Cable, ASM, Dehumidifier thermistor with	\$	34.00	186	\$	6,324.00	\$	-
CPN3002472	BLADE, SAFETY SHUTTER, EV	\$	53.40	118	\$	6,301.20	\$	-
CPN3006430	TILT PLATE, EV	\$	26.79	235	\$	6,295.65	\$	-
CPN3007536	Cable ASM, Thermistor, HP, EV	\$	24.65	255	\$	6,285.75	\$	-
CPN1003459	FERR RND CBL SNAP 8.5-10MM GRAY	\$	5.18	1207	\$	6,252.26	\$	-
CPN7001991	ASM, LM9, LBO HSG, EV	\$	510.88	12	\$	6,130.56	\$	-
CPN3003254	Y MIRROR MNT. LT HAND, EV LSR HD	\$	16.28	373	\$	6,072.44	\$	-
CPN1000182	STAND-OFF, M/F 8-32 1/4HEX, 1/2L	\$	2.07	2910	\$	6,023.70	\$	-
CPN7000919	PCBA HP GV NXP LED	\$	33.87	177	\$	5,994.99	\$	-
CPN3006791	CABLE ASM, AC GND, TSID	\$	1.21	4921	\$	5,962.78	\$	-
CPN3002742	CABLE ASM, CIR BRKR-EMI BUNDLE, EV	\$	13.40	439	\$	5,882.60	\$	-
CPN1005267	FTG elbow 3/8" Tube OD x 1/4 Pipe	\$	4.62	1267	\$	5,853.29	\$	-
CPN3005061	HEAT EXCHANGER, CLEANED, EH	\$	90.00	65	\$	5,850.00	\$	-
CPN3006580	LID, LBO HSG, EV	\$	22.58	259	\$	5,848.74	\$	-
CPN1004517	LENS, CONVEX, 6MM DIA, 7.5MM FL	\$	23.45	244	\$	5,721.80	\$	-
CPN7002893	ASM, TREE, AVICLEAR	\$	438.64	13	\$	5,702.32	\$	-
CPN3008415	Hsg, Top, Rear, Optical, Console, Alice	\$	14.23	394	\$	5,606.62	\$	-
CPN3008537	MOUNT, PSU, COSEL, ALICE	\$	22.70	243	\$	5,516.10	\$	1,305.48
CPN7001992	ASM, LM10, LBO HSG, EV	\$	423.17	13	\$	5,501.19	\$	-
CPN3002490	RESERVOIR, EV	\$	97.87	54	\$	5,284.98	\$	-
CPN7002126	ASM, OPTIC MOUNT, LM6, EV	\$	329.13	16	\$	5,266.01	\$	-
CPN3007246	DECK, FLOWERPOT, EV2	\$	14.87	354	\$	5,263.98	\$	-
CPN7002124	ASM, OPTIC MOUNT, LM4, EV	\$	347.48	15	\$	5,212.27	\$	-
CPN1005746	FTG, ADAPTER, 1/4T X 1/16MNPT	\$	5.51	941	\$	5,183.03	\$	-
CPN1005704	CELL/GPS bulkhead adapter, Aviclear	\$	12.25	421	\$	5,157.25	\$	-

CPN7002137	ASM, SAFETY SHUTTER, EV	\$	321.21	16	\$	5,139.34	\$	-
CPN3002713	CABLE ASM, HVPS/EMI	\$	11.48	439	\$	5,039.72	\$	-
CPN3008148	Bracket, LCD, Display, Alice	\$	22.35	225	\$	5,028.75	\$	616.20
CPN1000177	KAPTON TAPE 3/4W	\$	0.43	11744	\$	5,023.85	\$	-
CPN3003610	Cover, HVPS, ASM	\$	57.00	87	\$	4,959.00	\$	-
CPN3002723	CABLE ASM, TERMISTOR, HP, EV	\$	24.65	199	\$	4,905.35	\$	-
CPN3008496	Cable ASM, Thermistor w/ Lug, Laser, Ali	\$	28.00	175	\$	4,900.00	\$	-
CPN3008541	Mount, KNF Pump-Muffler, Alice	\$	25.40	191	\$	4,851.40	\$	1,363.62
CPN3002298	MIRROR OC 532	\$	112.00	43	\$	4,816.00	\$	-
CPN3006475	MOUNT, DIVERTER, LEFT, EV LH	\$	28.46	169	\$	4,809.74	\$	-
CPN7002127	ASM, OPTIC MOUNT, LM7, EV	\$	341.15	14	\$	4,776.15	\$	-
CPN1005274	HDMI Cable 1ft - 18Gbps Black, Alice	\$	12.14	393	\$	4,770.23	\$	-
CPN3006586	TILT PLATE, THK, EV	\$	25.60	185	\$	4,736.00	\$	-
CPN3008648	Foam, Seal, Fiber Conn, Alice	\$	3.96	1185	\$	4,692.60	\$	-
CPN3006583	BASE, LBO MOUNT	\$	24.71	185	\$	4,571.35	\$	-
CPN1000461	ELECTRICAL TAPE VINYL	\$	5.45	838	\$	4,564.59	\$	-
CPN3002060	TUBING, COPPER, .375 OD, THERMISTOR	\$	1.88	2414	\$	4,547.98	\$	-
CPN7002133	ASM, INTERCAVITY SHUTTER, EV	\$	302.46	15	\$	4,536.85	\$	-
CPN7002122	ASM, OPTIC MOUNT, LM2, EV	\$	320.26	14	\$	4,483.68	\$	-
CPN1003769	ADHESIVE, THERMAL EPOXY, SUPREME1/2PINT	\$	280.00	16	\$	4,479.98	\$	-
CPN7002881	ASM, RESERVOIR, AVICLEAR	\$	258.24	17	\$	4,390.10	\$	-
CPN1005219	Fan guard&filter	\$	1.25	3518	\$	4,381.67	\$	-
CPN3002651	INSERT, MAST HUB, EV	\$	16.87	259	\$	4,369.33	\$	-
CPN3006223	RETAINER, LEVEL SENSOR	\$	1.82	2405	\$	4,367.72	\$	-
CPN3009180	ASM, SAPPHIRE WINDOW HOLDER, EV2	\$	484.68	9	\$	4,362.12	\$	-
CPN3002773	BOX/ FOAM SET, SHIPPING, GV & EV HP	\$	32.12	135	\$	4,336.20	\$	-
CPN3002690	CABLE ASM, FIBER ID, EV	\$	36.00	120	\$	4,320.00	\$	-
CPN1005740	Valve, Pressure Relief, Aviclear	\$	7.98	532	\$	4,245.36	\$	-
CPN3007936	Chassis, Top Cover, EV3	\$	42.11	100	\$	4,211.30	\$	-
CPN3002306	MIR CONC R-15CM HR DUAL	\$	161.00	26	\$	4,186.00	\$	-
CPN3006429	PLATE, END, EV	\$	23.40	178	\$	4,165.20	\$	-
CPN3007236	CLAMP, CRADLE, EV2	\$	3.11	1330	\$	4,132.31	\$	-
CPN3003270	SMA RECEPTACLE, EV	\$	41.54	99	\$	4,112.46	\$	-
CPN3002643	PLATE, CONNECTOR, FP, HP, EV	\$	6.48	632	\$	4,095.36	\$	-
CPN3006581	CLAMP, LBO BASE, EV	\$	21.32	192	\$	4,093.44	\$	-
CPN3003253	HOLDER, MIRROR MNT. EV	\$	4.25	958	\$	4,071.50	\$	-
CPN7000707	PCBA, EV STARTER	\$	24.76	164	\$	4,060.64	\$	-
CPN7002121	ASM, OPTIC MOUNT, LM1, EV	\$	312.03	13	\$	4,056.43	\$	-
CPN7002128	ASM, OPTIC MOUNT, LM8, EV	\$	336.72	12	\$	4,040.67	\$	-
CPN3000514	THERMISTOR ASSY, TT	\$	9.47	417	\$	3,948.99	\$	-
CPN3002715	CABLE ASM, KEY/EMO-HVPS, EV	\$	15.85	249	\$	3,946.65	\$	-
CPN1003424	TUBING, PU 1/4OD X .045 WALL, WHITE	\$	2.08	1872	\$	3,884.40	\$	-
CPN151005381	CABLE WATER FLOW INTERLOCK	\$	3.60	1073	\$	3,864.41	\$	-
CPN1005775	CABLE HOLDER, TWIST LOCK, .75" BUNDLE DI	\$	0.46	8198	\$	3,779.28	\$	-
CPN3002613	HANDLE, TOPCOVER, EV	\$	29.01	129	\$	3,742.03	\$	-
CPN340005229	CARTRIDGE DEIONIZER	\$	27.45	136	\$	3,733.20	\$	-
CPN7002211P	DERMASTAT 1MM HANDPIECE EV3, PURCHASED	\$	910.53	4	\$	3,642.10	\$	-
CPN3002488	CABLE ASM, SENSOR, THERMAL, GP	\$	34.27	104	\$	3,564.38	\$	-
CPN7002134	ASM, BEAM PICK-OFF, EV	\$	235.72	15	\$	3,535.74	\$	-
CPN3007247	COVER, LEFT, FLOWERPOT, EV2	\$	9.80	357	\$	3,499.67	\$	-
CPN3008348	Console connector, Scorpion, female, Ali	\$	6.94	500	\$	3,470.00	\$	-
CPN510005624	CONN DIN SAFETY INTERLOCK	\$	2.69	1257	\$	3,381.33	\$	-
CPN3008593	Bracket, Display to Console, Alice	\$	13.85	244	\$	3,379.40	\$	247.10
CPN3008417	racket, Electronic Support, Alice	\$	18.15	186	\$	3,375.90	\$	332.37
CPN3002670	LATCH PIN, SOUTHCO, MODIFIED, EV	\$	9.56	353	\$	3,374.68	\$	-
CPN1003257	TUBING, 1/2 OD X .09 WALL, PU	\$	2.37	1422	\$	3,370.14	\$	-
CPN3007119	ASM HOLDER SAPPHIRE WINDOW EV2	\$	414.84	8	\$	3,318.72	\$	-
CPN7002193	ASM, LEFT COVER, EV2	\$	331.00	10	\$	3,310.04	\$	-
CPN7000374	ASS'Y, PCB USB CONNECTOR	\$	19.50	169	\$	3,295.50	\$	-
CPN7002880	ASM, COOLING PUMP, AVICLEAR	\$	191.66	17	\$	3,258.27	\$	-
CPN7002879	SM, HEAT EXCHANGER, AVICLEAR	\$	403.96	8	\$	3,231.65	\$	-
CPN1005362	FTG, ADPTR, 1/4T X 1/8NPT	\$	1.56	2055	\$	3,210.57	\$	-
CPN1004176	FILTER CARTRIDGE, 10.1CFM, 1/4T, PVDF	\$	29.69	108	\$	3,206.41	\$	-
CPN1005109	LENS, CONVEX, 9mmDia. x27mmFLCoated, Double	\$	25.55	124	\$	3,168.20	\$	-
CPN3007277	SNAP ASM, FP, EV2	\$	4.29	732	\$	3,142.48	\$	-
CPN1005108	LENS, CONVEX 9.0mmDia x22.0mm FL, CoatPlano	\$	25.55	122	\$	3,117.10	\$	-
CPN1003804	SCR, SEMS, PPH, M3-.5 X 6MM LG, SS	\$	0.48	6495	\$	3,116.30	\$	-
CPN3007055	CAP, NO STANDOFF, DERMASTAT, 2MM	\$	6.85	454	\$	3,109.90	\$	-
CPN3007248	COVER, RIGHT, FLOWERPOT, EV2	\$	8.71	355	\$	3,093.47	\$	-
CPN1004542	Indicator, TiltWatch Plus	\$	3.52	875	\$	3,080.00	\$	-
CPN3002509	CABLE ASM, AIM DIODE, GP	\$	18.79	163	\$	3,062.77	\$	-
CPN1000329	FITTING 90DEG 3/8 INST X 3/8 MALE T	\$	4.94	606	\$	2,996.19	\$	-
CPN1005373	Cable, 4G, 3G, 2G Cell Antenna, Alice	\$	2.95	1006	\$	2,967.70	\$	-
CPN1000188	CONN, 90DEG ELBOW, 3/8 ITF, 1/4 ITF	\$	5.38	550	\$	2,959.44	\$	-
CPN3008350	Strip, Rubber, KNF Pump Mount	\$	3.10	952	\$	2,951.20	\$	-
CPN1003770	ADHESIVE, ELASTOMERIC EPOXY,	\$	206.68	14	\$	2,893.52	\$	-
CPN3008416	Hsg, Flowerpot, Console, Alice	\$	12.43	232	\$	2,883.76	\$	-
CPN3002611	BEZEL, LCD, EV	\$	15.94	180	\$	2,868.66	\$	-

CPN3007315	CAP, REAR, SMA HOUSING, EV2, GV	\$	16.77	171	\$	2,867.67	\$	-
CPN3007257	HANDLE, FRONT, CHASSIS, EV2	\$	41.56	69	\$	2,867.64	\$	-
CPN1000634	SCR, 8-32 X 5/8, PPH, SEMS, SS	\$	0.54	5321	\$	2,846.74	\$	-
CPN1005439	1/8" HB Filtered Orifice Connector	\$	4.28	664	\$	2,841.92	\$	-
CPN3006480	HOLDER, MOTOR- DIVERTER, EV LH	\$	25.81	110	\$	2,839.10	\$	-
CPN7002882	ASM, FIBER MAST HUB, AVICLEAR	\$	201.39	14	\$	2,819.53	\$	-
CPN1005705	WiFi bulkhead adapter, Aviclear	\$	14.00	201	\$	2,814.00	\$	-
CPN1006351	CELL/GPS Bulkhead Adapter, D, AV	\$	12.25	226	\$	2,768.50	\$	-
CPN1003299	CLAMP, CABLE, 5/8 DIA	\$	0.96	2860	\$	2,745.60	\$	-
CPN1005063	Tubing, .250 OD X .125 ID X .062 Wall, T	\$	1.82	1510	\$	2,743.97	\$	-
CPN3008601-FA	COLDPALTE, .375 THK, DEHUMIDIFIER, ALICE	\$	21.18	129	\$	2,732.22	\$	-
CPN3003150	BASE, ISO MOUNT, EV	\$	4.72	566	\$	2,671.52	\$	-
CPN7002197	ASM, AIMING DIODE, EV2	\$	190.47	14	\$	2,666.65	\$	-
CPN3002484	UMBILICAL, TUBE LINER, 0.475 OD, PU	\$	8.10	326	\$	2,640.60	\$	-
CPN3004927	WINDOW, PLANE, 1"DIA X .12THK, EN	\$	10.50	250	\$	2,625.00	\$	-
CPN7002736	ASM, EMO / KeySwitch	\$	255.69	10	\$	2,556.87	\$	-
CPN750005564	WIRE 10 AWG BLACK	\$	1.37	1867	\$	2,554.06	\$	-
CPN3008729-FA	HEATSINK, DEHUMIDIFIER, TESTED	\$	633.60	4	\$	2,534.40	\$	-
CPN7002594	ASM, 24V PSU, EV3	\$	505.77	5	\$	2,528.84	\$	-
CPN3003134	BEZEL, HP, GV	\$	15.01	168	\$	2,521.68	\$	-
CPN3004543	CABLE ASM, LASER DIOSE, AIM, EH	\$	24.65	102	\$	2,514.30	\$	-
CPN3007272	CLAMP, LAMP, ULTEM	\$	7.13	349	\$	2,488.37	\$	-
CPN3000631	SHIPPING CONTAINER HVPS FOAM	\$	25.26	98	\$	2,475.48	\$	-
CPN401005196	KAPTON TAPE 2 MIL X 2 IN	\$	4.13	597	\$	2,466.80	\$	-
CPN3008639	BOOM HOLDER, BRACKET, ALICE	\$	11.70	209	\$	2,445.30	\$	205.29
CPN1003802	ADHESIVE, FLEXIBLE EPOXY EPO-TEK	\$	58.33	40	\$	2,333.20	\$	-
CPN320005253	CONN ST 1/2 ITF X 3/8 ITF	\$	2.86	806	\$	2,306.77	\$	-
CPN1004464	FSG, .02"H X .157"W X 48"L	\$	2.31	994.1	\$	2,296.67	\$	-
CPN3007140	CAP, STANDOFF, DERMASTAT, 1MM	\$	3.97	577	\$	2,291.84	\$	-
CPN3007078	FTG, 10-32 X 1/4T, CLEANED	\$	32.25	71	\$	2,289.68	\$	-
CPN3008266	CABLE ASM, VAC Sense, ALICE	\$	12.00	190	\$	2,280.00	\$	-
CPN3007258	SHAFT, HANDLE, FRONT, CHASSIS, EV2	\$	23.34	97	\$	2,263.98	\$	-
CPN3002725	CABLE ASM, LEVEL SW, RESERVOIR, EV	\$	15.81	143	\$	2,260.83	\$	-
CPN1004408	FTG, 10-32 X 1/4T	\$	32.25	70	\$	2,257.43	\$	-
CPN3002642	PLATE, CONNECTOR, FP, CONSOLE, EV	\$	9.47	232	\$	2,197.04	\$	-
CPN1000375	SCREW, PH PN HD, SEMS, 8-32 X 1 LG	\$	0.69	3168	\$	2,196.69	\$	-
CPN1003250	SCR, PPH, M4 X 6, SEMS, SS	\$	0.79	2784	\$	2,185.44	\$	-
CPN330005197	O-RING .239 X .051 TEFLON	\$	9.26	234	\$	2,166.84	\$	-
CPN1004185	WASHER, BELLEVILLE, #6	\$	0.86	2508	\$	2,165.42	\$	-
CPN1004519	LENS, YAG-BBAR,9MMDIAx12MMFL,PLCX,COAT	\$	26.25	82	\$	2,152.50	\$	-
CPN1003999	ADJUSTER,1/4-100X3/4 LGHEX HD,SS CLEAN	\$	5.10	420	\$	2,142.00	\$	-
CPN7002189	ASM, RIGHT COVER FLOWERPOT DECK, EV2	\$	527.60	4	\$	2,110.41	\$	-
CPN3002714	CABLE ASM, STARTER WIRE, EV	\$	3.05	691	\$	2,107.55	\$	-
CPN3008575	Box, Antenna, Alice	\$	11.35	185	\$	2,099.75	\$	1,004.40
CPN1005250	WiFi antenna, Alice	\$	3.75	556	\$	2,085.00	\$	-
CPN1003252	FITTING, PTC, 1/4 X1/4, 90 EL	\$	1.39	1493	\$	2,081.24	\$	-
CPN7002887	ASM, FLOW SWITCH, ALICE	\$	259.88	8	\$	2,079.06	\$	-
CPN3006541	ADAPTER PLATE, PURGE SYSTEM, EV	\$	24.39	83	\$	2,024.37	\$	-
CPN1003163	CONN, HSG, MALE, SIZE 16/22, GF5H89	\$	3.01	663	\$	1,995.63	\$	-
CPN1005251	4G, 3G, 2G Cell Antenna, Black, AV	\$	2.95	676	\$	1,994.20	\$	-
CPN1003251	FITTING, PTC, 3/8 X 3/8 COUPL	\$	3.41	584	\$	1,993.78	\$	-
CPN3007317	CAP, REAR, SMA HOUSING, EV2, 1MM	\$	11.98	166	\$	1,988.96	\$	-
CPN3002801	TUBE, FLARED, LATCH GUIDE	\$	12.45	158	\$	1,967.10	\$	-
CPN3007508	Panel Filler, Handle, EV2	\$	10.66	184	\$	1,961.44	\$	-
CPN1005372	Cable, WiFi antenna, Alice	\$	3.50	560	\$	1,960.00	\$	-
CPN3002753	MAGNET STRIP, HIGH ENERGY, EV	\$	0.56	3478	\$	1,947.68	\$	-
CPN1004177	TBG, 1/8"ID X 1/4"OD, FEP	\$	2.73	710	\$	1,940.43	\$	-
CPN3007314	CAP, REAR, SMA HOUSING, EV2, CV	\$	9.34	207	\$	1,933.38	\$	-
CPN1003951	Label, Impact Indicator, 25G	\$	3.17	607	\$	1,922.98	\$	-
CPN3001090	CABLE ASSY, EMER OFF BLOCK	\$	16.34	117	\$	1,911.78	\$	-
CPN400005473	LUBRICANT APIEZON AP101	\$	76.67	24.69	\$	1,892.88	\$	-
CPN3008439	Hsg,Top, Rear, Upper, Console, Alice	\$	7.92	237	\$	1,877.04	\$	-
CPN7002139	ASM, RESERVOIR, EV	\$	234.35	8	\$	1,874.81	\$	-
CPN3007240	COVER-B, SMA HOUSING, EV2	\$	2.72	685	\$	1,865.26	\$	-
CPN1004546	Heatshrink Tubing, Polyolefin, 2-1, .19	\$	11.67	159	\$	1,855.64	\$	-
CPN1000009	FERRITE CLAMP ON ASSEMBLY	\$	1.13	1632	\$	1,847.42	\$	-
CPN1004315	CLAMP, HOSE, .28-.30 BUNDLE DIA, POM, WH	\$	1.08	1704	\$	1,836.91	\$	-
CPN3007136	MOUNT SPACER PCBA RETROFIT HP EV2	\$	2.71	673	\$	1,822.75	\$	-
CPN1003428	SCREW, PLASTITE, 8-16 X 3-8L	\$	0.43	4201	\$	1,817.35	\$	-
CPN3008649	Cover, PCBA, Fiber Conn, Alice	\$	3.61	494	\$	1,783.34	\$	-
CPN1003481	SPRING, EXT, .188OD X .50LG, .031MW	\$	0.65	2752	\$	1,775.04	\$	-
CPN3006438	BLOCK, SPRING RETAINER, EV	\$	9.75	182	\$	1,774.50	\$	-
CPN1003198	ADHESIVE, OPTICAL, UV CURE, GEL	\$	197.00	9	\$	1,773.00	\$	-
CPN1000340	FITTING 90DEG 1/4 STEM X 1/4 INSTA	\$	2.91	606	\$	1,766.25	\$	-
CPN430005801	SCR, PH PN HD, SEMS 2-56 7 /16 LG S	\$	2.07	833	\$	1,722.64	\$	-
CPN3007739	Holder, Lens, L1, EV, 9mm	\$	7.39	232	\$	1,714.94	\$	-
CPN3002564	HINGE PIN, TOP COVER, EV	\$	7.63	222	\$	1,693.86	\$	-
CPN3007224	DOUBLE CLIP UMBILICAL, EV2	\$	1.84	913	\$	1,676.27	\$	-

CPN3007116	HOLDER LENS L2 EV2	\$	7.20	232	\$	1,670.40	\$	-
CPN1000293	KAPTON TAPE 1-4W 36 YD	\$	0.14	12101	\$	1,669.94	\$	-
CPN3007110	Tube, Genesis HP, EV2	\$	9.97	167	\$	1,664.99	\$	-
CPN3007316	CAP, REAR, SMA HOUSING, EV2, 2MM	\$	9.35	177	\$	1,654.95	\$	-
CPN3007109	CLAMP, TUBE, GENESIS HP, EV	\$	9.85	168	\$	1,654.80	\$	-
CPN1004392	LABEL, BLANK, 4 X 2	\$	0.08	20650	\$	1,652.00	\$	-
CPN3007108	HOLDER, TUBE, GENESIS HP, EV	\$	9.84	167	\$	1,643.28	\$	-
CPN3003087	MOUNT, AIM-DIODE, HP, GP	\$	9.92	164	\$	1,626.88	\$	-
CPN1000231	TERM CRIMP BUTT SPLICE 10-12 AWG	\$	9.90	163	\$	1,613.70	\$	-
CPN3002612	BEZEL, KEY SW/EMO, EV	\$	9.33	172	\$	1,604.76	\$	-
CPN7002148	ASM, PURGE PUMP, EV	\$	313.87	5	\$	1,569.36	\$	-
CPN3002427	MOUNT, FRT, PWR MTR, EV	\$	8.47	185	\$	1,566.95	\$	-
CPN3002733	CABLE ASM, Q-SW DRIVER, COAX, EV	\$	8.56	183	\$	1,566.48	\$	-
CPN3002734	BLADE, DIVERTER, EV	\$	14.34	109	\$	1,563.06	\$	-
CPN3002796	LABEL, CAUTION, LASER RAD	\$	0.41	3766	\$	1,555.36	\$	-
CPN3007239	COVER-A, SMA HOUSING, EV2	\$	2.29	680	\$	1,555.16	\$	-
CPN1003222	TUBING, .158 OD X .118 ID, PTFE	\$	0.36	4340	\$	1,549.38	\$	-
CPN1005923	CONN, 45 ELBOW, 1/4 OD	\$	3.88	397	\$	1,541.55	\$	-
CPN3007500	3007500 r1 Cradle, hp, EV2	\$	4.21	365	\$	1,536.65	\$	-
CPN3006492	BRACKET, PURGE PUMP, EV	\$	17.85	86	\$	1,535.10	\$	-
CPN430005966	SCR, 2-56 X 5/16 PH PN HD SEM SS	\$	0.09	17500	\$	1,530.17	\$	-
CPN3007158	LENS BICONCAVE 10MM DIA. X 14.7MM FL,	\$	5.72	265	\$	1,516.86	\$	-
CPN3002476	X-Y PLATE, FIBER FOCUS, EV	\$	15.79	96	\$	1,515.84	\$	-
CPN3002426	END REFLECT, PWR MTR, EV	\$	15.40	96	\$	1,478.40	\$	-
CPN1003294	TUBING, 3/32 ID X 1/32 WALL, PVC	\$	15.50	95.2	\$	1,475.60	\$	-
CPN3007084	ADJUSTER, 1/4-100 X 3/4 LG, HEXHD, SS, CLEAN	\$	5.10	288	\$	1,468.80	\$	-
CPN3002549	FRONT LATCH PLATE, TOPCOVER, EV	\$	10.92	134	\$	1,463.28	\$	-
CPN3005718X	WINDOW, COATED, 1.0DIA, 1064-532-450NM, EN3	\$	10.50	139	\$	1,459.50	\$	-
CPN3007873	BASE, POWER MONITOR, EV3	\$	13.13	111	\$	1,457.87	\$	-
CPN3007241	CAP, FRONT, SMA HOUSING, EV2	\$	2.18	667	\$	1,452.73	\$	-
CPN1003220	CABLE ASM, FLAT FLEX, DISPLY, 6 IN	\$	8.66	165	\$	1,428.74	\$	-
CPN3002464	BASE, Q-SW MNT, EV	\$	13.95	102	\$	1,422.90	\$	-
CPN402006100	ALUMINA THERMAL COMPOUND	\$	236.23	6	\$	1,417.38	\$	-
CPN3007114	BRACKET HEATSINK TO LENS CELL EV2	\$	6.85	205	\$	1,405.15	\$	-
CPN1005268	FTG elbow 1/4" Tube OD x 1/4 Pipe	\$	3.26	430	\$	1,401.11	\$	-
CPN1003534	FTG CPLG 1/4T X 1/4T GRAY	\$	2.70	517	\$	1,393.32	\$	-
CPN3008438	Hsg, Display, Alice	\$	6.48	215	\$	1,393.20	\$	-
CPN3002365	BASE, ICS, EV	\$	12.40	112	\$	1,388.80	\$	-
CPN171005100	CLAMP, LASER ROD	\$	4.75	291	\$	1,382.25	\$	-
CPN1005211	SCREW, SHC, M4 X 0.7mm THD X 22mm LG	\$	0.16	8350	\$	1,371.54	\$	-
CPN3002624	PANEL, PWR SUPPLY, CONSOLE, EV	\$	10.97	125	\$	1,371.38	\$	-
CPN3002425	BODY, PWR MTR, EV	\$	6.96	196	\$	1,364.16	\$	-
CPN1000232	SCR, SEMS 8-32, 1-4L, SS, PH PN HD	\$	0.32	4301	\$	1,359.12	\$	-
CPN1000219	TAPE DAMPENING .025 THICK	\$	24.59	55	\$	1,352.34	\$	-
CPN1005730	SCR, PLASTITE, 6-19 X 1/4" LG, SS	\$	0.36	3703	\$	1,347.15	\$	-
CPN1005756	Male-Female Threaded Hex Standoff 1/4" H	\$	0.59	2265	\$	1,336.35	\$	-
CPN3007290	SMA STRAIN RELIEF DERMASTAT	\$	3.81	350	\$	1,334.20	\$	-
CPN1006187	TUBING, PU 1/4OD X .045 WALL, CLEAR	\$	3.08	432	\$	1,330.56	\$	-
CPN1003274	FITTING, COUPLING, 1/2" BULKHEAD	\$	10.78	123	\$	1,325.82	\$	-
CPN3007056	CAP, STANDOFF, DERMASTAT, 2MM	\$	7.32	181	\$	1,324.92	\$	-
CPN1000069	SPEAKER, PERM MAG, XEO	\$	4.53	290	\$	1,313.70	\$	-
CPN3008584	COVER PLATE FIN DEHUMIDIFIER, ALICE	\$	6.71	194	\$	1,301.74	\$	-
CPN3008509-FA	COVER, REAR, CONSOLE, ALICE	\$	259.65	5	\$	1,298.25	\$	-
CPN3006302	CABLE ASM, RECTIFIER 24V PS POWER, EV	\$	11.79	109	\$	1,285.11	\$	-
CPN3000215	CABLE ASSY, XEO SPEAKER	\$	12.43	102	\$	1,267.86	\$	-
CPN3002610	BEZEL, FIBER POLE, EV	\$	7.57	167	\$	1,263.59	\$	-
CPN1004399	SCR, SHOULDER, 4-40, 1/8DIA X 7/16, SS	\$	2.66	475	\$	1,263.50	\$	-
CPN1005123	CABLE, CATSE, ANGLED, 7FT, BLUE	\$	6.94	181	\$	1,256.14	\$	-
CPN3007021	CLAMP MOTOR HANDPIECE EV2	\$	6.61	190	\$	1,255.52	\$	-
CPN3008437	Hsg, Top Rear, Console, Alice	\$	5.35	233	\$	1,246.55	\$	-
CPN7002194	ASM, RIGHT COVER, EV2	\$	248.40	5	\$	1,241.98	\$	-
CPN3007926	Housing, Lens Cell, Dermastat 1mm	\$	4.44	279	\$	1,237.42	\$	-
CPN1004173	FTG, ADAPTER, 1/4T X 1/8MNPT	\$	3.53	349	\$	1,230.64	\$	-
CPN3008583-FA	Heatsink, Laser, Alice	\$	246.00	5	\$	1,230.00	\$	-
CPN1005611	HEATSHRINK EPS200 3/4"X4' BLACK	\$	13.44	91	\$	1,223.04	\$	-
CPN1000076	CONN REDUCING STRAIGHT 3/8 X 1/4	\$	3.44	353	\$	1,213.26	\$	-
CPN3007111	LENS CELL, GENESIS HP, EV	\$	7.86	154	\$	1,210.44	\$	-
CPN1003212	FTG, PTC, 1/2 X 1/4 X 1/2 TEE, BLK	\$	12.94	92	\$	1,190.48	\$	-
CPN3008117	FOAM SEAL FIBER COUPLER, ACNE	\$	0.95	1250	\$	1,187.50	\$	-
CPN320006010	CONN ST, 1/4 MPT X 1/4 QR CR-BRASS	\$	22.20	53	\$	1,176.60	\$	-
CPN320005252	CONN T 1/2 ITF X 1/2 ITF X 3/8 I	\$	3.98	294	\$	1,170.12	\$	-
CPN1004530	SCREW, PAN HD, #2-56 X 5/16" LG, NYLON	\$	1.80	651	\$	1,168.55	\$	-
CPN3002636	MOUNT, PICKOFF, VERT, EV	\$	10.42	112	\$	1,167.04	\$	-
CPN171005935	NUT, KEYSWITCH	\$	1.35	862	\$	1,163.70	\$	-
CPN1004186	CABLE ASM, CATSE 350MHZ, RJ45 M/M, YEL,	\$	1.32	876	\$	1,160.61	\$	-
CPN3007054	LENS CELL, DERMASTAT	\$	2.52	460	\$	1,159.20	\$	-
CPN3007008	MOUNT OPTICS ASSEMBLY HANDPIECE EV2	\$	5.60	205	\$	1,148.00	\$	-
CPN7002739-FA	SUB ASM, FLOWER POT CONN, FRAME, ALICE	\$	229.05	5	\$	1,145.25	\$	19,498.45

CPN7002195	ASM, TREE, EV2	\$	227.91	5	\$	1,139.55	\$	-
CPN1003259	KEEPER, LATCH, FLOATING, SOUTHCO	\$	4.74	240	\$	1,136.40	\$	-
CPNLBBLN	1"X0.5" label 3 per row"	\$	0.02	47303	\$	1,135.27	\$	-
CPN1004543	WIRE, 1 COND, STRND, 20AWG, RED, PTFE	\$	1.22	930	\$	1,134.97	\$	-
CPN1003979	ADHESIVE, ELASTOMERIC EPOXY, MILBOND A&B	\$	81.00	14	\$	1,134.00	\$	-
CPN1005365	Washer, fiber, #6 screw, Alice	\$	0.15	7800	\$	1,131.17	\$	-
CPN3001196	MOUNT LCD XEO NUI	\$	10.94	102	\$	1,115.47	\$	-
CPN1005371	SCR, PPH, 8-32 X 3/4" LG, SS, SEMS	\$	0.46	2411	\$	1,110.02	\$	-
CPN1005729	FTG, ADPTR, 1/4T X 1/8FNPT	\$	5.36	207	\$	1,108.86	\$	-
CPN3003163	FOAM SEAL FIBER EXIT	\$	3.45	319	\$	1,100.55	\$	-
CPN3002666	CLAMP, CABLE FEEDTHRU, EV	\$	6.08	180	\$	1,094.40	\$	-
CPN1005154	FERRITE, 220OHM, SNAP ON 18.80MM	\$	2.31	472	\$	1,090.32	\$	-
CPN3002700	FITTING, 1/4-28 X 1/4 STEM, Q-SW	\$	4.87	224	\$	1,090.21	\$	-
CPN1004529	RETAINING RING, M12.5 X. 0.5 - SM12RR	\$	12.11	90	\$	1,090.02	\$	-
CPN3002958	APERTURE, AIM DIODE, HP, GP	\$	7.74	140	\$	1,083.60	\$	-
CPN1003213	FITTING, PTC, 1/2 STEM X 1/2 90 EL	\$	5.28	205	\$	1,081.99	\$	-
CPN1000209	LABELDANGER HIGH VOLTAGE	\$	4.25	253	\$	1,075.25	\$	-
CPN1005738	SCR, 8-32 Thread, 3/8" Long Black-Oxide	\$	0.08	13210	\$	1,073.97	\$	-
CPN3007843	T-Bar, Saddle, Cable, EV2	\$	5.87	181	\$	1,061.84	\$	-
CPN1005312	Mount, Isolator, Lord Plateform, 100PDL-	\$	5.29	200	\$	1,058.00	\$	-
CPN1005261	Spring, .36 Dia, .50 Lg, .026 Wire Dia	\$	5.20	200	\$	1,039.34	\$	-
CPN3003221	LABEL, ARROW, FLOWERPOT, EV	\$	4.13	251	\$	1,036.63	\$	-
CPN3007005	COVER A HANDPIECE EV2 VASCULAR	\$	14.33	72	\$	1,031.76	\$	-
CPN1005321	FITTING, PTC, WYE, FOR 5/32" Tube OD (57	\$	5.17	198	\$	1,023.34	\$	-
CPN3008548	LABEL, WINDOW, REAR, EV	\$	5.84	175	\$	1,022.18	\$	-
CPN7002883	ASM, Flowerpot Console Con, Alice	\$	508.32	2	\$	1,016.64	\$	-
CPN3007756	END CAP, DERMASTAT	\$	5.55	183	\$	1,015.65	\$	-
CPN3007527	BOX/ FOAM SET, SHIPPING, DERMASTAT HP	\$	18.26	55	\$	1,004.30	\$	-
CPN7001939	ASM, WATER PUMP, EV	\$	200.06	5	\$	1,000.32	\$	-
CPN3007039	MOUNT LEAD NUT HANDPIECE EV2	\$	4.76	209	\$	995.24	\$	-
CPN1004090	SCR, SHC, 6-32 X 5/8" LG, SS	\$	0.04	27512	\$	993.40	\$	-
CPN1000449	HEAT SHRINK TUBING, 3/8 EXP ID, BLK	\$	2.50	395	\$	987.50	\$	-
CPN1003901	RETAINER RING, SM1	\$	4.87	200	\$	974.00	\$	-
CPN3008721	LABEL, WINDOW, REAR, AVICLEAR	\$	5.66	171	\$	967.86	\$	-
CPN320006096	CONN. ST, 5/32 ITF X 5/32 ITF	\$	2.17	442	\$	959.67	\$	-
CPN1005679	CONN HSG PLUG 2POS 7.50MM BLACK	\$	0.66	1440	\$	950.40	\$	-
CPN1005361	STDF, M/F, 1/4HEX X 3/8" LG, 8-32, ALUM	\$	0.59	1590	\$	935.24	\$	-
CPN1003153	FTG, PTC, 5/32 COUPLING, NYL, BLK	\$	1.05	887	\$	931.35	\$	-
CPN1005886	Filter Mount, Dehumidifier, AviClear	\$	2.23	416	\$	928.93	\$	-
CPN3002463	MOUNT, Q-SWITCH, EV	\$	8.12	114	\$	925.68	\$	-
CPN1005653	DISH PAN, 4", OCTAGON	\$	2.95	314	\$	925.61	\$	-
CPN7002145	ASM, FLOW SWITCH, EV	\$	184.00	5	\$	920.02	\$	-
CPN7002141	ASM, FILTER HOUSING, EV	\$	152.81	6	\$	916.83	\$	-
CPN1000411	400A / 1200V DUAL SPT IGBT MODULE	\$	75.79	12	\$	909.48	\$	-
CPN7002150	ASM, 2ND STAGE FILTER, EV	\$	180.54	5	\$	902.68	\$	-
CPN3008807	CRADLE, SINGLE, HP, ALICE	\$	4.58	195	\$	893.10	\$	-
CPN1004484	ADHESIVE, TS 800 MB-2, CYANOACRYLATE	\$	80.00	11	\$	880.00	\$	-
CPN1000559	FERRITE CORE, FLAT CABLE	\$	12.50	70	\$	875.00	\$	-
CPN3008597	Spacer, Antenna, Bulkhead, Alice	\$	0.37	2356	\$	871.72	\$	-
CPN3000231	SPACER, CASTER	\$	1.04	828	\$	861.12	\$	-
CPN1006251	FTG, ADAPTER, 1/4T X 1/8MNPT	\$	1.95	440	\$	858.00	\$	-
CPN524184	Anti-Static Pallet Covers	\$	2.20	383	\$	842.60	\$	-
CPN7002147	ASM, PURGE MOUNTING PLATE, EV	\$	137.93	6	\$	827.56	\$	-
CPN7002175	ASM, COVER A, HP, EV2	\$	26.45	31	\$	819.95	\$	-
CPN3002716	CABLE ASM, DISPLAY/LAMP START PWR, EV	\$	7.15	114	\$	815.10	\$	-
CPN1003997	MOUNT, CABLE TIE, ADHESIVE BASE	\$	0.25	3163	\$	802.45	\$	-
CPN1005328	Scorpion female pin	\$	0.80	1000	\$	800.00	\$	-
CPN7002176	ASM, COVER B, HP, EV2	\$	28.42	28	\$	795.76	\$	-
CPN1004544	WIRE, 1 COND, STRND, 20AWG, BLK, PTFE	\$	1.22	650	\$	793.26	\$	-
CPN3007006	COVER B HAND PIECE EV2	\$	16.21	47	\$	761.87	\$	-
CPN171005096	SPACER RODS 5 IN ROD	\$	2.14	352	\$	753.28	\$	-
CPN7002138	ASM, FAN, EV	\$	150.40	5	\$	752.01	\$	-
CPN3002366	BLADE, ICS, EV	\$	7.22	104	\$	750.88	\$	-
CPN3002630	BRKT, RESERVOIR, EV	\$	8.01	93	\$	744.93	\$	-
CPN1000033	ROUND CABLE EMI SUPPRESSION CORE	\$	0.65	1144	\$	743.60	\$	-
CPN7002734-FA	ASM, Terminal Block, Alice	\$	147.36	5	\$	736.80	\$	-
CPN1004532	NUT, 2-56 X 1/16" LG, Nylon, Off-White	\$	1.83	402	\$	736.46	\$	-
CPN3002724	COVER, FIBER EXIT, EV	\$	8.17	89	\$	727.13	\$	-
CPN3004128	TUBE, XEO FILTER	\$	6.22	116	\$	721.98	\$	-
CPN1005921	CLAMP, 3/4" TO 7/8" ID, ADJUSTABLE, NYL	\$	1.76	410	\$	721.60	\$	-
CPN1003214	FITTING, PTC, 1/2 X 1/2 90 DEG EL	\$	5.14	140	\$	720.16	\$	-
CPN3008111	Cable, Console, Display adapter, Alice	\$	4.33	164	\$	710.12	\$	-
CPN7002149	ASM, 1ST STAGE FILTER, EV	\$	141.70	5	\$	708.48	\$	-
CPN7002155	ASM, STARTER, EV LBO	\$	117.37	6	\$	704.22	\$	-
CPN1005599	High-Flow Muffler 1/8 NPT Male	\$	14.08	50	\$	703.87	\$	-
CPN3008744-FA	FOAM PAD KIT, DEHUMIDIFIER, AVICLEAR	\$	140.56	5	\$	702.80	\$	-
CPN3002380	Shoulder Screw, 2-56 X .094 X 3/8 Lg, Mo	\$	1.59	441	\$	701.37	\$	-
CPN3002707	CABLE ASM, PWR MTR-DTR BD, PUR/GRN	\$	2.15	324	\$	696.60	\$	-

CPN515350	Poly Strapping-1/2"x.020"x5,800',Black	\$	0.02	34685	\$	693.70	\$	-
CPN1004419	SCR, PPH, 8-32 X 3/8, SEMS-INT, SS	\$	0.33	2096	\$	691.68	\$	-
CPN1003194	SCR, FLAT HD, PHILLIPS, M1.6 X 3MM, SS	\$	0.16	4366	\$	687.65	\$	-
CPN1003192	SPRING PLUNGER, 1/4-20 X .75 LG	\$	7.53	91	\$	685.32	\$	-
CPN1000034	SCR, SL, PN HD,#2 56X1/4, NYL	\$	7.20	94	\$	676.80	\$	-
CPN3007281	LOAD PLATE, SMA HOUSING, HP, EV2	\$	1.48	457	\$	675.63	\$	-
CPN340005255	FILTER HOUSING	\$	15.96	42	\$	670.32	\$	-
CPN10034	RETAINER, SAF-T-LOK R01	\$	16.98	39	\$	662.10	\$	-
CPN3007238	BEZEL, USB, CONSOLE, EV2	\$	3.69	178	\$	657.18	\$	-
CPN7002140	ASM, DEIONIZER, EV	\$	130.93	5	\$	654.63	\$	-
CPN3002790	BRKT, CABLE, FP DECK	\$	6.96	94	\$	654.24	\$	-
CPN1006560	Lockwasher	\$	0.32	2039	\$	652.48	\$	-
CPN7002884	ASM, Front Panel, AviClear	\$	325.86	2	\$	651.72	\$	-
CPN1005612	Bronze Hex Head Screw 1/4"-20 Thread Siz	\$	0.54	1198	\$	647.76	\$	-
CPN1003190	CONTACT, MALE, SIZE 16, 20-24AWG	\$	0.48	1321	\$	640.29	\$	-
CPN3002786	CABLE ASM, LED/HP PCB, GV	\$	6.58	96	\$	631.68	\$	-
CPN3002650	BRKT, MAST HUB, EV	\$	7.67	82	\$	628.94	\$	-
CPN3007053	HOUSING, LENS CELL, DERMASTAT	\$	3.33	187	\$	622.04	\$	-
CPN3007501	3007501 r1 Cradle, dermastat, EV2	\$	3.47	178	\$	617.66	\$	-
CUT-1004	ALPHASWAB WITH LONG HANDLE 100 SWABS/BAG,	\$	308.00	2	\$	616.00	\$	-
CPN7002143	ASM, FIBER MAST, EV	\$	101.96	6	\$	611.76	\$	-
CPN3002562	BRKT, H2O FILTER, EV	\$	4.89	125	\$	611.25	\$	-
CPN1003203	Phillips Rounded Head Thread-Forming Scr	\$	0.19	3200	\$	606.08	\$	-
CPN1006770	SCR, SEMS, PPH, M3-.5 X 8MM LG, SS	\$	0.27	2234	\$	598.93	\$	-
CPN7002847	ASM, DEHUMIDIFIER, ALICE	\$	596.79	1	\$	596.79	\$	-
CPN1000151	WIRE NICROME 80 30AWG BARE	\$	2.80	209	\$	585.20	\$	-
CPN3008646	Support, Corner, Frame, Alice	\$	23.15	25	\$	578.75	\$	-
CPN1000455	SCR, SEMS, PH PN HD, 8-32 X 1/2 LG	\$	0.10	5985	\$	573.96	\$	-
CPN3002719	CABLE ASM, FOOTSW-HVPS, RED	\$	4.89	116	\$	567.24	\$	-
CPN3002705	COVER, FIBER FOCUS PCBA, EV	\$	4.29	131	\$	562.12	\$	-
CPN3008542-FA	SKIN, FRONT, EMI, ALICE	\$	111.38	5	\$	556.90	\$	-
CPN1005728	Washer, fiber, #8 screw, 3/8" OD x .172"	\$	0.14	3929	\$	555.95	\$	-
CPN1005145	sABLE, RJ45 8P8C, GRAY, 1 FT	\$	0.78	708	\$	553.66	\$	-
CPN3007842	Saddle, Cable, EV2	\$	3.04	182	\$	553.64	\$	-
CPN1005302	Bronze Hex Nut 1/4"-20 Thread Size, 7/16	\$	0.45	1208	\$	540.34	\$	-
CPN440005278	WSHR BELLEVILLE #2	\$	1.32	408	\$	538.01	\$	-
CPN1006166	Spacer, 1/4" OD, 9/16" Long, Nylon, off-	\$	0.17	3212	\$	534.80	\$	-
CPN1003239	SCR, 2-56 X 3/16, FHP, SS	\$	0.06	9376	\$	534.43	\$	-
CPN1004407	Fitting, Plug, 3/8-24	\$	3.56	150	\$	534.00	\$	-
CPN1005747	PLUG, 1/16NPT, 5/32HEX-DR, W/SEALANT	\$	0.95	554	\$	524.36	\$	-
CPN3002563	HINGE BRKT, TOP COVER, EV	\$	2.54	203	\$	515.62	\$	-
CPN510005232	CONN POWER ENTRY	\$	3.58	144	\$	515.52	\$	-
CPN10012	TITANIUM DIOXIDE, TI-PURE	\$	0.58	881.849	\$	508.30	\$	-
CPN3007090	SCR, SHOULDER, 4-40, 1/8DIA X 7/16,SS,CLEAN	\$	2.66	191	\$	508.06	\$	-
CPN320005249	CONN 90 1/2 ITF X 3/8 ITF ACETA	\$	3.47	145	\$	503.15	\$	-
CPN1000691	KAPTAN TAPE, 1"WD, 36YD ROLL	\$	1.02	478	\$	488.71	\$	-
CPN3002710	CABLE ASM, KTP-DTR BD, RED/GRN	\$	4.13	118	\$	487.34	\$	-
CPN3008647-FA	Base, Fiber Connector, Alice	\$	37.18	13	\$	483.34	\$	-
CPN3002708	CABLE ASM, ICS-DTR BD, BLU/GRN	\$	2.47	194	\$	479.18	\$	-
CPN1003656	SCR SHC 8-32 X 3/4 SS	\$	0.16	3079	\$	478.17	\$	-
CUT-1009	SMOOTHFLOW TAPERED DISPENSING TIP, 18 GAUGE	\$	59.65	8	\$	477.20	\$	-
CPN3002709	CABLE ASM, AIM DIODE-DTR BD, BLK/GRN	\$	2.47	193	\$	476.71	\$	-
CPN10004	ADHES LOCTITE 271 THREADLOCK PERM	\$	38.27	12.45	\$	476.46	\$	-
CPN452005606	WIRE CLIP	\$	0.26	1858	\$	475.65	\$	-
CPN1003179	FOAM, PU, ADHSV BACK, BLK, 3/16" x 3/16"	\$	1.84	259	\$	475.39	\$	-
CPN1005235	SCR, SHC, M3 X 3SL ASM	\$	0.23	2063	\$	474.49	\$	-
CPN3008582	Fan Funnel, Alice	\$	1.19	396	\$	472.43	\$	-
CPN1004356	CLIP, 1.5IN DIAMETER	\$	1.76	268	\$	471.68	\$	-
CPN3002667	COVER, CABLE FEEDTHRU, EV	\$	2.69	175	\$	470.75	\$	-
CPN1000304	QUICK DISCONN 3/8 STRAIGHT, PUMP	\$	1.50	306	\$	459.00	\$	-
CPN1006561	PROTECTIVE FILM	\$	75.29	6.02	\$	453.25	\$	-
CPN3002655	MOUNT, SOLENOID, SAFETY SHUT, EV	\$	5.57	81	\$	451.17	\$	-
CPN3008350-FA	Strip, Rubber, KNF Pump Mount	\$	90.11	5	\$	450.55	\$	-
CPN1000061	WSHR,EXT TOOTH #3	\$	0.29	1543	\$	447.47	\$	-
CPN1000189	ADHESIVE THERMAL, ARCTIC ALUMINA	\$	220.00	2	\$	440.00	\$	-
CPN1004406	O-RING, 2-156, VIT	\$	2.93	150	\$	439.65	\$	-
CPN451005526	STANDOFF - MF #2-56 X 3/8	\$	2.74	160	\$	438.40	\$	-
CPN3007836	CABLE, UCNTRL TO TEC DR LBO BOARD, EV3	\$	8.54	51	\$	435.54	\$	-
CPN3002422	TIE-BAR, PWR MTR, EV	\$	1.03	423	\$	434.25	\$	-
CPN1003228	BUSHING, ISOL, 260 ID X .469 OD	\$	1.11	391	\$	434.01	\$	-
CPN1003226	FTG, PTC, 1/2 X 3/8NPT, 90 EL, SVL	\$	7.80	55	\$	429.00	\$	-
CPN1004174	FTG, ADAPTER, 1/4T X 10-32 FEMALE	\$	4.61	93	\$	428.54	\$	-
CPN3002423	APERTURE, PWR MTR, EV	\$	1.93	222	\$	428.46	\$	-
CPN1004155	ADJUSTER, 1/4-100 X 1/2 LG, HEX HD, SS	\$	4.75	90	\$	427.50	\$	-
CPN3002576	BRKT, LATCH PIN, RH PANEL, EV	\$	1.89	225	\$	425.25	\$	-
CPN410005475	Screw, 8-32 x 3/4, Ph, Pn hd, SEMS	\$	0.05	8481	\$	424.05	\$	-
CPN1003861	SCR SEMS PPH 8-32 X 1-3/8LG, ZP STL	\$	0.07	6269	\$	411.87	\$	-
CPN10017	SAF T LOK PRIMER T	\$	40.97	10	\$	409.66	\$	-

CPN1004360	FITTING, ELBOW, 1/4"OD PTC, 1/4"MNPT	\$	5.24	78	\$	409.03	\$	-
CPN3002577	BRKT, LATCH PIN, LH PANEL, EV	\$	2.35	174	\$	408.90	\$	-
CPN3008434	Bezel, Estop-Key, Console, Alice	\$	1.95	209	\$	407.55	\$	-
CPN1003271	SPRING, COMP, .531OD X .63LG	\$	2.35	173	\$	406.55	\$	-
CPN3008537-FA	MOUNT, PSU, COSEL, ALICE	\$	80.87	5	\$	404.35	\$	-
CPN3002852	LIGHTSHIELD, LASER BRICK, EV	\$	4.87	83	\$	404.21	\$	-
CPN1003306	CAP, 1.125 ID, VINYL	\$	0.35	1111	\$	388.85	\$	-
CPN3008042	OPTICAL FIBER INTERFACE CONNECTOR, ALICE	\$	2.10	185	\$	388.50	\$	-
CPN3002601	CABLE ASM, GND, DISPLAY, EV	\$	0.89	434	\$	387.56	\$	-
CPN3008543-FA	Mount, FC Laser, Alice	\$	77.42	5	\$	387.10	\$	-
CPN3007079	FTG, PLUG, 3/8-24, CLEANED	\$	3.56	108	\$	384.48	\$	-
CPN1000528	EMI GASKET, .3" THICK	\$	6.05	63	\$	381.28	\$	-
CPN1003224	FTG, PTC, 3/8 X 3/8 X 3/8NPT, TEE	\$	6.93	55	\$	381.10	\$	-
CPN3009233	CABLE ASM, 50MM FAN, PUMP, AV	\$	38.00	10	\$	380.00	\$	-
CPN3002633	COVER, SAFETY, EV	\$	4.13	92	\$	379.96	\$	-
CPN3007139	CAP, NO STANDOFF, DERMASTAT, 1MM	\$	2.60	146	\$	379.60	\$	-
CPN3002706	CABLE ASM, HVPS-PWR MONITOR, PUR	\$	1.95	192	\$	374.40	\$	-
CPN3001453	PIN, SPRING ATTACHMENT, PF	\$	1.09	341	\$	371.69	\$	-
CPN452005223	CLIP DE-IONIZER	\$	0.84	442	\$	369.95	\$	-
CPN1004032	NUT, HEX, 5/8-18 X 3/8 THK, SS	\$	0.61	603	\$	367.95	\$	-
CPN3007085	RETAINER RING, SM1, CLEANED	\$	4.64	79	\$	366.56	\$	-
CPN1005753	Tight-Grip Push-In Bumper for 1/8" ID, S	\$	0.55	660	\$	363.86	\$	-
CPN3002698	CABLE ASM, SAFETY SHUTTER-HVPS, WHT	\$	1.98	183	\$	362.34	\$	-
CPN1003311	MAGNET, DISC, 3/8D X 1/10 THK, NEOD	\$	0.75	481	\$	360.75	\$	-
CPN3007122	BRACKET, PCBA, GENESIS HP, EV	\$	7.84	46	\$	360.64	\$	-
CPN1003295	FERRITE, CLIP ON, 10MM CORE	\$	0.76	463	\$	352.34	\$	-
CPN3008575-FA	Box, Antenna, Alice	\$	69.13	5	\$	345.65	\$	-
CPN1003282	STANDOFF, 8-32 X 3/8, FF, HEX, AL	\$	1.37	251	\$	343.87	\$	-
CPN3000250	CABLE ASM DISPLAY TO SPEAKER	\$	3.23	106	\$	342.80	\$	-
CPN1005117	Cover, Terminal Block, 24V PSU	\$	1.58	216	\$	341.28	\$	-
CPN400005958	ADHESIVE, 5 MIN EPOXY	\$	13.63	24.83	\$	338.51	\$	-
CPN3007854	END CAP, DERMASTAT, 1MM	\$	2.42	139	\$	336.38	\$	-
CPN3002775-FA	Shipping Crate, Cardboard, EV Cart	\$	328.10	1	\$	328.10	\$	-
CPN1003188	CONTACT, MALE, SIZE 22, 22 AWG.	\$	0.42	781	\$	326.93	\$	-
CPN1003241	SPRING, EXT, .172OD X .31LG X .016	\$	1.13	284	\$	320.92	\$	-
CPN3002692	CABLE ASM, PWR, 24V PS-DTR, EV	\$	2.87	111	\$	318.13	\$	-
CPN1004184	LABEL, BLANK, 2" x 1", UDI	\$	0.02	16710	\$	317.49	\$	-
CPN1000419	HOSE CLAMP 5/16W 7/32-5/8ID	\$	0.72	439	\$	316.96	\$	-
CPN3002691	CABLE ASM, PWR, 24V PS-Q-SW DRVR, EV	\$	2.85	111	\$	316.35	\$	-
CPN1000191	TUBING, HEATSHRINK, 3/16EXP-ID, POLYO	\$	2.72	116.25	\$	316.14	\$	-
CPN5168X	Pre-Print LABEL, MAIN LABEL, EV2	\$	1.66	190	\$	315.21	\$	-
CPN3008334-FA	Pole, Alice	\$	62.93	5	\$	314.65	\$	-
CPN1003406	SCR, SHDR, 1/4ODX3/4LGX10-24THD	\$	1.47	211	\$	310.17	\$	-
CPN3007083	ADJUSTER, 1/4-100 X 1/2 LGHEX HD, SSCLEAN	\$	4.75	65	\$	308.75	\$	-
CPN320005246	CONN ST 1/2 MPT X 1/2 ITF ACETA	\$	2.25	131	\$	295.27	\$	-
CPN3008371-FA	Weight, Narrow, Counter Balance, .06 Thk	\$	13.76	5	\$	68.80	\$	-
CPN3008271-FA	Skin, Side, EMI, Alice	\$	58.77	5	\$	293.85	\$	-
CPN1003269	CAP, .600 ID, VINYL, BLK, EZ	\$	0.29	1022	\$	292.29	\$	-
CPN3008148-FA	Bracket, LCD, Display, Alice	\$	58.25	5	\$	291.25	\$	-
CPN1000348	WASHER FENDER, #8, 3/4OD	\$	0.07	4320	\$	289.44	\$	-
CPN1000359	IGBT 100A, 1200V	\$	18.00	16	\$	288.00	\$	-
CPN1003291	CONN, PLUG, 2 CIR, 3.81MM CL	\$	1.73	164	\$	283.72	\$	-
CPN3008352-FA	Support, KNF Pump, Alice	\$	56.74	5	\$	283.70	\$	-
CPN1004175	FTG, ADAPTER, 1/8BARB X 10-32 MALE	\$	2.85	99	\$	281.66	\$	-
CPN1005153	FERRITE, 90OHM, Hinged 15.49mm	\$	0.99	284	\$	281.16	\$	-
CPN1000466	TUBING PVC 1/8ID, 1/4OD, 1/16W, CLEAR	\$	0.40	700	\$	280.84	\$	-
CPN3008593-FA	Bracket, Display to Console, Alice	\$	55.77	5	\$	278.85	\$	-
CPN510005373	TERM BLOCK 3 POS	\$	2.38	117	\$	278.46	\$	-
CPN1004414	SCR, PPH, 10-32 X 3/8, SEMS	\$	0.11	2400	\$	273.57	\$	-
CPN3007087	O-RING, 2-156, VIT, CLEANED	\$	2.93	93	\$	272.58	\$	-
CPN3003793	CABLE ASM BACKLIGHT PCBA TO DISPLAY	\$	2.45	109	\$	266.51	\$	-
CPN1000138	WASHER SPLIT LOCK 3/8 ZINC PLATE	\$	0.03	8107	\$	265.91	\$	-
CPN1004400	SPRING, COMPRESSION, .180OD X .50FL	\$	0.44	598	\$	263.12	\$	-
CPN3007086	O-RING, 2-139, VIT, CLEANED	\$	1.28	205	\$	261.58	\$	-
CPN1005369	SCR, PPH, 8-32 X 7/8"LG, SS	\$	0.30	854	\$	260.38	\$	-
CPN1000362	STANDOFF NYL .5 IN DIA .875L	\$	2.60	100	\$	259.72	\$	-
CPN3008272-FA	Skin, Side, EMI, Alice	\$	51.77	5	\$	258.85	\$	-
CPN1000330	FITTING, TEE, 3/8 INST	\$	4.54	57	\$	258.84	\$	-
CPN1004033	WASHER, LOCK-INT, #5/8 X 1.071OD, STL	\$	0.36	702	\$	254.55	\$	-
CPN3002508	CABLE ASM, HP COMM, MEZZ, GP	\$	2.31	110	\$	254.10	\$	-
CPN1004171	FTG, UNION, 1/4" T	\$	4.68	54	\$	252.45	\$	-
CPN1004359	FITTING, 1/4"OD PTC, 1/4"MNPT	\$	4.06	62	\$	251.72	\$	-
CPN3008639-FA	BOOM HOLDER, BRACKET, ALICE	\$	50.04	5	\$	250.20	\$	-
CPN3008566-FA	GASKET, HUMIDITY SENSOR, ALICE	\$	50.00	5	\$	250.00	\$	-
CPN1006255	ADHESIVE, LOCTITE 425	\$	24.95	10	\$	249.50	\$	-
CPN3008512-FA	Clamp, Dish Pan, Console, Alice	\$	48.90	5	\$	244.50	\$	-
CPN3008336	Saddle, Umbilical, Alice	\$	1.27	191	\$	242.57	\$	-
CPN1004405	O-RING, 2-139, VIT	\$	1.28	190	\$	242.44	\$	-

CPN1004388	4.33" 5095 Resin Ribbon	\$	0.10	2420	\$	242.00	\$	-
CPN3008863	CRADLE, SCANNER, AV	\$	1.35	179	\$	241.65	\$	-
CPN1006178	SCR, PPH, M3 X 45MM LG, 18-8 SS	\$	0.10	2360	\$	240.48	\$	-
CPN151005503	CABLE AC SWITCH BLUE	\$	2.05	117	\$	240.20	\$	-
CPN151005504	CABLE AC SWITCH BROWN	\$	2.04	117	\$	238.68	\$	-
CPN760005238	FAN CORD 24 IN 45 DEG	\$	1.09	216	\$	235.87	\$	-
CPN3008566	Gasket, Humidity Sensor, Alice	\$	1.55	152	\$	235.60	\$	-
CPN1003436	SPRING, COMP, .360 OD X .026 WIRE	\$	1.70	138	\$	234.30	\$	-
CPN3008256-FA	CABLE ASM, FIBER ID, ALICE 8"	\$	46.54	5	\$	232.70	\$	-
CPN1004510	SCR SHOULDER 3/32DIA X 3/8LG 2-56 SS	\$	5.63	41	\$	230.70	\$	-
CPN1005004	POLYBAG, 12" X 12" 4MIL	\$	0.24	953	\$	227.48	\$	-
CPN1000360	DIODE, DUAL 60A, 1200V	\$	9.41	24	\$	225.84	\$	-
CPN3002669	FOAM, FEEDTHRU, EV	\$	2.19	103	\$	225.16	\$	-
CPN1003654	TUBING SHRINK 2:1 1" POLYOLEFIN	\$	2.31	96.5	\$	223.24	\$	-
CPN3001388	LABEL CUTERA WITH ADDRESS	\$	2.22	92	\$	203.92	\$	-
CPN3007856	ND Filter ND210B into 1.00" X 0.50"	\$	3.90	52	\$	202.80	\$	-
CPN3002421	SHEILD, PWR MTR, EV	\$	1.63	123	\$	200.49	\$	-
CPN320005250	CONN 90 1/4 MPT X 3/8 ITF ACETA	\$	4.32	46	\$	198.63	\$	-
CPN1000725	Foam End Cap, Laser Handpiece	\$	0.82	241	\$	196.42	\$	-
CPN1005915	CLIP, TWIST LOCK	\$	0.38	518	\$	194.25	\$	-
CUT-1006	Plastic Portion Cups - 2 oz	\$	96.00	2	\$	192.00	\$	-
CPN10011	KIT, SILICONE RUBBER, RTV615, CLEAR	\$	12.00	16	\$	192.00	\$	-
CPN1003208	SPRING, COMP, CONICAL .42 OD X 3/8L	\$	3.42	56	\$	191.46	\$	-
CPN1004152	SCR, SHC, 8-32 X 7/8" LG, SS	\$	0.11	1800	\$	191.16	\$	-
CPN410005452	SCR 10 X 3/4 SELF TAPPING	\$	0.03	7465	\$	190.36	\$	-
CPN3003489	CABLE ASM, CONVERTER, LCD DISPLAY	\$	1.70	109	\$	184.86	\$	-
CPN1003223	BOLT, HX HD, 1/2-13 X 4, STL, ZN	\$	1.38	131	\$	180.78	\$	-
CPN1004421	PLUG, 1/4T STEM	\$	1.36	132	\$	179.78	\$	-
CPN3008146-FA	HANDLE REAR BAR. 75 IN AL, Alice	\$	35.34	5	\$	176.70	\$	-
CPN3002497	CLIP DIODE GP	\$	3.81	45	\$	171.36	\$	-
CPN1005443	SCR, PPH, M2-.4 X 4MM, SS	\$	0.08	2190	\$	169.73	\$	-
CPN0010006	ADHESIVE LOCTITE 4471 MED VISC. CYA	\$	34.79	4.8	\$	166.99	\$	-
CPN3007741	Spacer, L1-L2, Handpiece, EV	\$	0.87	191	\$	166.86	\$	-
CPN1000017	SCR DIODE 1500VP, 150A	\$	13.87	12	\$	166.44	\$	-
CPN3008274-FA	Skin, Side, Bottom, EMI, Alice	\$	32.61	5	\$	163.05	\$	-
CPN1000060	SCREW, 3-48X.125L, PHIL	\$	0.09	1779	\$	162.78	\$	-
CPN340005256	SUBMICRON FILTER	\$	4.28	38	\$	162.64	\$	-
CPN1005005	CABLE TIE, BEADED, 4.25" LG, PE	\$	0.02	7474	\$	162.19	\$	-
CPN1000393	TIE WRAP, 2.8"	\$	0.12	1394	\$	161.01	\$	-
CPN420005451	NUT 8-32 KEP	\$	0.02	9098	\$	159.22	\$	-
CPN3008384	600 um fiber mode scrambler, Alice	\$	0.31	507	\$	156.16	\$	-
CPN1005381	SCREW, 4-40 1/4" long External-Tooth	\$	0.17	913	\$	156.03	\$	-
CPN3007082	SPRING, COMP, .219OD X .50FL, CLEANED	\$	0.88	177	\$	155.76	\$	-
CPN3002644	ADAPTER TUBE, AIM DIODE, EV	\$	1.38	113	\$	155.60	\$	-
CPN151005961	CABLE GROUND LASER HEAD	\$	0.85	182	\$	154.70	\$	-
CPN3008386	Cover, 600 um fiber mode scrambler, Alic	\$	0.32	480	\$	153.60	\$	-
CPN3008273-FA	kin, Fan, EMI, Alice	\$	30.56	5	\$	152.80	\$	-
CPNS3474	Strap guards	\$	0.11	1427	\$	149.84	\$	-
CPN3008448-FA	Cable ASM, Humidity Sensor, Alice	\$	29.85	5	\$	149.25	\$	-
CPN1005272	SCR, PPH, M3 X 45MM LG	\$	0.19	800	\$	149.15	\$	-
CPN1003260	SCR, SHLDR, SLTD, 8-32 X 1/4, 1/4	\$	0.92	161	\$	148.12	\$	-
CPN1005600	Routing Clamp Polypropylene Plastic, 1-1	\$	0.71	208	\$	147.97	\$	-
CPN1004438	CLAMP, LOOP, 3/16ID, 3/4LG, SS	\$	1.14	130	\$	147.55	\$	-
CPN1003824	SCREW, PAN HD, #2-56 X 3/8" LG, NYLON	\$	1.80	80	\$	143.84	\$	-
CPN1000584	Loctite 609	\$	38.60	3.7	\$	142.82	\$	-
CUT-1002	AGUA DESTILADA O DEIONIZADA LIBRE DE CO2 BOT	\$	20.40	7	\$	142.80	\$	-
CPN320005251	CONN ST 1/4 MPT X 3/8 ITF ACETA	\$	2.79	51	\$	142.24	\$	-
CPN750006061	WIRE 22GA, WHITE, TEFLON	\$	0.18	790	\$	142.20	\$	-
CPN370005921	HEAT SHRINK TUBE 0.25 EXP-ID	\$	0.78	180	\$	140.94	\$	-
CPN1003735	TBG 1/8ID X 1/4OD X 1/16WAL BLK VIT	\$	4.67	30	\$	140.10	\$	-
CPN1005681	ERM RING, CRIMP, #8, 14-16AWG, INSUL	\$	0.10	1381	\$	138.10	\$	-
CPN3002694	CABLE ASM, GND, 24V, P5	\$	1.25	110	\$	137.50	\$	-
CPN3008904-FA	Mount, Control Bd & Dehumidifier, AV	\$	26.45	5	\$	132.25	\$	-
CPN430006103	SCREW, PH. PNHD, #2-56X1/2 SST	\$	0.01	10000	\$	130.98	\$	-
CPN1004086	WASHER, FLAT, M3, 3.2MM ID X 9MM OD X .7	\$	0.06	2246	\$	130.66	\$	-
CPN3002352	BUSHING, L2, EV	\$	0.65	201	\$	130.57	\$	-
CPN1006277	BUMPER, 13/16" OD, 1/8" HT, 65APU BLK, AD-BACK	\$	0.20	615	\$	125.77	\$	-
CPN1000358	SCR, DUAL 50A 1200V	\$	10.26	12	\$	123.12	\$	-
CPN1003238	SCR, 2-56 X 3/16, BNDNG HD SLT, SS	\$	0.06	2238	\$	123.09	\$	-
CPN780005495	CABLE TIE SMALL 4L X 0.1W	\$	0.03	4366	\$	122.25	\$	-
CPN1003345	BALL, 7/32 DIA, SST	\$	0.28	433	\$	122.11	\$	-
CPN1000079	SCREW, SEMS, PH PN HD, 2-56 X 1/2	\$	0.35	348	\$	121.70	\$	-
CPN3008504-FA	MOUNT, HEATSINK, DEHUMIDIFIER, ALICE	\$	24.17	5	\$	120.85	\$	-
CPN1005009	Label, Keep From Freezing, 6"x4"	\$	0.24	500	\$	120.00	\$	-
CPN1005734	SCR, PLASTITE, PPH, 2-28 X 3/8 LG, STL	\$	0.10	1176	\$	118.78	\$	-
CPN3004675	CBL ASM 15V DG45 TO MEZZANINE	\$	1.09	109	\$	118.59	\$	-
CPN1005301	Bronze Hex Head Screw 1/4"-20 Thread Siz	\$	0.58	200	\$	115.64	\$	-
CPN420005277	WSHR FIBER #2	\$	0.40	284	\$	112.66	\$	-

CPN3007887	Clamp, Cradle, AviClear	\$	0.57	194	\$	110.58	\$	-
CPN1000679	SCR, SEMS, PPH, INT LW, 2-56 X 3/16"	\$	0.28	400	\$	110.54	\$	-
CPN1003871	SCR, SEMS PPH 8-32 X 1/4LG, ZP STL	\$	0.09	1193	\$	109.99	\$	-
CPN1005882	HHCS, 1/4-20 X 1/2, ZS	\$	0.26	424	\$	109.60	\$	-
CPN1000564	SKT SET SCRE, #2-56X3/16"LG	\$	0.52	203	\$	106.37	\$	-
CPN1003237	SPRING, COMP, 1/4OD X 1.38LG X .02W	\$	0.75	141	\$	105.52	\$	-
CPN1000568	SKT SET SCR, #4-40X3/32"LG	\$	1.53	66	\$	100.91	\$	-
CPN1000595	SCREW, PLASTITE, #2-28X1/4" LG	\$	0.12	800	\$	99.59	\$	-
CPN1003412	SCREW, PLASTITE 4-20X0.5 LONG	\$	0.33	300	\$	99.09	\$	-
CPN440005690	WASHER, BELLEVILLE #4	\$	0.62	160	\$	98.62	\$	-
CPN370005240	HOSE .375 OD PE	\$	0.29	330	\$	97.02	\$	-
CPN1004512	SPRING, WAVE, .367OD X .303ID	\$	0.46	208	\$	95.95	\$	-
CPN1000828	GROMMET STRP, METAL BLK	\$	0.79	122	\$	95.77	\$	-
CPN420005453	WSHR 1/2 FLAT	\$	0.05	1697	\$	92.66	\$	-
CPN1000612	DOWEL PIN 1-16 X 3-8	\$	0.11	830	\$	92.13	\$	-
CPN1000729	FITTING, QCK DIS, 3/8 ELBOW ,14MMOD	\$	1.50	61	\$	91.50	\$	-
CPN430005527	SCR 2-56 X 1/4 PH PN HD SEMS	\$	0.04	2144	\$	90.05	\$	-
CPN1003323	STRAP, 9IN, FLEXIBLE PLASTIC LOOP	\$	0.22	401	\$	89.02	\$	-
CPN1003426	LABEL WARRANTY VOID IF REMOVED	\$	0.36	250	\$	89.00	\$	-
CPN330005198	O-RING 1.237 X .103 BUNA	\$	0.39	215	\$	83.85	\$	-
CPN400005456	LUBRICANT KY JELLY	\$	1.75	47	\$	82.39	\$	-
CPN1003240	SET SCR, 8-32 X 3/8, NYL TIP	\$	1.19	66	\$	78.54	\$	-
CPN3000130	FOAM, DUST SEAL, LCD	\$	0.37	214	\$	78.11	\$	-
CPN3007081	SPRING, COMP, .180 X 1.25FL, CLEANED	\$	0.40	194	\$	77.60	\$	-
CPN1003434	WSHR, SHLDR, LONG BARREL #6 X 3/8	\$	0.08	889	\$	72.28	\$	-
CPN430005899	SCR, PH PN HD, SEMS 2-56 X 3/16 SS	\$	0.06	1260	\$	71.82	\$	-
CPN1000377	SCREW FLAT UNDECUT PH 8-32 3-8L	\$	0.08	943	\$	71.67	\$	-
CPN1003435	WSHR, SHLDR, LONG BARREL #8 X 3/8	\$	0.08	870	\$	67.43	\$	-
CPN3007080	SPRING, COMPRESSION.180OD X .50FL CLEAN	\$	0.44	150	\$	66.00	\$	-
CPN1000082	CABLE TIE 51/2X.14 NATURAL	\$	0.02	2978	\$	65.52	\$	-
CPN400006135	ADHESIVE, LOCTITE 495	\$	43.09	1.5	\$	64.64	\$	-
CPN1000771	SCR PPH SEMS 440 X 3/4	\$	0.16	400	\$	63.63	\$	-
CPN1006252	SCREW, SET, 8-32 X 1-1/2"LG, NYLON	\$	0.12	524	\$	62.88	\$	-
CPN3008154-FA	CONNECTOR PLATE, ALICE	\$	12.26	5	\$	61.30	\$	-
CPN3008638-FA	Insert, Mast Hub, Alice	\$	12.26	5	\$	61.30	\$	-
CPN3008564	Hsg, Upper, Humidity Sensor, Alice	\$	0.30	203	\$	60.49	\$	-
CPN1006439	Screw, 8-32 Thread Size, 3/8" Long	\$	2.96	20	\$	59.20	\$	-
CPN1003231	SCR, 8-32 X 1-1/8, SHC, SS	\$	0.22	264	\$	59.00	\$	-
CPN3008145-FA	SUPT HANDLE REAR BAR. 5IN AL, Alice	\$	11.49	5	\$	57.45	\$	-
CPN1003506	SCR PLASTITE PPH 8-16 X 5/8L STL	\$	0.13	448	\$	56.90	\$	-
CPN1004116	WASHER, FLAT, #8, 3/8OD, SS	\$	0.02	2332	\$	55.50	\$	-
CPN3008565	Hsg, Lower, Humidity Sensor, Alice	\$	0.31	174	\$	53.59	\$	-
CPN1004447	SCR, SEMS, PPH, 1/4-20 X 5/8 LG, ZP STL	\$	0.47	115	\$	53.59	\$	-
CPN1005733	SCR, PFH, 8-32 X 7/16"LG, SS, BO	\$	0.13	400	\$	50.55	\$	-
CPN3007088	O-RING, 2-019, .801"IDX .070"CS,VIT,CLEAN	\$	0.30	169	\$	50.36	\$	-
CPN1000190	SCR, INT-SEMS, PH PN HD, 2-56,3/8	\$	0.27	177	\$	47.42	\$	-
CPN1004145	SCR, SHC, 6-32 X 1/4, SS	\$	0.07	667	\$	47.36	\$	-
CPN3008417-FA	Bracket, Electronic Support, Alice	\$	9.46	5	\$	47.29	\$	-
CPN1004082	O-RING, 2-019, .801"ID X .070"CS, VIT	\$	0.30	156	\$	46.49	\$	-
CPN1003242	SET SCR, 2-56 X 1/2, CUP PNT, SS	\$	0.20	232	\$	46.40	\$	-
CPN1004045	WASHER, FLAT, #8, .750"OD X .120"THK	\$	0.62	74	\$	45.66	\$	-
CPN3008246-FA	CABLE ASM, power supply to terminal bloc	\$	8.72	5	\$	43.58	\$	-
CPN3008247-FA	CABLE ASM, power supply to terminal bloc	\$	8.72	5	\$	43.58	\$	-
CPN330005322	O-RING .487 X .094 BUNA	\$	0.32	133	\$	42.56	\$	-
CPN1000229	TAPE,FOAM,1/2"W,2SIDE,BLK	\$	0.10	416	\$	41.60	\$	-
CPN3007097	CLAMP, LOOP, 3/16ID, 3/4LG, SS, CLEANED	\$	1.14	36	\$	40.86	\$	-
CPN1005776	SCR, PPH, 4-40 X 3/8"LG, SS, BLK-OX	\$	0.09	433	\$	40.27	\$	-
CPN1005238	WSHR, FLAT, #M3 SCREW, 3.2mm ID X 7mm OD	\$	0.02	2100	\$	40.14	\$	-
CPN3008462-FA	Cable ASM, Air Pump, Pwr and Ctl, AL	\$	7.79	5	\$	38.95	\$	-
CPN3008510-FA	Spacer, Caster, Console, Alice	\$	7.63	5	\$	38.15	\$	-
CPN3008248-FA	CABLE ASM, laser diode driver to laser p	\$	7.63	5	\$	38.14	\$	-
CPN3008333-FA	CABLE ASM, AC PWR PCB TO EMI filter, lug	\$	7.34	5	\$	36.70	\$	-
CPN1000249	PLUG, 5/32 IN. TUBE O.D.	\$	0.62	59	\$	36.40	\$	-
CPN1005329	SCREW, 2-56 X 1/4" L, PPH, NYL (93135A	\$	0.17	200	\$	33.94	\$	-
CPN1000580	SCREW, PH PN HD, NYLON 8-32 X .5	\$	0.03	1158	\$	33.58	\$	-
CPN3008266-FA	CABLE ASM, VAC SENSE, ALICE	\$	6.48	5	\$	32.40	\$	-
CPN1005237	WSHR, SPLIT LK, #M3 SCREW, 3.4mm ID X 6.	\$	0.02	2100	\$	32.21	\$	-
CPN3007096	WSHR #8 FLAT, CLEANED	\$	0.02	1361	\$	31.30	\$	-
CPN1000839	SCR, PLASTIC, 4-20 X 1/4 LG, STL	\$	0.08	376	\$	31.17	\$	-
CPN1003316	Foam Blk 75 thk Neoprene	\$	0.83	37	\$	30.78	\$	-
CPN1000511	SCR, 4-20 X 3-8 PLASTITE	\$	0.09	347	\$	29.84	\$	-
CPN1003741	SCR, SHC, 6-32 X 3/8LG, SS	\$	0.07	407	\$	29.71	\$	-
CPN1005266	Screws 100 Degree Countersink Angle, 10-	\$	0.15	200	\$	29.26	\$	-
CPN1004089	SCR, SHC, 6-32 X 1/2"LG, SS	\$	0.09	330	\$	28.71	\$	-
CPN1004527	SET SCREW, CUP, 4-40, 3/32"	\$	0.03	979	\$	28.20	\$	-
CPN1000152	SCR, CAP SOCKET HD, #2-56 1/4L, SS	\$	0.02	1390	\$	27.80	\$	-
CPN1000193	SCR, SEMS PH PN HD 4-40	\$	0.08	350	\$	27.65	\$	-
CPN1004091	WSHR FL#6, .267 OD X .143IDX.015THKSS	\$	0.07	418	\$	27.59	\$	-

CPN1004247	WSHR, LOCK, EXT. TOTH, NO. 8, SS	\$	0.02	1368	\$	27.36	\$	-
CPN513108	SHIPPING ENVELOPES	\$	0.04	694	\$	27.07	\$	-
CPN1003407	SCR, SET, 10-24THDX5/8LG	\$	0.23	114	\$	26.66	\$	-
CPN1003643	TERM FERRULE 10AWG INSUL YEL	\$	0.11	247	\$	26.18	\$	-
CPN420005450	WSHR #8 FLAT	\$	0.02	1136	\$	26.13	\$	-
CPN1006190	WSHR, External Tooth, #M4, 4.3mm ID X 8m	\$	0.04	674	\$	26.02	\$	-
CPN3008231-FA	CABLE AC SWITCH BROWN, ALICE	\$	4.78	5	\$	23.90	\$	-
CPN1000368	SCREW 4-40X1/4L	\$	0.08	302	\$	23.56	\$	-
CPN1003267	SCR, 6-32 X 1/2, PPH, SEMS, SS	\$	0.32	70	\$	22.26	\$	-
CPN3005379	REFLECTOR, CERAMIC	\$	0.21	94	\$	19.74	\$	-
CPN1003772	SCR, SHC, 4-40 X 3/8LG, SS	\$	0.10	200	\$	19.35	\$	-
CPN1003685	TERM BUTT SPLICE 22-18AWG NON-INSUL	\$	0.13	152	\$	19.06	\$	-
CPN1003626	BALL, 3/16 DIA, HARDENED 440C SS	\$	0.10	200	\$	19.00	\$	-
CPN1003637	2CR SHC 8-32 X 5/8 SS	\$	0.13	145	\$	18.78	\$	-
CPN3007093	SCR, SHC, 6-32 X 1/2"LG, SS, CLEANED	\$	0.09	209	\$	18.18	\$	-
CPN3007095	WSHR FL#6, .267ODX.143IDX.015THKSSCLEAN	\$	0.07	271	\$	17.89	\$	-
CPN1000577	SCREW, PLASTITE #4-20X5/8 LONG	\$	0.10	185	\$	17.59	\$	-
CPN430005848	SCR, PH PN HD, 2-56 X 3/32, SST	\$	0.05	360	\$	17.28	\$	-
CPN510005841	CONN STRT LOCKING HEADR	\$	0.11	156	\$	16.85	\$	-
CPN3008267-FA	CABLE ASM, Interlock ALICE	\$	3.35	5	\$	16.75	\$	-
CPN1003635	TAPE, TEFLON 1/4"WIDE	\$	1.67	10	\$	16.70	\$	-
CPN1003302	WIRE, 1 COND, 22 AWG, RED	\$	0.15	110	\$	16.53	\$	-
CPN5512	Open Seal	\$	0.03	609	\$	16.44	\$	-
CPN1004450	SCR, PFH, 10-24 X 7/16 LG, ZP STL	\$	0.10	168	\$	16.13	\$	-
CPN1003206	RETAINING RING, 5/8 BORE, SELF LOCK	\$	0.11	139	\$	15.50	\$	-
CPN1004401	SCR, SHC, 40-40 X 3/16, SS	\$	0.06	280	\$	15.40	\$	-
CPN1003232	CAP, THUMB SCR, #8 SHC, BLK	\$	0.15	95	\$	14.23	\$	-
CPN1004528	SCR PH SLOTTED 2-56 X 1/8LG Nylon, Off	\$	0.08	183	\$	14.13	\$	-
CPN1000543	SCREW, SOCKET CAP #2-56 X 3/8	\$	0.09	158	\$	13.78	\$	-
CPN1003170	SET SCR, 2-56 X 1/8, CUP PT, SS	\$	0.10	134	\$	13.57	\$	-
CPN3008265-FA	CABLE ASM, 12V Disp Adapter to main cont	\$	2.68	5	\$	13.40	\$	-
CPN1003249	WSHR, 1/2 ID X .87 OD, SPRING LOCK	\$	0.11	121	\$	13.19	\$	-
CPN440005957	WASHER, SPLIT LOCK, #8, SS	\$	0.01	989	\$	12.86	\$	-
CPN1003753	BALL, 3/32DIA, SLIPPERY PTFE	\$	0.15	86	\$	12.81	\$	-
CPN3007089	BALL, 3/16 DIA, HARDENED 440C SS, CLEAN	\$	0.10	133	\$	12.64	\$	-
CPN1000766	SCR, PPH, 4-40 X 1/2, SEMS, SS	\$	0.19	65	\$	12.42	\$	-
CPN1005680	TERM BLADE MALE 14-16AWG TIN	\$	0.09	130	\$	12.22	\$	-
CPN1003255	NUT, 6-32, KEPS, STL, ZN	\$	0.03	349	\$	11.87	\$	-
CPN1004151	SCR, PPH, 8-32 X 5/16"LG, SS	\$	0.10	119	\$	11.80	\$	-
CPN3007094	SCR SHC 8-32 X 5/8 SS, CLEANED	\$	0.13	86	\$	11.14	\$	-
CPN1005105	ORING, 3.4MM ID X 7.2MM OD 1.9MM WIDE,	\$	0.19	60	\$	11.10	\$	-
CPN1003272	SET SCR, 2-56 X 3/32, CUP PNT, SS	\$	0.15	74	\$	10.77	\$	-
CPN1000423	NUT, HEX, #2-56, 5/32 W X 1/16 H, S	\$	0.04	256	\$	10.75	\$	-
CPN1003739	SCR, SET, CUP-PT, 6-32 X 1/4LG, SS	\$	0.07	141	\$	10.41	\$	-
CPN1004396	SCR, BTN, M3 X 5, SS	\$	0.07	139	\$	9.73	\$	-
CPN1003247	RETAINING RING, SELF LOCK, 5/8 SHFT	\$	0.19	52	\$	9.68	\$	-
CPN1000289	FLAT WASHER, 1/4 SCREW	\$	0.08	121	\$	9.56	\$	-
CPN1000420	WSHR, FLT, #2 X 1/4 ODX.028 THK	\$	0.02	566	\$	9.34	\$	-
CPN1000081	WASHER, EXT. TOOTH, #2	\$	0.03	327	\$	9.16	\$	-
CPN1004509	NUT SQUARE 2-56	\$	0.06	141	\$	8.91	\$	-
CPN1003531	SCREW, SHC, 4-40 X 1/4LG, SS	\$	0.04	200	\$	8.60	\$	-
CPN1003847	WASHER FLAT .09ID X .25OD SS	\$	0.02	500	\$	8.38	\$	-
CPN1005303	SCR, BHSC, 8-32 X 1/4"LG, SS	\$	0.08	100	\$	8.12	\$	-
CPN3008232-FA	CABLE AC SWITCH BLUE ALICE	\$	1.54	5	\$	7.70	\$	-
CPN1003874	CR, SHC, 8-32 X 3/8LG, SS	\$	0.07	109	\$	7.41	\$	-
CPN3008258-FA	CABLE ASM, EMI FILTER TO GND, ALICE	\$	1.47	5	\$	7.35	\$	-
CPN3007091	SCR, BTN, 6-32 X 1/4LG, SS, CLEANED	\$	0.04	146	\$	5.40	\$	-
CPN440006032	WASHER, FLAT, #8, 3/8 SS	\$	0.05	108	\$	5.40	\$	-
CPN3007092	SCREW, SHC, 4-40 X 1/4LG, SS, CLEANED	\$	0.04	93	\$	4.00	\$	-
CPN410005448	SCR 6-32 X 3/8 PH PN HD SEMS	\$	0.01	477	\$	3.82	\$	-
CPN1003265	SCR, 2-56 X 1/8, PPH, SEMS, SS	\$	0.07	50	\$	3.73	\$	-
CPN1004439	SCR, BTN, 6-32 X 1/4LG, SS	\$	0.04	100	\$	3.70	\$	-
CPN1000156	WASHER,#4,SPLITLOCK	\$	0.02	200	\$	3.45	\$	-
CPN3008614	Label, Storage and Transportation Limits	\$	0.01	142	\$	1.42	\$	-
CPN3003144	WINDOW, LED, GV HP	\$	0.00	250	\$	1.14	\$	-
CPN3006328	BEZEL NO-BUTTON HP EV2	\$	0.00	136	\$	0.30	\$	-
CPN1004531	SPACER, #2 X 1/8" LG, NYLON	\$	1.10	0	\$	-	\$	-
CPN1004533	SCREW, FHP, #2-56 X 1/8" LG, 18-8 SST	\$	1.52	0	\$	-	\$	-
CPN3005582	Label, Storage and Transportation Limits	\$	1.10	0	\$	-	\$	-
CPN3000632	SHIPPING CONTAINERHVPS WOOD PLATE	\$	44.44	0	\$	-	\$	-
CPN3003448	BRACKET, ADAPTER, EV PS COVER	\$	7.95	0	\$	-	\$	-
CPN3008493-FA	CABLE, ASM, DEHUMIDIFIER THERMISTOR WITH	\$	22.83	0	\$	-	\$	-
CPN3008496-FA	CABLE ASM, THERMISTOR W/ LUG, LASER, ALI	\$	23.04	0	\$	-	\$	-
CPN3008541-FA	MOUNT, KNF PUMP-MUFFLER, ALICE	\$	88.59	0	\$	-	\$	-
CPN3008646-FA	SUPPORT, CORNER, FRAME, ALICE	\$	87.71	0	\$	-	\$	-
CPN1006352	WIFI BULKHEAD ADAPTER, D, AV	\$	14.55	0	\$	-	\$	-
CPN1003246	SPACER 166 ID X 1-4 OD X 1-8 THK	\$	0.34	0	\$	-	\$	-
CPN3008260-FA	CABLE ASM, 4 FAN, LASER, ALICE	\$	66.28	0	\$	-	\$	-

CPN3008263-FA	CABLE, RIBBON, 14 PIN, LASER THERMAL CON	\$ 17.48	0	\$ -	\$ -
CPN3008721-FA	LABEL, WINDOW, REAR, AVICLEAR	\$ 6.93	0	\$ -	\$ -
CPN3009347-FA	CABLE ASM, 4 FAN, LASER, AV	\$ 119.72	0	\$ -	\$ -
CPN7002712-FA	PCBA, LASER THERMAL CONTROLLER	\$ 198.95	0	\$ -	\$ -
CPN3008313-FA	BOTTLE, RESERVOIR, 500 ML, ALICE	\$ 1,268.00	0	\$ -	\$ -
CPN3008741-FA	CABLE ASM, DOUBLE FAN , 2 WIRE, ALICE	\$ 121.86	0	\$ -	\$ 9,285.00
CPN3002490-FA	RESERVOIR, EV	\$ 92.26	0	\$ -	\$ 6,375.00
CPN1003301	WIRE, 1 COND, 22 AWG, BLK	\$ 0.10	0		\$ -
CPN3007225	SADDLE, CABLE, EV2	\$ 2.99	0		\$ -
CPN3007237	T-BAR, SADDLE, EV2	\$ 4.18	0		\$ -
CPN1004355	FILTER, 4A SIEVE, 80CC, 1.5TUBE X 5.91LG	\$ 44.00	0		\$ -
CPN1003258	TUBING, 3/8 OD X .065 WALL, PU	\$ 1.21	0		\$ -
CPN3007917	Cover, Display Side	\$ 8.94	0		\$ -
CPN3007222	RETAINER, UMBILICAL, EV2	\$ 1.95	0		\$ -
CPN3007165	CABLE ASM, TEC-THERM, LBO, EV	\$ 104.05	0		\$ -
CPN3002653	BASE, FIBER FOCUS, HSG, EV	\$ 22.58	0		\$ -
CPN3007231	COVER, LEFT, CONSOLE, EV2	\$ 171.00	0		\$ -
CPN3007235	COVER, TOP, CONSOLE, EV2	\$ 225.00	0		\$ -
CPN3007232	COVER, RIGHT, CONSOLE EV2	\$ 196.00	0		\$ -
CPN1004402	FTG, EL, 10-32 X 1/4T	\$ 39.06	0		\$ -
CPN3007823	Bracket, Ferrite Mount, EV Display	\$ 4.76	0		\$ -
CPN7001958	PCBA, TEC CONNECTOR, EV	\$ 23.30	111	\$ 2,586.30	\$ -
CPN7000711	PCBA, AIM DIODE CONNECTION	\$ 17.09	112	\$ 1,914.08	\$ -
CPN7000967	35,580.00 ACKLIGHT CONVERTER	\$ 39.40	115	\$ 4,531.00	\$ -
CPN7000636	PCBA, EV HANDPIECE	\$ 61.89	227	\$ 14,049.03	\$ -
CPN7000908	PCBA HP GV 1NF IC2	\$ 44.92	44	\$ 1,976.48	\$ -
CPN3007154	ASM UMBILICAL HP EV2	\$ 76.55	623	\$ 47,690.65	\$ -
CPN7002600	PCBA Q-Switch Driver, Wide output	\$ 200.90	94	\$ 18,884.60	\$ -
CPN3007179	FIBER ASM, 600 MICRON, SS MONOCOIL	\$ 320.00	530	\$ 169,600.00	\$ -
CPN3007162	FIBER ASM 600 MICRON PTFE TUBING	\$ 242.00	418	\$ 101,156.00	\$ -
CPN3007847	FIBER FOCUS HOLDER AND LENS, EV3	\$ 305.00	184	\$ 56,120.00	\$ -
CPN3008004	FIBER, 600UM, .760M, CONSOLE, ALICE	\$ 475.00	477	\$ 226,575.00	\$ -
CPN7002597PJHB	ASM, HVPS, EV3, PURCHASED	\$ 3,375.12	54	\$ 182,256.48	\$ -

Jabil - Cutera CUU Inventory

Item	Description	Unit price	Total Jabil Owned	
			QTY	\$ AMOUNT
				1,306,471.73
CUT1006141	DC DC CONVERTER 24V 300W	\$ 278.25	1,459.00	\$ 405,966.75
CUT6002684_RA	PCB FAB, ALICE CONSOL CONTROLLER	\$ 161.51	1,026.00	\$ 165,705.36
CUT1005341	CELLULAR MODEM LTE NORTH AMERICA	\$ 110.78	1,050.00	\$ 116,319.00
CUT1006293	RELAY, SOLID STATE, SPST-NO 40A 48-530V	\$ 51.23	2,066.00	\$ 105,832.92
CUT6002569_RA	PCB FAB, WIFI MODULE	\$ 38.42	1,650.00	\$ 63,397.95
CUT6002729_RA	PCB FAB, HUMIDITY SENSOR, AVICLEAR	\$ 63.73	832.00	\$ 53,025.86
CUT1006052	IC REG BUCK ADJ 2.5A 28TSSOP	\$ 7.27	5,949.00	\$ 43,236.14
CUT6002750_RA	PCB, FAB, AC CONTROL, AVICLEAR	\$ 33.42	768.00	\$ 25,666.56
CUT1005934	CONN D-SUB HD RCPT 15P R/A SLDR	\$ 10.82	1,676.00	\$ 18,138.51
CUT1006051	IC REDRIVER LVDS 4CH 48TQFP	\$ 8.34	2,167.00	\$ 18,065.41
CUT1006115	IC OSC SILICON PROG TSOT23-6	\$ 30.84	500.00	\$ 15,420.00
CUT1005942	CONN HDR 2POS 7.50MM PCB SLDR	\$ 0.53	25,000.00	\$ 13,190.63
CUT1006047	IC I/O EXPANDER SPI 16B 28SSOP	\$ 3.04	4,200.00	\$ 12,786.90
CUT6002728_2	PCB FAB, LCD DISPLAY ADAPTER, AVICLEAR	\$ 46.92	256.00	\$ 12,011.52
CUT1006099	MOSFET N-CH 40V 50A TO252-3	\$ 2.23	5,000.00	\$ 11,135.00
CUT1006137	DC DC CONVERTER 15V 1W	\$ 4.33	2,500.00	\$ 10,831.00
CUT1006138	DC DC CONVERTER 3.3V 2W	\$ 8.15	1,211.00	\$ 9,869.65
CUT6002729_1	PCB FAB, HUMIDITY SENSOR, AVICLEAR	\$ 63.73	148.00	\$ 9,432.48
CUT1006029	IC OPAMP DIFF 1 CIRCUIT 8VSSOP	\$ 2.51	3,750.00	\$ 9,428.25
CUT1006102	DGTL ISO 5.7KV GATE DRVR 16SOIC	\$ 1.78	5,003.00	\$ 8,929.15
CUT1006038	IC TRANSCEIVER HALF 1/1 8MSOP	\$ 1.61	5,500.00	\$ 8,827.50
CUT1006042	IC ISOLATED GATE DRIVER 2-CH SOIC-16	\$ 2.09	3,869.00	\$ 8,097.51
CUT1005809	CAP ALUM 47UF 20% 50V SMD	\$ 1.08	7,485.00	\$ 8,083.05
CUT1006168	THERMAL PAD	\$ 44.64	177.00	\$ 7,900.92
CUT1006118	SSR RELAY SPST-NO 5A 30V	\$ 8.35	942.00	\$ 7,862.12
CUT1006026	IC MCU 32BIT 64KB FLASH 64LQFP 85DEGC	\$ 3.97	1,960.00	\$ 7,781.20
CUT1006170	HEATSINK MAXI 0.9" THRU/TRANS	\$ 28.45	249.00	\$ 7,084.20
CUT1005945	CONN HEADER R/A 30POS 2.54MM	\$ 3.95	1,676.00	\$ 6,611.82
CUT6002750_RB	PCB, FAB, AC CONTROL, AviClear Revision	\$ 12.48	500.00	\$ 6,239.00
CUT6002712_RA	PCB FAB, LASER THERMAL CONTROLLER	\$ 27.01	220.00	\$ 5,943.15
CUT6002569_R2	PCB FAB, WIFI MODULE	\$ 38.42	148.00	\$ 5,686.60
CUT6002728_RA	PCB FAB, LCD DISPLAY ADAPTER, AVICLEAR	\$ 11.27	500.00	\$ 5,635.00
CUT1006028	IC AUDIO AMP MONO HIFI SOP8 SMD	\$ 0.94	5,872.00	\$ 5,541.64
CUT1006302	HEADER CONNECTOR, PCB MOUNT, RECEPT, 8 C	\$ 0.68	7,884.00	\$ 5,380.83
CUT1006136	DCDC CONVERTER IN 6-42V OUT 5-30V 2A	\$ 6.73	750.00	\$ 5,047.52
CUT3008357	CABLE ASM, JUMPER, POWER, 300W HP POWER	\$ 2.75	1,500.00	\$ 4,125.00
CUT1006114	OSC XO 48.0MHZ 3.3V SMD	\$ 1.33	3,000.00	\$ 3,978.60
CUT1006000	PTC RESET FUSE 6V 750MA 0805	\$ 0.91	4,000.00	\$ 3,638.00
CUT1005965	CONN HDR 40POS 0.5MM SMD GOLD MODULE	\$ 1.86	1,920.00	\$ 3,568.32
CUT1006039	IC INTERFACE SPECIALIZED 20SSOP	\$ 4.78	735.00	\$ 3,513.74
CUT3008514	CABLE ASM, JUMPER, CONTROL ENABLE, HP PO	\$ 2.18	1,500.00	\$ 3,270.00
CUT1006030	IC OPAMP ZER-DRIFT 1CIRC SOT23-5	\$ 0.86	2,935.00	\$ 2,518.64
CUT1006025	IC REG LIN 3.3V 400MA SOT223-6	\$ 0.92	2,700.00	\$ 2,475.87
CUT1005377	CONN MULTI-PURPOSE RCPT 41P R/A SMD	\$ 1.80	1,262.00	\$ 2,265.92
CUT1005517	CONN HEADER VERT 4POS 4.2MM	\$ 0.43	5,047.00	\$ 2,188.38
CUT1005998	LED RED DIFFUSED CHIP 0603 SMD	\$ 0.20	10,226.00	\$ 2,066.67
CUT1005782	CAP TANT POLY 68UF 6.3V 0805	\$ 0.46	4,000.00	\$ 1,849.12
CUT1006106	DGTL ISO 5000VRMS 2CH GP 8SOIC	\$ 21.01	88.00	\$ 1,848.84
CUT1006171	STANDOFFS 4 #40 KIT	\$ 7.23	217.00	\$ 1,568.91
CUT1005791	CAP CER 6.8UF 50V X7R 1812	\$ 0.55	2,780.00	\$ 1,518.16
CUT1005778	CAP CER 10UF 50V X7R 1210	\$ 0.17	9,000.00	\$ 1,508.76
CUT1006253	HEXHEAD BOLT NUT WASHER 2-56X1/2	\$ 1.04	1,430.00	\$ 1,492.06
CUT1005524	IC REG LINEAR 3.3V 100MA SOT23-5	\$ 0.65	2,257.00	\$ 1,473.14
CUT1005344	IND 3.3UH 6A 20.9 MOHM SMD	\$ 1.79	729.00	\$ 1,305.77
CUT1005972	IC DAC 12BIT V-OUT 14TSSOP	\$ 4.93	250.00	\$ 1,232.25
CUT1005946	CONN HDR 2POS 7.50MM PCB SLDR 30A	\$ 0.78	1,524.00	\$ 1,193.11
CUT1006089	SWITCH SLIDE DIP-SW SPST 100MA	\$ 1.39	783.00	\$ 1,088.37
CUT1005944	CONN JACK 1PORT 100 BASE-T PCB	\$ 3.35	300.00	\$ 1,004.85
CUT1005792	CAP CER 10UF 100V X7R 2220	\$ 0.64	1,500.00	\$ 967.44
CUT1005608	CR 200V 1.5A TO92	\$ 1.09	850.00	\$ 926.50

CUT1005460	CAP ALUM 470UF 20% 35V RADIAL	\$ 0.31	2,605.00	\$ 820.47
CUT1006140	DC DC CONVERTER 12V 1.5A	\$ 3.14	260.00	\$ 815.50
CUT1005963	CONN HEADER VERT 4POS 3MM	\$ 0.93	857.00	\$ 800.87
CUT1006003	FUSE BLOCK BLADE 500V 30A PCB	\$ 0.39	2,000.00	\$ 781.31
CUT1005833	RES 0 OHM JUMPER 0805	\$ 0.15	5,000.00	\$ 738.45
CUT1005783	CAP ALUM 470UF 20% 63V SMD	\$ 0.73	1,000.00	\$ 732.59
CUT1006122	BATT LITH 3V 45MAH COIN 20.0MM	\$ 1.52	483.00	\$ 732.13
CUT1006011	IND 27UH 20A 8 MOHM TV	\$ 5.19	140.00	\$ 726.53
CUT1005935	CONN HEADER VERT 20POS 2.54MM	\$ 1.24	525.00	\$ 650.48
CUT1006020	IC REG BUCK 3.3V 1.2A 10MSOP	\$ 3.96	150.00	\$ 594.66
CUT1006160	IC GATE OR 1CH 2-INP SC70-5	\$ 0.32	1,759.00	\$ 569.92
CUT1005960	CONN HEADER VERT 19POS 1.27MM	\$ 1.84	303.00	\$ 557.21
CUT1005830	RES 27.4K OHM 0.1% 0.15W 0603	\$ 0.18	3,000.00	\$ 546.75
CUT1005785	CAP CER 220PF 50V COG/NPO 0603	\$ 0.05	12,000.00	\$ 544.07
CUT1005974	IC ADC 12BIT SAR 38TSSOP	\$ 3.88	138.00	\$ 535.38
CUT1005461	CONN SKT SODIMM 200POS R/A SMD	\$ 1.13	470.00	\$ 529.86
CUT1006054	IC REG LINEAR 20V 500MA TO252-3	\$ 0.26	2,000.00	\$ 523.68
CUT1005559	VARISTOR, 430V 10KA 1 CIRCUIT THROUGH HO	\$ 0.24	2,139.00	\$ 503.52
CUT1005385	IND FERRITE BEAD 785 OHM 1812 1LN	\$ 0.24	2,000.00	\$ 485.60
CUT1006040	IC RMII TRANSCEIVER FULL 1/1 32QFN	\$ 1.50	307.00	\$ 460.52
CUT1005871	RES SMD 1K OHM 0.1% 1/5W 0603	\$ 0.04	10,000.00	\$ 421.88
CUT1006024	IC REG LINEAR 5V 150MA SOT89-3	\$ 0.55	720.00	\$ 392.90
CUT1006104	FUSE AUTOMOTIVE 30A 32VDC BLADE	\$ 0.17	2,100.00	\$ 359.52
CUT1005928	CONN HEADER R/A 4POS 3MM, 2ROW	\$ 0.71	500.00	\$ 353.22
CUT1005516	CONN HEADER VERT 2POS	\$ 1.26	275.00	\$ 346.50
CUT1006103	FUSE AUTOMOTIVE 20A 32VDC BLADE	\$ 0.17	2,000.00	\$ 342.40
CUT1005669	DIODE_BRIDGE, BRIDGE RECT 1PHASE 400V 1A	\$ 0.29	1,135.00	\$ 334.03
CUT1005638	LED BLUE CLEAR 5MM T/H	\$ 0.30	1,073.00	\$ 318.90
CUT1006041	IC SWITCH SPDT SOT23-6 50MA	\$ 0.11	3,000.00	\$ 317.79
CUT1006128	OPTOISO 4.17KV OPN COLL 6SMD	\$ 0.21	1,441.00	\$ 306.52
CUT1006094	PC TEST POINT MINIATURE WHITE	\$ 0.10	3,000.00	\$ 293.27
CUT1005982	DIODE SCHOTTKY 30V 2A SMA	\$ 0.06	5,000.00	\$ 288.31
CUT1005795	CAP ALUM 100UF 20% 25V SMD	\$ 0.13	2,250.00	\$ 281.25
CUT1005863	RES 0.005 OHM 1% 2W 2512	\$ 0.07	4,000.00	\$ 270.00
CUT1006062	IC BUFFER NON-INVERT SCHIMTT 8VSSOP	\$ 0.13	2,100.00	\$ 264.89
CUT1005967	CONN HDR 3POS 7.50MM PCB SLDR	\$ 0.85	300.00	\$ 256.41
CUT1006100	MOSFET 2N-CH 60V 0.23A SOT-363	\$ 0.03	9,910.00	\$ 250.25
CUT1006055	IC REG LINEAR 3.3V 250MA SOT23-5	\$ 0.47	500.00	\$ 233.26
CUT1005962	CONN RCPT USB2.0 TYPEA 4POS VERT	\$ 0.60	378.00	\$ 227.42
CUT1006004	PTC RESET FUSE 8V 500MA 0603	\$ 1.18	192.00	\$ 225.98
CUT1006095	PC TEST POINT COMPACT RED	\$ 0.10	2,000.00	\$ 196.77
CUT1006116	IC SILICON SERIAL NUMBER SOT23-5	\$ 1.20	162.00	\$ 193.97
CUT1006061	IC FF D-TYPE SNGL 1BIT 8VSSOP	\$ 0.13	1,500.00	\$ 189.21
CUT1006278	RES SMD 5.9K OHM 0.1% 1/10W 0603	\$ 0.04	5,000.00	\$ 176.50
CUT1005779	CAP CER 0.47UF 10% 50V X7R 0603	\$ 0.02	8,000.00	\$ 172.21
CUT1005350	CAP CER 0.1UF 50V X7R 0603	\$ 0.00	38,814.00	\$ 162.67
CUT1005971	CONN HEADER VERT 6POS 1.25MM	\$ 0.14	1,170.00	\$ 160.44
CUT1005936	CONN SOCKET 8POS 0.1 GOLD PCB	\$ 0.30	505.00	\$ 153.77
CUT1005925	CAP CER 1500PF 50V X7R 0603	\$ 0.01	28,000.00	\$ 145.80
CUT1005948	CONN HEADER VERT 8POS 3MM	\$ 0.57	256.00	\$ 144.80
CUT1005531	CAP CER 10000PF 50V X7R 0603	\$ 0.01	24,000.00	\$ 140.21
CUT1005802	CAP CER 4700PF 5% 50V COG/NPO 0805	\$ 0.42	322.00	\$ 134.95
CUT1005360	CAP CER 10UF 25V X5R 1206	\$ 0.07	2,000.00	\$ 132.72
CUT1005437	IC SUPERVISOR COMPLEMENTARY 1 CHANNEL SO	\$ 0.70	186.00	\$ 129.72
CUT1005847	RES 6.49K OHM 0.1% 1/10W 0603	\$ 0.03	5,000.00	\$ 128.25
CUT1006031	IC CURR SENSE 1 CIRCUIT TSOT23-5	\$ 5.78	20.00	\$ 115.60
CUT1005937	CONN MOD JACK 8P8C VERT UNSHLD	\$ 0.68	158.00	\$ 106.97
CUT1005933	CONN HDR 3POS 7.50MM PCB SLDR 30A	\$ 3.03	32.00	\$ 97.10
CUT1006032	IC AMP CLASS D MONO 6.7W 24WQFN	\$ 1.06	83.00	\$ 88.28
CUT1005430	IC REG BUCK ADJ 3A POWERSO-8	\$ 0.58	150.00	\$ 87.02
CUT1005959	MICRO B SKT, VERTICAL, SMT, 30",	\$ 0.66	131.00	\$ 86.66
CUT1005816	RES 1.5K OHM 0.1% 1/10W 0603	\$ 0.02	5,000.00	\$ 82.35
CUT1005828	RES 4.87K OHM 0.1% 1/10W 0603	\$ 0.02	5,000.00	\$ 82.35
CUT1005849	RES 4.99K OHM 0.1% 1/10W 0603	\$ 0.02	5,000.00	\$ 82.35
CUT1005859	RES 4.75K OHM 0.1% 1/10W 0603	\$ 0.02	5,000.00	\$ 82.35
CUT1005876	RES 4.12K OHM 0.1% 1/10W 0603	\$ 0.02	5,000.00	\$ 82.35

CUT1006292	RES 0 OHM 5% 1/2W AXIAL	\$ 0.02	4,239.00	\$ 78.63
CUT1005837	RES SMD 49.9 OHM 1% 1/10W 0603	\$ 0.00	32,004.00	\$ 76.04
CUT1005794	CAP CER 100PF 50V X7R 0603	\$ 0.01	12,000.00	\$ 75.29
CUT1005941	CONN RCPT USB2.0 TYPEA 4POS R/A	\$ 0.29	250.00	\$ 73.50
CUT1005819	RES 10 OHM 1% 1/5W 0603	\$ 0.01	5,000.00	\$ 64.13
CUT1005843	RES SMD 976K OHM 1% 1/10W 0603	\$ 0.00	26,723.00	\$ 63.49
CUT1006069	IC LOGIC GATE UHS 2-INP INV SC70-6	\$ 0.31	200.00	\$ 61.48
CUT1005590	RES SMD 200 OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1005873	RES SMD 330 OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006076	RES SMD 39 OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006078	RES SMD 124K OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006083	RES SMD 68 OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006084	RES SMD 332 OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006085	RES SMD 4.75K OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1006119	RES SMD 23.7K OHM 1% 1/10W 0603	\$ 0.00	25,000.00	\$ 59.40
CUT1005931	CONN HEADER VERT 2POS 3.96MM	\$ 0.05	1,148.00	\$ 57.36
CUT1005513	CONN HEADER R/A 4POS 2.54MM	\$ 0.04	1,554.00	\$ 57.11
CUT1005955	CONN HEADER VERT 2POS 2.5MM	\$ 0.04	1,388.00	\$ 53.92
CUT1005869	RES SMD 20K OHM 1% 1/10W 0603	\$ 0.01	5,000.00	\$ 50.50
CUT1005400	RES SMD 10K OHM 1% 1/10W 0603	\$ 0.00	10,000.00	\$ 45.90
CUT1006001	PTC RESET FUSE 24V 3A 2SMD	\$ 0.43	100.00	\$ 42.80
CUT1005595	RES 680 OHM 5% 1/2W AXIAL	\$ 0.01	6,640.00	\$ 34.24
CUT1005924	CAP CER 470PF 50V X7R 0603	\$ 0.00	12,000.00	\$ 32.00
CUT1006005	FERRITE BEAD 120 OHM 0603 1LN_1	\$ 0.03	1,000.00	\$ 31.30
CUT1005952	CONN HEADER VERT 2POS 4.20MM	\$ 0.12	246.00	\$ 28.99
CUT1006053	IC REG LINEAR POS ADJ 2A HRP-5	\$ 1.09	25.00	\$ 27.13
CUT1005927	CONN HEADER VERT 4POS 2.54MM LOCK	\$ 0.02	1,255.00	\$ 26.36
CUT1005992	LED YELLOW DIFFUSED SMD	\$ 0.05	500.00	\$ 25.79
CUT1005940	CONN HEADER VERT 3POS 2.54MM	\$ 0.02	1,524.00	\$ 24.00
CUT1005836	RES SMD 510 OHM 1% 1/10W 0603	\$ 0.00	5,000.00	\$ 22.95
CUT1005855	RES SMD 6.8K OHM 1% 1/10W 0603	\$ 0.00	5,000.00	\$ 22.95
CUT1005860	RES SMD 470 OHM 1% 1/10W 0603	\$ 0.00	5,000.00	\$ 22.95
CUT1006065	IC INVERTER 1CH 1-INP SOT23-5	\$ 0.03	700.00	\$ 20.03
CUT1005842	RES SMD 120 OHM 1% 1/10W 0603	\$ 0.00	7,747.00	\$ 18.41
CUT1006079	RES SMD 1.6K OHM 0.5% 1/16W 0603	\$ 0.02	1,000.00	\$ 16.20
CUT1005949	CONN HEADER VERT 2POS 2.54MM	\$ 0.01	1,300.00	\$ 13.65
CUT1006093	SWITCH SMD 2.45N 6.2X6.2MM TOP ACTUATED	\$ 0.13	100.00	\$ 12.70
CUT1005354	CAP CER 100PF 50V 0603	\$ 0.00	4,000.00	\$ 8.03
CUT1005777	CAP CER 270PF 50V X7R 0603	\$ 0.00	3,050.00	\$ 6.89
CUT1005994	LED YELLOW CLEAR CHIP 0603 SMD	\$ 0.01	632.00	\$ 5.34
CUT1005978	DIODE ZENER 3.3V 500MW SOD123	\$ 0.01	350.00	\$ 4.73
CUT1005991	LED GREEN CLEAR CHIP 0603 SMD	\$ 0.01	532.00	\$ 4.27
CUT1005394	RES SMD 100 OHM 1% 1/10W 0603	\$ 0.00	364.00	\$ 0.39

Cutera Shutdown - Baja Equipment

		\$	253,784.96
Item	Items	Pricing	
1	3 Aluminum Laser Cabins	\$	31,715.05
2	2.0 Suministro e instalacion de cabina fabricada co...	\$	24,970.00
3	2.0 Suministro e instalacion de cabina fabricada co...	\$	24,832.90
4	6.0 Four Feet Clean Bench hood, Vertical air Lamina...	\$	12,090.00
5	Convection CLEAN ROOM OVEN	\$	11,985.00
6	CLASS 100 FLOW HOOD	\$	10,395.00
7	Laser Cabin	\$	9,784.54
8	1.0 Uv Oven	\$	7,408.82
9	4.0 laser optic sensor	\$	6,361.80
10	6.0 Integrated Fan Filter module. 2'x4', low sound,...	\$	6,240.00
11	1.0 LVS-9580 Handheld, 1D & 2D Barcode Verification	\$	6,085.00
12	11.0 ORGANIZADOR MÓVIL DE PANEL PARA GAVETAS ESTIBAB...	\$	5,269.00
13	Pull Tester service	\$	5,220.03
14	8.0 HEPA filter, H14, 595x1205x69 mm, Aluminum frame	\$	5,200.00
15	4.0 MICROSCOPIO ULTIMATE ZOOM 2X-45X CON SOPORTE DE...	\$	5,123.60
16	1.0 SUPER COLD COUNTER TOP FREEZER 115V/60HZ	\$	4,955.00
17	4.0 laser energy meter	\$	4,669.00
18	6.0 Stand with Caster for 4 Feet Economic Vertical	\$	4,452.00
19	1.0 -MESA DE ELEVACIÓN ELÉCTRICA - 2,000 LB., 48 X 28	\$	3,810.00
20	1.0 -MESA DE ELEVACIÓN ELÉCTRICA - 2,000 LB., 48 X 28	\$	3,810.00
21	2.0 DINOLITE AM7515MZT1P MICROSCOPE	\$	3,525.00
22	2.0 7Z01550 NOVA II METER ASSY, RoHS Versatile Hand	\$	3,484.00
23	1.0 Guarda de seguridad tipo cabina, con puerta.	\$	3,448.10
24	2.0 7Z02793 L40(250)A-BB-50 CW power up to 35W, int	\$	3,326.00
25	1.0 20708.1 CHROMA HIPOT TESTER MFG Prod: CHR 19052	\$	3,323.00
26	1.0 Thermal Laser Power Sensor L40(250)A-LP2-50	\$	3,203.58
27	1.0 ELECTRIC LIFT TABLE - 2,000 LB, 48 X 28"	\$	3,175.00
28	1.0 laser optic sensor	\$	2,581.75
29	1.0 TK58219656T Refrigerator, Under Counter, Color	\$	2,579.00
30	Oscilloscope Tektronix TBS2000B	\$	2,439.13
31	1.0 Infrared Viewer	\$	2,261.75
32	1.0 safety tester	\$	1,867.00
33	2.0 LASER OPTIC SENSOR	\$	1,814.70
34	6.0 Static Dissipative PVC side windows	\$	1,770.00
35	1.0 optic breadboard	\$	1,654.56
36	1.0 Protective Guard	\$	1,610.00
37	1.0 Vaccum Oven	\$	1,495.00
38	1.0 Imperial Breadboard	\$	1,488.91
39	2.0 optic breadboard light	\$	1,385.10
40	3.0 Microscope	\$	1,356.00
41	1.0 Shimpo TTC-I-50 Torque Tool Tester, 50 N-m	\$	1,325.00
42	1.0 TORQUIMETRO	\$	1,323.00
43	1.0 Si-Sensor Power Meter with Bluetooth and USB	\$	1,321.86
44	3.0 Multimetro Fluke-115	\$	1,093.53
45	1.0 ID:MXW116213324. Esta mesa elevadora tipo tijer	\$	1,054.10
46	3.0 Hot Plate Heaters	\$	1,035.00
47	6.0 Hospital-Grade Power Strip four outlet 110V- 60 Hz	\$	990.00
48	4.0 PONTENTE ILUMINADOR DE CUELLO DE CISNE DOBLE LE	\$	782.00
49	1.0 VACUUM PUMP	\$	660.00

50	1.0 Fuente de Voltaje Instek SPS-3610	\$	624.24
51	6.0 Swing Vane Manometer	\$	450.00
52	5.0 Mounting Post	\$	282.85
53	5.0 Mounting Post	\$	270.55
54	1.0 Adjustable Height Post	\$	107.41
55	1.0 Clamping Fork	\$	82.00
56	1.0 Clamping fork	\$	80.00
57	5.0 Pedestal Base Adapter	\$	70.40
58	5.0 Pedestal Base Adapter	\$	68.70
59	1.0 3007238, 3002612 tooling	\$	-
60	1.0 3003134, BEZEL, HP, GV fixture for plating	\$	-
61	1.0 3007500 fixture for measurement	\$	-
62	1.0 3007501 fixture for measurement	\$	-
63	1.0 3007237 fixture for heatstaking	\$	-
64	1.0 3007225 SADDLE, CABLE, EV2 fixture for measurement	\$	-
65	1.0 3007006, COVER B HAND PIECE EV2 fixture	\$	-
66	1.0 3007005, COVER A HANDPIECE fixture	\$	-
67	1.0 3007246 fixture for painting	\$	-
68	1.0 tooling1	\$	-
69	1.0 3007261, COVER A, HP, EV2 fixture	\$	-
70	1.0 3007262, COVER B, HP, EV2 fixture is for measur	\$	-
71	1.0 3007314&3007315&3007316&3007317 CAP, REAR, SMA	\$	-
72	1.0 3002648	\$	-
73	1.0 TOOLING CLAMP MOTOR HANDPIECE EV2	\$	-
74	1.0 3007290, SMA STRAIN RELIEFDERMASTAT TOOLING	\$	-
75	1.0 3007314, CAP, REAR, SMA HOUSING, EV2,CV tooling	\$	-
76	1.0 3007225 tooling	\$	-
77	1.0 3007222, 3007224 Tooling	\$	-
78	1.0 3007239, 3007240 COVER-A, SMA HOUSING, EV2 TOOLING	\$	-
79	1.0 3003144, 3006328 WINDOW, LED, GV HPBEZEL NO-BUT	\$	-
80	1.0 3003134,3007241 BEZEL, HP, GVCAP, FRONT, SMA HO.	\$	-
81	1.0 3007277 Tooling	\$	-
82	1.0 3002611 Tooling	\$	-
83	1.0 3002610, 3007236, 3007237 tooling	\$	-
84	1.0 3007500, 3007501 tooling	\$	-
85	1.0 3007246 Tooling	\$	-
86	1.0 3007006, 3007005 COVER B HAND PIECE EV2COVER A	\$	-
87	1.0 3007261, 3007262 COVER A,B HP, EV2 TOOLING	\$	-
88	1.0 3007247,3007248 COVER, LEFT, FLOWERPOT, EV2COVER	\$	-
89	Sensor de Energia / Energy Sensor	\$	-
90	Sensor de Energia / Energy Sensor	\$	-
91	Sensor de Energia / Energy Sensor	\$	-
92	Sensor de Potencia y Energia / Power & Energy Sensor	\$	-
93	Sensor de Potencia y Energia / Power & Energy Sensor	\$	-
94	Sensor de Potencia y Energia / Power & Energy Sensor	\$	-
95	Sensor de Potencia y Energia / Power & Energy Sensor	\$	-
96	Probador de Unidad a Tierra / Ground Bond Tester	\$	-
97	Probador de Alta Potencia / Hi-Pot Tester	\$	-
98	Medidor de Flujo / Flow Meter	\$	-
99	Multimetro / Multimeter	\$	-
100	Medidor de potencia y energia / Power & Energy Meter	\$	-
101	Medidor de potencia y energia / Power & Energy Meter	\$	-

102	Sensor de potencia / Power and Energy Sensor	\$	-
103	Sensor de potencia / Power and Energy Sensor	\$	-
104	Osciloscopio / Oscilloscope	\$	-
105	Osciloscopio / Oscilloscope	\$	-
106	Analizador de espectro laser / Laser Spectrum Analyzer	\$	-
107	Probador De Validación Funcional / Validation Tester	\$	-
108	Probador De Validación Funcional / Validation Tester	\$	-
109	Pieza De Mano Falsa / Dummy Handpiece	\$	-
110	Pieza De Mano Falsa / Dummy Handpiece	\$	-
111	Pieza De Mano Falsa / Dummy Handpiece	\$	-
112	Pieza De Mano Falsa / Dummy Handpiece	\$	-
113	Pieza De Mano Falsa / Dummy Handpiece	\$	-
114	Pieza De Mano Falsa / Dummy Handpiece	\$	-
115	Probador De Corriente De Fugas / Leakage Current Tester	\$	-
116	Probador D Seguridad, Comprobación D Funciones / Security Tester, Functio	\$	-
117	Termoregulador / Thermoregulator	\$	-
118	Probador De Fuga / Leak Tester	\$	-
119	Probador De Fuga / Leak Tester	\$	-
120	Equipo De Cutera Exel V / Cutera Exel V Equipment	\$	-
121	Probador De Validación Funcional / Functional Validation Tester	\$	-
122	Fibra Óptica Guía 600µm / Fiber Optic Guide 600µm	\$	-
123	Aplicador pieza de mano / Handpiece Applicator	\$	-
124	Aplicador pieza de mano / Handpiece Applicator	\$	-
125	Aplicador pieza de mano / Handpiece Applicator	\$	-
126	Aplicador pieza de mano / Handpiece Applicator	\$	-
127	Probador de fuga de corriente / Leakage Current Test	\$	-
128	CAJA DE CARGA / LOAD BOX	\$	-
129	CAJA DE CARGA / LOAD BOX	\$	-
130	Osciloscopio / Oscilloscope	\$	-
131	Osciloscopio / Oscilloscope	\$	-
132	Analizador de Espectro Laser / Laser Spectrum Analyzer	\$	-
133	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
134	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
135	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
136	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
137	Tablero de circuitos / BreadBoard	\$	-
138	Interfaz / Interface	\$	-
139	Interfaz / Interface	\$	-
140	Manometro / Manometer	\$	-
141	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
142	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
143	Medidor de Potencia y Energía / Power & Energy Meter	\$	-
144	Sensor de Potencia y Energía / Power & Energy Sensor	\$	-
145	Sensor de Potencia y Energía / Power & Energy Sensor	\$	-
146	Sensor de Potencia y Energía / Power & Energy Sensor	\$	-
147	Sensor De Potencia Y Energía / Energy & Power Sensor	\$	-
148	3002789 Accesorio Para Cable, Consola / 3002789 Cable Accessory, Console	\$	-
149	3002542 Accesorio Para Cable / 3002542 Fixture Cable Asm	\$	-
150	7000766 Filtro De Fibra / 7000766 Fiber Filter	\$	-
151	7000766 Filtro De Fibra / 7000766 Fiber Filter	\$	-
152	3003367 Accesorio Bomba De Alimentacion / 3003367 Pump Power	\$	-
153	Estacion de prueba / Test Station	\$	-



SAN FRANCISCO HEADQUARTERS
3240 Bayshore Boulevard, Brisbane, CA 94005
Phone: 415-657-5500 | Fax: 415-330-2444 | www.cutera.com

October 11, 2023

Stephana E. Patton
894 De Haro Street
San Francisco, CA 94017

Dear Stephana:

It is with great pleasure that we extend this offer to join Cutera, Inc. (the "Company" or "Cutera") on the terms and conditions outlined in this offer letter (the "Agreement").

1. **Position and Duties.** Your position with the Company will be Chief Legal Officer, and you will report to the Company's Chief Executive Officer (the "CEO"). You will be responsible for providing services that are consistent with your position within the Company and as will be reasonably assigned to you by the CEO. You will work primarily from our corporate headquarters in Brisbane, CA.
2. **Commencement Date.** Your employment with the Company will commence on November 13, 2023 or as otherwise agreed upon by you and the Company (the "Commencement Date").
3. **Compensation and Benefits.**
 - (a) **Base Salary.** Upon your commencement of employment with the Company, you will receive an annual base salary of \$425,000 (the "Base Salary"), which will be paid in accordance with the Company's normal payroll procedures and subject to applicable withholdings. As a full-time, salaried, exempt employee, you will be expected to work the Company's normal business hours and additional hours as required by your job duties, and you will not be eligible for overtime pay.
 - (b) **Annual Bonus Opportunity.** Starting on January 1, 2024, you will be eligible to earn an annual target bonus of up to 50% of your Base Salary, as then in effect, based on achievement of performance objectives to be established by the Board (the "Target Bonus"). The Target Bonus shall be subject to review and may be adjusted based on the Company's normal performance review practices. Your actual bonus shall be based upon the achievement of performance objectives to be determined by the Board in its sole and absolute discretion. To be eligible for and to earn any bonus, you must be employed by the Company on the date such bonus is paid.
 - (c) **New Hire Inducement Restricted Stock Unit Award.** As a material inducement for you to join the Company, it will be recommended to the Compensation Committee to award you 25,000 restricted stock units (the "New Hire Inducement RSUs"). The New Hire Inducement RSUs will be subject to the terms and conditions of the Company's 2023 Inducement Equity Incentive Plan and applicable standard form of restricted stock unit award agreement thereunder. Twenty-five percent (25%) of the shares subject to the New Hire Inducement RSUs will vest 12 months after the Commencement Date, subject to your continuing

to be an employee of the Company through such vesting date, and no shares will vest prior to such vesting date. The remaining shares subject to the New Hire Inducement RSUs will vest over the next 12 quarters, in equal quarterly amounts, subject to your continuing to be an employee of the Company through each vesting date. No right to any equity is earned or accrued until such time that vesting occurs, nor does the grant of any equity award confer any right to you to continued vesting and/or being an employee.

(d) **New Hire Inducement Performance Stock Unit Award I.** As a material inducement for you to join the Company, it will be recommended to the Compensation Committee to award you 25,000 performance stock units (the “New Hire Inducement PSUs”) based on the achievement of a \$10.00 share stock price. The award will be eligible to begin vesting upon the date the 30-trading day trailing average closing price of the Company’s Common Stock first meets \$10.00 within four years of the grant date. Once the level is attained, one-fourth of the award will vest on the later of (i) the date such level is attained or (ii) the Commencement Date + 1 year. By way of example, if the 30-trading day trailing average meets or exceeds \$10.00 on the date that is 18 months after the Commencement Date and you continue to be an employee of the Company, 37.5% of the award quantity will vest immediately, and the remaining 62.5% of the award quantity shall vest in equal quarterly amounts over the next 10 quarters subject to your continued service as an employee

(e) **New Hire Inducement Performance Stock Unit Award II.** As a material inducement for you to join the Company, it will be recommended to the Compensation Committee to award you 30,000 New Hire Inducement PSUs based on the achievement of a \$20.00 share stock price. The award will be eligible to begin vesting upon the date the 30-trading day trailing average closing price of the Company’s Common Stock first meets \$20.00 within four years of the grant date. Once the level is attained, one-fourth of the award will vest on the later of (i) the date such level is attained or (ii) the Commencement Date + 1 year. By way of example, if the 30-trading day trailing average meets or exceeds \$20.00 on the date that is 24 months after the Commencement Date, and you continue to be an employee of the Company, 50.0% of the award quantity will vest immediately, and the remaining 50.0% of the award quantity shall vest in equal quarterly amounts over the next 8 quarters subject to your continued service as an employee

(f) **New Hire Inducement Option Award.** As a material inducement for you to join the Company, it will be recommended to the Compensation Committee to award you 30,000 New Hire Inducement Options (the “New Hire Inducement Options”). Twenty-five percent (25%) of the shares subject to the New Hire Inducement Option will vest 12 months after the Commencement Date, subject to your continuing to be an employee of the Company through such vesting date, and no shares will vest prior to such vesting date. The remaining shares, subject to the New Hire Inducement Option, will vest over the next 36 months in equal monthly amounts, subject to your continuing to be an employee of the Company through each vesting date. The New Hire Inducement Option will be subject to the terms and conditions of the Company’s 2023 Inducement Equity Incentive Plan and applicable standard form of stock option agreement thereunder. No right to any equity is earned or accrued until such time that vesting occurs, nor does the grant of any equity award confer any right to you to continued vesting and/or being an employee.

(g) **Equity Awards.** You will be eligible to receive compensatory equity awards such as stock options or restricted stock unit awards from the Company on the terms and conditions determined by the Board in its sole discretion. In addition, you will be eligible to participate in the 2024 Annual Long-Term Incentive Program as approved by the Compensation Committee of the Board of Directors.

(h) **Employee Benefits.** You will be eligible to participate in the Company’s standard benefit plans as in effect from time to time, on the same basis as those benefit plans are generally made available to other similarly situated executives of the Company. Such benefit plans are subject to change and may be supplemented, altered, or eliminated, in part or entirely. Any eligibility to participate in such benefits plans, as

well as the terms thereof, shall be as set forth in the governing documents for such plans, or there are no such governing documents in the Company's policies.

(i) **Expenses.** You will be entitled to receive prompt reimbursement for all reasonable expenses incurred by you in the furtherance of or in connection with the performance of your duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time. In the event that any expense reimbursements are taxable to you, such reimbursements will be made in the time frame specified by Treasury Regulation Section 1.409A-3(i)(1)(iv) unless another time frame that complies with or is exempt from Section 409A is specified in the Company's expense reimbursement policy.

(j) **Paid Time Off.** You will be eligible to participate in the Company's paid time off policy. You acknowledge that your use of paid time off will be subject to the terms and conditions of the vacation policies in place at the Company.

4. **Severance & Change of Control Benefits.** You will be eligible to receive certain benefits in the event of a qualifying employment termination pursuant to the terms and conditions of the Company's Executive Change in Control and Severance Policy (the "Severance Policy") and a participation agreement thereunder between you and the Company (the "Severance Participation Agreement"). A copy of the Severance Policy and Severance Participation Agreement are enclosed for your review. For the avoidance of doubt, you will be eligible to participate in the Severance Policy at the Tier 2 (as such term is defined in the Severance Policy) tier of severance benefits.

5. **At-Will Employment.** You acknowledge and agree that your employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Company. You further acknowledge and agree that the Company may modify job titles, salaries and benefits from time to time as it deems necessary. However, as described in this Agreement, you may be eligible to receive severance benefits under the Severance Policy depending on the circumstances of the termination of your employment with the Company.

6. **Confidentiality.** As a condition of your employment with the Company, you are also required to sign and comply with the Company's Employee Proprietary Information Agreement (the "Confidentiality Agreement"), which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company, and non-disclosure of Company proprietary information. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (i) any and all disputes between you and the Company shall be fully and finally resolved by binding arbitration, (ii) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (iii) all disputes shall be resolved by a neutral arbitrator who shall issue a written opinion, (iv) the arbitration shall provide for adequate discovery, and (v) the Company shall pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. A copy of the Confidentiality Agreement is enclosed for your review and signature. Please note that we must receive your signed Confidentiality Agreement before your first day of employment.

7. **Conflicting Obligations.** As a Company employee, you will be expected to abide by the Company's rules and standards. We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in

any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third-party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information.

8. Restrictive Covenants.

(a) **Non-Solicitation.** During the Noncompete Period, you shall not, directly or indirectly, through another entity (i) solicit or attempt to solicit any employee of the Company to leave the employ of the Company, or (ii) solicit or attempt to solicit any customer, supplier, licensee or other business relation of the Company to transact business with a Competitive Enterprise or to cease doing business with the Company or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company. For purposes of this Section 8(b), references to the Company shall include references to any subsidiary of the Company.

(b) **Enforcement.** If a court holds that the restrictions stated in this Section 8 are unreasonable under circumstances then existing, the parties hereto agree that the maximum duration, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum duration, scope and area permitted by law. Because your services are unique and because you have access to confidential information, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Section 8. Therefore, in the event a breach or threatened breach of this Section 8, the Company may, in addition to other rights and remedies existing in its favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

(c) **Additional Acknowledgments.** You acknowledge that the provisions of this Section 8 are in consideration of: (i) employment with the Company, and (ii) additional good and valuable consideration as set forth in this Agreement. In addition, you agree and acknowledge that the restrictions contained in this Section 8 do not preclude you from earning a livelihood, nor do they unreasonably impose limitations on your ability to earn a living. In addition, you acknowledge (i) that the business of the Company will be international in scope and without geographical limitation, and (ii) notwithstanding the state of incorporation or principal office of the Company, any of its affiliates or any of their respective executives or employees (including you), it is expected that the Company, will have business activities and have valuable business relationships within its industry throughout the world. You acknowledge and agree that each and every restraint imposed by this Section 8 is reasonable with respect to subject matter, time period and geographical area.

9. Tax Matters.

(a) **Withholding.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law, and you will be solely responsible for any and all taxes arising in connection with this Agreement and compensation paid or payable to you, including but not limited to any taxes, penalties and interest, if any, arising under Section 409A.

(b) **Section 409A.** The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, the requirements of Section 409A of the Internal

Revenue Code of 1986, as amended, and any final regulations and guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time ("Section 409A") so that none of the payments or benefits will be subject to the additional tax imposed under Section 409A, and any ambiguities will be interpreted to so be exempt or comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(c) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities.

10. **Entire Agreement, Amendment and Enforcement.** This Agreement, the Severance Policy and Severance Participation Agreement, and the Confidentiality Agreement set forth the terms of your employment with the Company and supersede any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This Agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company.

11. **Miscellaneous.**

(a) **Background Check.** The Company reserves the right to conduct background investigations and/or reference checks on all of its potential employees. Your job offer, therefore, is contingent upon a clearance of such a background investigation and/or reference check, if any.

(b) **Form I-9 Requirements.** For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of the Commencement Date, or our employment relationship with you may be terminated. In addition, prior to your transfer to Australia, you will be required to provide to the Company documentary evidence of your eligibility for employment in Australia.

(c) **Governing Law.** This Agreement shall be governed and construed by the laws of the State of Delaware without regard to the principles of conflict of laws thereof.

(d) **Severability.** If a court or other body of competent jurisdiction finds, or the parties to this Agreement mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement will continue in full force and effect.

(e) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(f) **Acknowledgment.** You acknowledge that you have had the opportunity to discuss this Agreement with and you have obtained advice from your private attorney, have had sufficient time to, and have carefully read and fully understand all the provisions of this Agreement, and are knowingly and voluntarily entering into this Agreement.

* * * * *

This offer will remain open until October 13, 2023. Please indicate your acceptance of this Agreement and confirmation that it contains our complete agreement regarding the terms and conditions of your employment, by signing the bottom portion of this Agreement and returning a copy to me.

We are looking forward to you joining the Cutera team!

Very truly yours,

CUTERA, INC.

DocuSigned by:
Taylor Harris
By: 5293BA3709B7466...
Taylor Harris
CEO

Enclosures

- PIIA
- Change in Control & Severance Policy

Offer Accepted By:

DocuSigned by:
Stephana Patton
4FD4BFE63F97298...
Stephana E. Patton

Dated: 10/11/2023 | 11:21 AM PDT

Subsidiaries of Cutera, Inc. (DE)

<u>Name</u>	<u>State or Country of Incorporation or Organization</u>
Cutera Australia Party Limited	Australia
Cutera SPRL	Belgium
Cutera Canada, Inc.	Canada
Cutera Limited	England & Wales
Cutera Importing Limited	England & Wales
Cutera France SarL	France
Cutera Germany GmbH	Germany
Cutera HK Limited	Hong Kong
Cutera Japan K.K.	Japan
Cutera Spain S.L.	Spain
Cutera Switzerland GmbH	Switzerland

Consent of Independent Registered Public Accounting Firm

Cutera, Inc.
Brisbane, California

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-237552) and Form S-8 (No. 333-114149, 333-123495, 333-132583, 333-141376, 333-149703, 333-158160, 333-187502, 333-206864, 333-221542, 333-258283, 333-271214, and 333-273924) of Cutera, Inc. (the “Company”) of our reports dated May 10, 2024, relating to the consolidated financial statements and schedule, and the effectiveness of the Company’s internal control over financial reporting, which appear in this Annual Report on Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023.

/s/ BDO USA, P.C.
San Francisco, California
May 10, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 15 U.S.C. SECTION 7241, AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Taylor C. Harris, certify that:

1. I have reviewed this annual report on Form 10-K of Cutera, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

/s/ Taylor C. Harris

Taylor C. Harris
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 15 U.S.C. SECTION 7241, AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stuart Drummond, certify that:

1. I have reviewed this annual report on Form 10-K of Cutera, Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

/s/ Stuart Drummond

Stuart Drummond
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 10-K of Cutera, Inc. a Delaware corporation, for the period ended December 31, 2023, as filed with the Securities and Exchange Commission, each of the undersigned officers of Cutera, Inc. certifies pursuant to section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his respective knowledge:

- (1) the annual report of Cutera, Inc. on Form 10-K for the period ended December 31, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of Cutera, Inc. for the periods presented therein.

Date: May 10, 2024

/s/ Taylor C. Harris

Taylor C. Harris
Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2024

/s/ Stuart Drummond

Stuart Drummond
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

CUTERA, INC.

COMPENSATION RECOVERY POLICY

As adopted on October 26, 2023

Cutera, Inc. (the “**Company**”) is committed to strong corporate governance. As part of this commitment, the Company’s Board of Directors (the “**Board**”) has adopted this clawback policy called the Compensation Recovery Policy (the “**Policy**”). The Policy is intended to further the Company’s pay-for-performance philosophy and to comply with applicable laws by providing rules relating to the reasonably prompt recovery of certain compensation received by Covered Executives in the event of an Accounting Restatement. The application of the Policy to Covered Executives is not discretionary, except to the limited extent provided below, and applies without regard to whether a Covered Executive was at fault. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding.

The Policy is intended to comply with, and will be interpreted in a manner consistent with, Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), with Exchange Act Rule 10D-1 and with the listing standards of the national securities exchange (the “**Exchange**”) on which the securities of the Company are listed, including any interpretive guidance provided by the Exchange.

Persons Covered by the Policy

The Policy is binding and enforceable against all “**Covered Executives**.” A Covered Executive is each individual who is or was ever designated as an “officer” by the Board in accordance with Exchange Act Rule 16a-1(f) (a “**Section 16 Officer**”). The Committee may (but is not obligated to) require a Covered Executive to sign and return to the Company an acknowledgement that such Covered Executive will be bound by the terms and comply with the Policy. The Policy is binding on each Covered Executive whether or not the Covered Executive signs and/or returns any acknowledgment.

Administration of the Policy

The Compensation Committee (the “**Committee**”) of the Board has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “**Accounting Restatement**”), then the Committee must determine the Excess Compensation, if any, that must be recovered. The Company’s obligation to recover Excess Compensation is not dependent on if or when restated financial statements are filed.

Compensation Covered by the Policy

The Policy applies to certain **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is **Received** on or after October 2, 2023 (the “**Effective Date**”), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Incentive-Based Compensation is considered “**Clawback Eligible Incentive-Based Compensation**” if the Incentive-Based Compensation is Received

by a person after such person became a Section 16 Officer and the person served as a Section 16 Officer at any time during the performance period for the Incentive-Based Compensation. **“Excess Compensation”** means the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts. Excess Compensation must be computed without regard to any taxes paid and is referred to in the listings standards as “erroneously awarded incentive-based compensation”.

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to the Exchange.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company’s right to recover under the Policy has lapsed.

“Financial Reporting Measures” are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is **“Received”** under the Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

“Covered Period” means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company’s fiscal year.

“Accounting Restatement Determination Date” means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Covered Executives are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Covered Executive to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Covered Executive). These means include (but are not limited to):

- a. requiring reimbursement of cash Incentive-Based Compensation previously paid;
- b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards (including, but not limited to, time-based vesting awards), without

regard to whether such awards are Incentive-Based Compensation or vest based on the achievement of performance goals;

- c. offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Covered Executive, including (but not limited to) payments of severance that might otherwise be due in connection with a Covered Executive's termination of employment and without regard to whether such amounts are Incentive-Based Compensation;
- d. cancelling outstanding vested or unvested equity awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation; and/or
- e. taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by a Covered Executive notwithstanding any Covered Executive's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce a Covered Executive's obligations to the Company or to discipline a Covered Executive. Failure of a Covered Executive to comply with their obligations under the Policy may result in (without limitation) termination of that Covered Executive's employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. For avoidance of doubt, any decisions of the Company or the Covered Executive's employer to discipline a Covered Executive or terminate the employment of a Covered Executive are independent of determinations under this Policy. For example, if a Covered Executive was involved in activities that led to an Accounting Restatement, the Company's decision as to whether to not terminate such Covered Executive's employment would be made under its employment arrangements with such Covered Executive and the requirement to apply this no-fault and non-discretionary clawback policy will not be determinative of whether any such termination is for cause, although failure to comply with the Policy might be something that could result in a termination for cause depending on the terms of such arrangements.

Limited Exceptions to the Policy

The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below is met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- a. The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or
- b. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

Other Important Information in the Policy

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Covered Executive against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that the Company is required to recover Excess Compensation pursuant to the Policy from a Covered Executive who is no longer an employee pursuant to the Policy, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement that individual may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Covered Executive is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Covered Executive, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.

ACKNOWLEDGEMENT

- I acknowledge that I have received and read the Compensation Recovery Policy (the "**Policy**") of Cutera, Inc. (the "**Company**").
- I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company's right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.
- I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.
- I understand and agree that my current indemnification rights, whether in an individual agreement or the Company's organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.
- I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline.
- I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.
- I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the General Counsel, Human Resources or my own personal advisers.
- I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign and return this form to Human Resources.

Covered Executive

(print name)

(signature)

(print name)

(signature)

(date)
