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

FORM 10-K

(Mark One)
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

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 001-38238

Venus Concept Inc.

(Exact name of Registrant as specified in its Charter)

Delaware		**06-1681204**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**

235 Yorkland Blvd. Suite 900
Toronto, Ontario M2J 4Y8
(877) 848-8430

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, $0.0001 par value per share	**VERO**	**The Nasdaq Global Market**

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 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	☐	Accelerated filer	☐
Non-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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of June 29, 2019, (the last business day of the registrant's most recently completed second quarter), the aggregate market value of Registrant's common stock, par value $0.0001, held by non-affiliates of the Registrant was $26,468,409 based upon the closing price of $9.1495 per share as reported for such date by the Nasdaq Global Market. Shares of the Registrant's common stock held by executive officers and directors of the Registrant and by certain stockholders who owned 10% or more of the outstanding common stock have been excluded because such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of Registrant's Common Stock outstanding as of March 25, 2020 was 32,194,285.

DOCUMENTS TO BE INCORPORATED BY REFERENCE

Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K (the "Annual Report") is incorporated by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Stockholders (our "Proxy Statement") which will be filed with the Securities and Exchange Commission (the "SEC") within 120 days after the end of the fiscal year ended December 31, 2019.

Table of Contents

CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the year ended December 31, 2019 contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "1933 Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Any statements contained herein that are not of historical facts may be deemed to be forward-looking statements. In some cases, you can identify these statements by words such as such as "anticipates," "believes," "plans," "expects," "projects," "future," "intends," "may," "should," "could," "estimates," "predicts," "potential," "continue," "guidance," and other similar expressions that are predictions of or indicate future events and future trends. These forward-looking statements include, but are not limited to, statements about:

- *the expected synergies and cost savings from our merger with Venus Concept Ltd.;*
- *our financial performance;*
- *the continued growth in demand for our systems and other products;*
- *the success of the commercial launch of Venus Bliss;*
- *our commercialization, marketing, distribution and manufacturing capabilities, plans and prospects;*
- *the timing or likelihood of regulatory filings and approvals for our systems;*
- *the scope and timing of our investment in our commercial infrastructure and sale-force;*
- *our expectations regarding the potential market size and the size of the patient populations for our systems and procedures;*
- *the implementation of our business model and strategic plans for our business and technology;*
- *the scope of protection we are able to establish and maintain for intellectual property rights covering our systems;*
- *our ability to implement additional infrastructure and internal systems;*
- *the research and development activities we intend to undertake in order to expand the approved indications of use for our existing products and new products;*
- *the outcome of legal proceedings related to our business;*
- *estimates of our expenses, future revenue and capital requirements;*
- *our ability to raise additional capital;*
- *developments and projections relating to our competitors and our industry, including competing technologies; and*
- *general economic conditions, including the global economic impact of COVID-19.*

These forward-looking statements are based on current expectations, estimates, forecasts, and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or developments and involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Annual Report on Form 10-K may turn out to be inaccurate. Factors that could materially affect our business operations and financial performance and condition include, but are not limited to, those risks and uncertainties described herein under "Item 1A - Risk Factors." You are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements are based on information available to us as of the filing date of this Annual Report on Form 10-K. Unless required by law, we do not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks we describe in the reports we will file from time to time with the Securities and Exchange Commission, or the SEC, after the date of this Annual Report on Form 10-K.

This Annual Report Form 10-K also contains estimates, projections and other information concerning our industry, our business, and the markets in which we compete, including data regarding the estimated size of these markets. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

PART I

Item 1. Business.

Overview

We are an innovative global medical technology company that develops, commercializes, and delivers minimally invasive and non-invasive medical aesthetic and hair restoration technologies and related practice enhancement services. Our aesthetic systems have been designed on a cost-effective, proprietary and flexible platform that enables us to expand beyond the aesthetic industry's traditional markets of dermatology and plastic surgery, and into non-traditional markets, including family and general practitioners and aesthetic medical spas. In the years ended December 31, 2019 and in 2018, a substantial majority of our systems delivered in North America were in non-traditional markets.

In November 2019, we completed our business combination with Venus Concept Ltd. and the business of Venus Concept Ltd. became the primary business of the company, a global leader in hair restoration. It significantly expanded our presence and capability in the hair restoration market. We have developed and commercialized a robotic device, the ARTAS® System, that assists physicians in performing many of the repetitive tasks that are part of a follicular unit extraction surgery, or FUE, a type of hair restoration surgery. In July 2018, we introduced the ARTAS® iX Robotic Hair Restoration System, which we believe is the first and only robotic intelligent solution to offer precise, minimally invasive, repeatable harvesting and implantation functionality in one platform. The system delivers procedural analysis, precision, repeatability and clinical workflow efficiency for hair restoration. Through our NeoGraft® division, which we acquired in 2018, we offer an automated hair restoration system that facilitates the harvesting of follicles during an FUE process, improving the accuracy and speed over commonly used manual extraction instruments. Our hair restoration systems are sold primarily to plastic surgeons and dermatologists, and in the U.S. we offer doctors using the NeoGraft® system the services of a group of independently contracted technicians, whom we market as "VeroGrafters." This group of approximately 50 technicians is available to assist the physician during a NeoGraft® hair restoration procedure. The ARTAS® iX System complements our NeoGraft® hair restoration system and allows us to penetrate a broader segment of the hair restoration market.

We have developed and commercialized twelve technology platforms, including our ARTAS® and NeoGraft® systems. We have received clearance from the U.S. Food and Drug Administration, or FDA, for the combined use of multipolar radio frequency, or RF, and pulsed electromagnetic fields, or PEMF, for non-invasive treatment of facial rhytides (wrinkles) in Fitzpatrick skin types I (ivory)-IV (light brown), and temporary reduction in the appearance of cellulite, among others. We have also received FDA clearance for the use of our diode laser system for non-invasive fat reduction (lipolysis) in the abdomen and flanks for certain body types. In certain jurisdictions outside of the U.S., our products have received marketing authorizations for indications such as temporary increase of skin tightening, non-invasive lipolysis of the abdomen and flanks, cellulite reduction and uses for certain soft tissue injuries, among others, and for vaginal treatment in the Israeli market. Our proprietary multipolar RF and PEMF technologies, also referred to as our $(MP)^{2®}$ technology, synergistically deliver consistent homogenous treatments in a minimally invasive process. We also use in our systems Intense Pulsed Light, or IPL, for treatment of benign pigmented epidermal and cutaneous lesions, lasers for hair removal and fractional ablative RF modality for skin resurfacing. The ARTAS® system was cleared by FDA in April 2011 and the ARTAS® iX was cleared by FDA in March 2018 to include implantation of harvested hair follicles.

In the U.S., we have obtained 510(k) clearance from FDA for our Venus Freeze® and Freeze Plus systems, Venus Viva®, Venus Legacy®, Venus Versa®, Venus Velocity™, Venus Heal™, Venus Bliss™ and ARTAS® systems. The Venus Glow™ and NeoGraft® systems are listed as class I devices under FDA classification system. Outside the U.S., we market our technologies in over 60 countries across Europe, Asia-Pacific and Latin America. Because each country has its own regulatory scheme and clearance process, not every device is cleared or authorized for the same indications in each market in which a particular system is marketed.

To address the financial barriers faced by physicians and aesthetic service providers globally, we focus our medical aesthetic product sale strategy on a subscription-based business model in North America and in our well-established direct global markets, which allows us to offer our aesthetic products to non-traditional providers and medical spas. Traditional energy-based aesthetic devices can require financial commitments of up to $190,000, which typically involve third-party financing, often with personal guarantees. These products are often superseded by next-generation products within 18 to 24 months, making it financially difficult for aesthetic service providers to continually access the market's newest technologies, and for providers in non-traditional markets to justify the significant investment. Our subscription-based model is designed to provide a lower initial barrier to ownership and includes an up-front fee, and a monthly payment schedule, typically over a period of 36 months, with approximately 40% of total contract payments collected in the first year. Our subscription-based business model can provide customers with greater flexibility than traditional equipment leases secured through finance companies. The significantly reduced upfront financial commitments, without onerous credit and disclosure requirements, make this business model increasingly appealing and affordable to non-traditional physicians and medical aesthetic spas. If economic circumstances are appropriate, we provide customers in good standing with the opportunity to "upgrade" to new agreements for our newest available or alternative technology throughout the subscription period. To ensure that each monthly product payment is made on time and that the customers' systems are serviced in accordance with the terms of the warranty, every product purchased under a subscription agreement requires a monthly activation code, which we provide to the customer upon receipt of the monthly payment. We currently do not offer the ARTAS® iX System under the subscription-based model.

To support the growth initiatives of our customers, we developed practice enhancement services that provides our customers with a fully integrated monthly marketing support program with business and marketing tools to grow their practices, improve their financial and business performance, and maximize their return on investment, while also supporting our sale of products and ancillary services. These interactions help in further building our customer relationships.

As of December 31, 2019, we operated directly in 29 international markets through our 24 direct offices in the U.S., Canada, United Kingdom, Japan, South Korea, Mexico, Argentina, Colombia, Spain, France, Germany, Australia, China, Hong Kong, Singapore, Indonesia, Vietnam, India, Israel, Italy, Bulgaria, Russia, Kazakhstan and South Africa.

Subscription-based Business Model

We generate recurring monthly revenue under our subscription-based business model and from traditional system sales. We commenced a subscription-based model in North America in 2011 and, for the years ended December 31, 2019 and 2018, approximately 51% and 55%, respectively, of aesthetic systems we delivered were sold under the subscription-based model. For the years ended December 31, 2019 and 2018, approximately 67% and 75%, respectively, of our total system revenues were derived from the subscription-based model. We have launched our subscription-based model in targeted international markets in which we operate directly. We currently do not offer the ARTAS® iX System under the subscription-based model.

Our subscription-based model includes an up-front fee and a monthly payment schedule, typically over a period of 36 months, with approximately 40% of total contract payments collected in the first year. For accounting purposes, these arrangements are considered to be sales-type finance leases, where the present value of all cash flows to be received under the subscription agreement is recognized as revenue upon shipment to the customer and achievement of the required revenue recognition criteria.

Market Overview

Aesthetic Procedures

The market for aesthetic procedures is large, growing, global in scale, and comprised of both surgical and non-surgical procedures. The International Society of Aesthetic Plastic Surgery, or ISAPS, reported approximately 23 million cosmetic procedures worldwide in 2018. Total cosmetic procedures worldwide in 2018 was comprised of approximately 10.6 million surgical cosmetic procedures and approximately 12.7 million non-surgical cosmetic procedures. Total non-surgical procedures worldwide in 2018 included approximately 10.0 million injectable procedures – primarily botulinum toxin and hyaluronic acid fillers – with the remaining 2.7 million non-surgical, non-injectable procedures worldwide in 2018 representing annual addressable procedure opportunity for our minimally invasive and non-invasive medical aesthetic technologies.

Based on data from Medical Insights reports published in 2019, we estimate the global energy-based aesthetic device market totaled approximately $3.4 billion in 2018. We also estimate this market will increase at a 9.7% CAGR to more than $5.3 billion by the end of 2023. This projected growth CAGR is based on a weighted-average of expected growth CAGRs per Medical Insights of 6.1% for “Energy-Based Aesthetic Devices”, 12.7% for “Energy-Based Body Shaping & Skin Tightening” and 15.0% for “Energy-Based Feminine Rejuvenation”, respectively.

Hair Restoration

According to the “2017 Practice Census Results Report” from the International Society of Hair Restoration or ISHRS, an estimated 597,181 patients worldwide had a surgical hair restoration procedure in 2016, compared to an estimated 216,547 patients in 2006, representing a 10.6% CAGR over the period. The ISHRS estimated the global market for surgical hair restoration treatments totaled $4.1 billion in 2016, compared to $2.4 billion in 2014, representing a 32% CAGR over the period.

We believe several factors are contributing to the growth in the aesthetic and hair restoration markets, including:

- *Continuing focus on body image and appearance*. Both women and men continue to be concerned with their body image and appearance. Additionally, the population and wealth of the aging “baby boomer” demographic segment and its desire to retain a youthful appearance have driven the growth in aesthetic and hair restoration procedures.

- *Wide acceptance of aesthetic procedures.* According to ASAPS, in 2018, people in the U.S. spent more than $16.5 billion on combined surgical and non-surgical aesthetic procedures. Since 2000, aesthetic procedures have increased 163% with minimally invasive procedures growing 223%. From 2000 to 2018, the number of male aesthetic procedures and minimally invasive procedures grew 29% and 72%, respectively.

- *Broader availability of minimally and non-invasive procedures.* Technological developments have resulted in the introduction of a broader range of safe, effective, easy-to-use, and low-cost minimally invasive and non-invasive aesthetic procedures, with fewer side effects. This has resulted in wider adoption of aesthetic procedures by practitioners. According to the ASAPS, nonsurgical procedures were performed more often in 2018 than surgical procedures. There has also been a market shift to less invasive hair restoration procedures such as FUE which, according to ISHRS, have increased from less than 10% of hair restoration procedures performed in 2004 to about 52.6% in 2017.

- *Increased physician focus and changing practitioner economics.* Managed care and government payor reimbursement restrictions in the United States, and similar payment-related constraints outside of the United States, are motivating practitioners to establish or expand their elective aesthetic practices with procedures that are paid for directly by patients. As a result, in addition to traditional aesthetic providers, non-traditional providers have begun to perform these procedures.

- *Increasingly affordable treatment solutions.* New, lower cost technologies combined with procedure pricing pressures will broaden the patient population for minimally invasive and non-invasive aesthetic procedures, which we believe will continue to contribute to increased market demand.

Limitations of Existing Technologies

Aesthetic Procedures

We believe that several limitations have restricted the growth of existing aesthetic technologies and that patients who do not require significant skin tightening, cellulite reduction, circumferential reduction or body contouring will explore non-invasive alternatives to minimize the pain, expense, downtime, and surgical risks associated with current invasive procedures. Most existing non-invasive procedures are based on various forms of directed energy treatments, such as RF, IPL, lasers using various wavelengths, shockwave therapy or ultrasound.

Most current aesthetic technologies present the following limitations:

- *Surgical risks*. Invasive and minimally invasive procedures can carry surgical risks associated with the safety of the patient and generally require administering general or local anesthesia, which can carry additional risks.
- *Surgical recovery.* Invasive and minimally invasive procedures can often cause pain and require post-surgical recovery. As a result, patients may need to spend time away from work and take prescribed pain medications during post-surgery recovery.
- *Pain and discomfort*. Many existing non-invasive procedures involving various laser wavelengths, RF, IPL and shockwave can cause pain during the procedure, which we believe may affect the operator's ability to deliver a full therapeutic treatment without creating patient discomfort.
- *Potentially undesired results*. Current invasive procedures can cause non-uniform fat reduction, dimpling, lumpiness, numbness, scarring, discoloration or sagging skin in the treated area. Minimally invasive and non-invasive procedures can cause skin or tissue damage if the physician does not carefully control the heat or ultrasound energy delivered in the treatment area.
- *Limited repeatability.* Invasive, minimally invasive and non-invasive procedures may trigger non- controlled necrosis and/or body's wound healing response, which may lead to the formation of scar tissue in the treated area and may prevent the patient from undergoing follow-up procedures to enhance or correct the original treatment results if the patient is not satisfied with initial aesthetic results.
- *Physician skill and technique dependent*. The aesthetic results achieved through most invasive and minimally invasive procedures are dependent upon a physician's skill and training. In addition, these procedures often require a significant amount of direct physician or highly trained personnel time to perform the procedure. Poor technique may lead to reduced efficacy, inconsistent aesthetic results and adverse events.
- *High cost*. Invasive procedures can be significantly more expensive for patients than minimally invasive or non-invasive aesthetic procedures.
- *Effective only for certain skin types.* Laser-based and IPL-based technologies may not be as effective on darker skin tones and therefore the appropriate pool of patients may be more limited.

Our Aesthetic Solutions

Aesthetic Technology Solution

We designed a suite of medical aesthetic systems that use our proprietary $(MP)^2$ technology to address the limitations of existing medical aesthetic technologies and procedures. Our systems have the following characteristics:

- *Non-invasive*. Our systems use technologies that are primarily non-invasive. Our core $(MP)^2$ technology combines multipolar RF and magnetic pulse synthesizers to homogenously raise temperature over the entire treatment area and multiple skin layers. Controlled, targeted, uniform heat distribution and the ability to maintain clinically accepted therapeutic temperature for the entire treatment results in no heat spikes (thermal surges) and eliminates the need for topical cooling agents.
- *Easy-to-use and delegable technology.* We believe that the use of our aesthetic systems is not technique-dependent and requires limited training and skills to obtain successful aesthetic results. This allows physicians to leverage their own time and increase throughput since procedures can be performed by non-physician operators, subject to local regulations. We design our systems to be easy to operate with this benefit in mind.

- *Results for broad range of skin types.* Our $(MP)^2$ technology uses proprietary algorithms that harness the benefits of both RF and PEMF therapy. This resulting energy matrix penetrates multiple layers of skin, raising temperature homogenously and effectively. We believe this type of skin penetration improves treated conditions and provides visible results for a broad range of skin types.

- *Technology enables products to be designed for affordability.* Our technology enables us to focus on designing and manufacturing products at an affordable cost. We offer products to physicians and other customers at competitive prices without sacrificing quality, while maintaining our margin objectives. Our competitive prices and subscription model also allow physicians and other customers the option to offer patients more affordable prices.

Competitive Advantages for the Aesthetic Market

- *Expands potential market.* Our subscription-based model enables us to sell to both traditional and non-traditional customers without the involvement of third-party lenders, which allows us to reach many customers who choose not to purchase competitors' aesthetic products because of the barriers associated with equipment financing.

- *Mitigates credit risk.* Our payment and 30-day activation code technology help to mitigate the risk that our customers will default on their payments by not allowing them to continue to use the system until we receive the monthly payment.

- *Maintains strong customer relationships.* Our payment model requires us to maintain awareness of customer views and expectations, which allows us to provide high-quality services and maintain an on-going relationship with customers on a month-to-month basis. Our "high-touch" customer philosophy leads to continuous interactions with our customers and enables us to cultivate strong and long-term relationships.

- *Controls secondary market resales*. Our monthly activation controls also reduce the risk that our products will be resold in the secondary market without authorization. This allows us to control the various distribution channels for our products and maintain an optimal value of our products after purchase.

- *Opportunities for access to the newest available Venus Concept's technology and revenue enhancement.* Our customers have the opportunity throughout the subscription period to enter into new agreements for our newest available or alternative technology. A subscription agreement also allows customers to participate in the most current marketing and branding activities we offer. Our monthly call schedules with the customer and practice enhancement services lead to continuing client interaction and the ability to execute on mutually agreed upon marketing goals and strategies.

Competitive Advantages For Our Customers in the Aesthetic Market

- *Less onerous credit and disclosure requirements for physicians and clinics.* Our subscription model allows physicians and clinics to purchase our products without the involvement of third-party lenders or leasing companies that require borrowers to undergo burdensome application, review and fee requirements.

- *Return on investment.* By spreading payments over a 36-month period, our subscription model option is designed to facilitate physicians achieving positive cash-flow from their investment in our systems, thus reducing a portion of implementation risk and concerns associated with large capital equipment purchases.

- *Expansion of services.* Our aesthetic systems allow physicians to expand services offered within their practices. A majority of our systems can be used to treat more than one clinical indication, and some products can be purchased as a modular platform that can be modified to match the needs of a growing aesthetic business. To the extent we are successful in receiving FDA and other clearances for additional clinical indications, the value of our modular platform technologies to physician practices may be further enhanced.

- *Leverage physician time and clinic infrastructure.* Subject to the laws of each state in the United States and in other jurisdictions, our physician customers may delegate these non-invasive procedures to nurse practitioners, technicians and other non-physicians as long as the systems are operated under the physicians' supervision. We believe that this creates leverage to save physician time and requires the use of less practice infrastructure.

- *Opportunity to upgrade.* Our customers in good standing have the opportunity under the subscription model to "upgrade" into new agreements for our newest available or alternative technology, which allows these customers to employ our latest technologies in their practices.

- *Practice enhancement services.* Our practice enhancement services offer marketing, clinical and technical support to subscription customers. These services focus on improving practice or clinic revenue performance, as well as the customers' overall financial and business metrics. In addition, customers can take advantage of a diverse menu of digital marketing services that we offer, which include website solutions and management, social media strategy and design, and other educational programs that we believe are effective and helpful in supporting the growth of their practices.

Our Hair Restoration Solutions

Hair Loss Treatment Options and Their Limitations

The treatments for hair loss can broadly be divided between non-surgical options and surgical procedures.

Non-Surgical Options

Non-surgical options for hair loss include prescription therapeutics and non-prescription remedies. In the U.S., FDA has authorized two prescription therapeutics for hair loss: Rogaine which is applied topically, and Propecia which is ingested in pill form. Both Rogaine and Propecia have several drawbacks, including limited efficacy in some individuals and the need for strict patient compliance for the treatment to have meaningful effect.

Surgical Procedures

Surgical procedures to address hair loss continue to evolve and become more popular. The first of these therapies, hair plugs, was developed in the late 1950s. Due to the size of the transplanted hair follicle groups, or plugs, the transplants resulted in an unnatural look with the patient often having a "doll-hair" like appearance, the clumping or grouping of hair follicles in a visibly uniform pattern. Because of the poor aesthetic results of hair plugs, strip surgery, or FUT, follicular unit transplantation and follicular unit extraction, or FUE became increasingly more popular.

FUE is significantly less invasive than strip surgery. In this procedure, the physician or technician removes individual hair follicles from the patient's scalp without removing a strip of tissue. FUE can be performed with manual hand-held punches, automated hand-held devices (e.g. NeoGraft®) or with the ARTAS® System.

Strip Surgery

In an FUT procedure, or strip surgery, the physician uses a sharp scalpel to surgically remove a large strip of the patient's scalp, approximately eight inches in length, and one-half inch in width and depth, from the donor area. The subsequent wound is sutured or stapled closed. Following the surgical removal of the strip of the scalp from the patient's head, the follicular unit grafts, the natural groupings of hair follicles in the scalp, are removed from the strip of scalp by technicians using microscopes and scalpel blades. Following the removal of the individual hair follicles, technicians implant the individual hair follicles into hundreds to thousands of incisions in the patient's scalp prepared by the physician. Strip surgery results in a linear scar which may enlarge over time creating a poor aesthetic outcome in the donor area. As a result, strip surgery patients are generally unable to wear their hair short without revealing the scar.

Follicular Unit Extraction Using Hand-Held Devices

In part as a solution to the significant scarring and other drawbacks of strip surgery, FUE procedure was developed in the early 2000s. In an FUE procedure, rather than surgically removing a portion of the patient's scalp, each hair graft is individually dissected from the scalp for transplantation. Because a strip of the patient's scalp is not removed, a FUE procedure avoids a long linear scar and reduces the post-operative pain and numbness associated with strip surgery. Following the dissection of the individual hair follicles, the physician uses a hand-held device to remove the hair follicles. After harvesting, the individual hair follicles are implanted in the same way as in a strip surgery procedure.

Drawbacks of Strip Surgery and FUE Surgery Using Hand-Held Devices

While strip surgery and FUE surgery using a hand-held device, or manual FUE, can provide significant, long-term results in restoring hair, there are several limitations associated with these procedures.

- *Technician training.* Strip surgery and manual FUE procedures require dexterity, demanding hand-eye coordination, and attention to detail by all members of the transplant team. For strip surgeries in particular, a physician or technician must undergo significant training to dissect grafts under a microscope and it can take a significant period of time for a technician to become proficient.

- *Labor intensive.* Both strip surgery and manual FUE procedures require a team of technicians to perform the procedure. The labor intensiveness and time-consuming nature of these techniques limits the number of procedures physicians can perform.

- *Long learning curve.* Both strip surgery and manual FUE procedures require a major investment of time on the part of physicians and technicians to learn the technique. A physician must commit a substantial amount of time to learn the manual FUE harvesting technique and they often report that the technique is technically and ergonomically challenging. For strip surgeries, there is a significant time investment made to train each technician to dissect grafts under a microscope, handle the delicate grafts with instrumentation and to place the grafts into the site incisions during implantation.

- *Surgical planning and recipient site making.* In making the recipient sites into which hair follicles are transplanted, the ability of the physician and the technician to visualize and avoid injuring existing hair is limited to what they can achieve with magnified lenses. As a result, this limited visualization may compromise the aesthetic outcome.

- *Lack of high-quality visualization tools for the patient.* Generally, hair restoration physicians utilize before and after pictures of previous patients and grease pens to delineate the transplant area. These are typically the only available tools to assist the patient in understanding the aesthetic effect of the procedure and do not provide information to visualize the expected outcome illustrated on the actual patient.

- *Inconsistency in performance.* Both strip surgery and manual FUE procedures require either physicians or technicians to perform the repetitive and tedious tasks of dissecting grafts over a long period of time. In a strip surgery, the technicians are required to dissect the individual follicles from the harvested strip of the patient's scalp, whereas in a manual FUE procedure the physician and technicians are required to harvest each individual follicle directly from the patient's scalp. As a result of this lengthy and tedious process, the physician or technician may begin to fatigue and his or her ability to maintain the concentration necessary to consistently extract high-quality grafts without causing follicle damage may diminish.

The ARTAS® Solution

We believe the ARTAS® System addresses many of the shortcomings of other hair restoration procedures. The ARTAS® System is capable of robotically assisting a physician through many of the most challenging steps of the hair restoration process, including the dissection of hair follicles, site planning and recipient site making. We believe, with this assistance, the ARTAS® System can help shorten the often-long learning curve for both physicians and technicians to become proficient in performing hair restoration procedures. In addition, we believe that by assisting the physician and technicians with many of the repetitive and tedious tasks associated with the hair restoration procedure, the ARTAS® System can make hair restoration procedures less labor intensive and can reduce inconsistent results. Further, we believe the ARTAS® System's Site Making functionality, which includes an enhanced imaging system and sophisticated algorithms, helps physicians avoid damaging existing follicles and enables them to create a more natural, aesthetically pleasing outcome for the patient. In March 2018, we received 510(k) clearance from FDA to expand the ARTAS® technology to include implantation of harvested hair follicles. In December 2018, we completed the ISO audit and are compliant with CE Mark requirements for the sale of the ARTAS® iX System with implantation functionality in Europe. Our platform includes the ARTAS® Hair Studio application which can simulate pre-procedure and post-procedure outcomes and can be utilized during the patient consultation and education process.

- The ARTAS® procedure provides patients with a minimally invasive, less painful alternative to strip surgery. The ARTAS® System has a faster recovery time and avoids the long linear scar at the back of the patient's head. The ARTAS® Hair Studio application allows patients to visualize the expected post-procedure outcome through a three-dimensional model.

- In addition to the advantages afforded to patients, we believe the ARTAS® System and the ARTAS® Hair Studio application provide compelling benefits for physicians. The ARTAS® System's image-guided robotic capabilities allow physicians to perform procedures with fewer staff than what might be required for a traditional strip surgery or a FUE procedure using hand-held devices. With the robotic assistance provided by the ARTAS® System, we believe physicians and technicians will be able to perform the complicated, repetitive and tedious task of dissecting hair grafts with less fatigue and greater productivity than would be possible in a manual FUE procedure.

- We strategically market the ARTAS® System to hair restoration surgeons, dermatologists, plastic surgeons and aesthetic physicians. We believe we can reach our target physician customers effectively through focused marketing efforts. These efforts include participation in trade shows, scientific meetings, educational symposiums, webinars, online advertising and other activities. For physicians who purchase the ARTAS® System, we provide comprehensive clinical training, practice-based marketing support, as well as patient leads. For example, we believe we help our physician customers increase the number of procedures performed by assigning a practice success manager, or PSM, to aid in building the physician-customer's hair restoration practice. Support from a PSM includes the deployment of patient marketing materials, assisting with social media and digital marketing strategies, and other marketing and sales support.

Advantages of the ARTAS® Procedure

Patient Value. We believe the ARTAS® System significantly improves the patient experience and outcome in hair transplantation procedures in the following ways:

- Through the ARTAS® System, the dissection of grafts is performed in a manner that leaves only small pinpoint scars that heal faster and are less detectable than the larger post-operative linear scar that would be produced from strip surgery. As a result, an ARTAS® procedure can, in many cases, offer a shorter recovery time and can enable patients to resume their daily lifestyle faster than with strip surgery. In addition, the ARTAS® procedure allows patients to wear their hair short without a noticeable scar.

- The ARTAS® Site Making functionality translates the physician-patient site design onto the patient's recipient area. The ARTAS® System's enhanced imaging system and sophisticated algorithms enable the ARTAS® System to rapidly create recipient sites at precise depths, replicate pre-existing hair angles, avoid damaging the healthy pre-existing hair and adjust the distribution of the recipient sites to optimally fill in the transplantation area. We believe these elements can contribute to a superior aesthetic outcome.

Physician Value. We believe the ARTAS® System provides physicians compelling economic benefits and enables physicians to achieve consistent reproducible results. As a result, we believe the ARTAS® procedure also offers an attractive addition to existing dermatology, plastic surgery or aesthetics practices whether they do or do not provide hair restoration procedures.

- Hair restoration procedures are generally paid for by the patient and do not involve the complexity of securing reimbursement from third-party payors.
- We believe the ARTAS® System's image-guided robotic capabilities allow physicians to perform hair restoration procedures with fewer staff required than a traditional strip surgery or a manual FUE procedure. Procedures can also be performed with less physician and technician fatigue.
- Because we provide high quality training for physicians and their clinical teams on the use of the ARTAS® System and because the robotic system and its intelligent algorithms assist these teams in performing hair restoration procedures, we believe we can significantly shorten the learning curve necessary for hair transplantation procedures using the ARTAS® System. This shorter learning curve can reduce barriers to entry for a new hair restoration practice. It can also ease the adoption of a new technology into existing practices.

Clinically-Established Results. Four peer-reviewed clinical publications have demonstrated the quality and consistency of grafts produced by the ARTAS® System. One published study indicated average damage rates for the hair follicles, or transection rates, with the ARTAS® System were as low as 6.6%, with a second study documenting average transection rates as low as 4.9% in a Korean population of patients. The third study documented that the ARTAS® System can be programmed by the physician to select follicular units with larger groupings of hairs while skipping single hair grafts, which allows physicians to choose particular follicular units depending on the hair density they are trying to achieve, providing a clinical benefit as measured by the increase in hairs per harvest of 17% and as measured by the increase in hairs per graft of 11.4%. Results were statistically significant with a p-value less than 0.01. This study also demonstrates the ability of robotic follicular unit graft selection to increase the amount of hairs a physician can extract for each incision made in the donor area. The fourth study demonstrated that FUE cases larger than 2,500 grafts, or mega-sessions, are possible using the ARTAS® System. These peer-reviewed publications demonstrate the reproducibility and consistency of dissection results from the ARTAS® System in a diverse group of patients, even as the system is used by different clinicians. To our knowledge, there are no other peer-reviewed clinical publications that demonstrate the reproducibility of results utilizing other products in FUE or strip surgery procedures. We intend to encourage scientific research in the study of hair restoration to improve our technology, solutions, enhance understanding of our industry and educate physicians on the capabilities of the ARTAS® System.

Advantages of the NeoGraft® Procedure

We believe that NeoGraft® offers a technology solution that complements our robotic hair restoration system and provides an alternative to strip surgery and fully manual FUE procedures for our customers and their patients.

Patient Value

- Unlike most strip surgery procedures, the NeoGraft® system is minimally invasive. In an FUE procedure using NeoGraft®, rather than surgically removing a portion of the patient's scalp, each hair graft is individually dissected from the scalp for transplantation. Because a strip of the patient's scalp is not removed, a FUE procedure avoids a long linear scar and reduces the post-operative pain and healing process, reducing the risk of potential infection and headaches.

- The ARTAS® iX is currently FDA-cleared for men diagnosed with androgenetic alopecia (male pattern hair loss) with black or brown straight hair. The NeoGraft® provides a solution for women, curly-haired people and light haired people. Also, in a NeoGraft® procedure, the recipient site does not need to be shaved, which makes the procedure more attractive to female patients.

- NeoGraft® can be used for fine tuning of specific areas of the scalp and temples/temporal peaks.

Physician Value

- The highly ergonomic mechanical NeoGraft® system works as a natural extension of the surgeons' hand, allowing for faster and more accurate harvesting of hair follicles. NeoGraft® patients may reach their goal with less time in the procedure room or fewer FUE procedures.

- Doctors performing procedures with our NeoGraft® system can choose to use our VeroGrafter™ technician services to free up their time to focus on other areas of their practice.

- Our NeoGraft® system is priced at a much lower price point than an ARTAS® robotic system making it a feasible alternative for physicians who do not perform a large volume of hair restoration surgeries.

Our Strategy

Our goal is to become a leading global provider of minimally invasive and non-invasive medical aesthetic technologies and complimentary products, hair restoration technologies and marketing and other support services for aesthetic practitioners and aesthetic medical spas. To achieve this goal, we intend to:

- *Broaden our portfolio of product offering*. We will continue to invest in and leverage the extensive energy-based technology developed by our experienced research and development team in Israel, and we believe that collaboration with the experienced robotic research and development team in San Jose will bring new and innovative technology solutions to the non-invasive and minimally invasive categories of aesthetic medicine.

- *Apply robotic technologies to new applications.* We are working on robotic assisted minimally invasive solutions for aesthetic procedures that currently can only be treated by surgical intervention.

- *Hair restoration market.* We intend to focus on providing a complete set of products and services to address the hair restoration market. In 2018, we acquired NeoGraft® and in November 2019, we completed our business combination with Restoration Robotics, which significantly expanded our hair restoration product offerings to include the ARTAS® iX System, a robotic device that assists physicians in a FUE hair restoration procedure. We believe these two systems are complementary and give us a hair restoration product offering that can serve a broad segment of the market.

- *Expand Venus Concept complementary service offerings*. In addition to our systems, we offer marketing services through an internal advertising agency, and a revenue share program that complements our systems to help enhance the overall profitability and success of our customers. We believe that these services will increase brand recognition, increase customer loyalty and expand the addressable market for our products and services.

- *Expand FDA (and other regulatory agencies) cleared indications for our products*. We intend to seek additional regulatory clearances from FDA, the China Food and Drug Administration, Health Canada and other national regulatory bodies and to extend the scope of our existing FDA clearance and CE Mark certifications. Additionally, we intend to expand the scope of marketable indications for our technologies in various other markets.

- *Leverage our subscription-based model to new market channels*. Our subscription-based model offers our customers an alternative to using third-party lenders and reduces their capital expenditure obligations. We believe that with increased restrictions on government reimbursement for medical procedures, there is a large, predominantly untapped market of physicians and physician-owned clinics that are seeking new "pay out-of-pocket" revenue streams. Limited availability of cost-effective capital financing to many non-traditional customers makes it more difficult for these types of providers to build new revenue streams. Our technology and subscription-based model are designed to specifically target, support and address these issues, enabling us to expand into new markets.

- *Expand into non-traditional markets.* We intend to market our systems to current and potential providers of aesthetic services in the large and under-penetrated non-traditional aesthetic market. The ease of use of most of our technologies makes our systems suitable for adoption by physicians and other providers in non-traditional markets, including general and family practitioners and aesthetic medical spas.

- *Increase our international presence.* We built a direct sales force through wholly-owned subsidiaries in the U.S., Canada, United Kingdom, Japan, South Korea, Mexico, Argentina, Colombia, Spain, France, Germany, Israel and Australia, and majority-owned subsidiaries in China, Hong Kong, Singapore, Indonesia, Vietnam, India, Italy, Bulgaria, Russia, Kazakhstan and South Africa. We believe we are positioned to continue to grow the percentage of our revenue from customers located outside North America.

- *Increase consumer awareness and demand for our products.* We intend to continue to employ targeted and strategic media to engage consumers through social and digital media marketing programs in order to generate awareness of and demand for our technologies, with an emphasis on targeting the non-traditional physician market.

Our Technologies

We use a variety of technologies that allow us to expand into non-traditional physician markets. One differentiating technology is our proprietary multipolar magnetic pulsed technology, or $(MP)^2$, which synergizes PEMF and a multipolar RF matrix. Our $(MP)^2$ technology is applicable to a wide range of non-invasive skin tightening, wrinkle reduction, body contouring and fat reduction, which have been cleared in U.S., Canada, or Europe, and we plan to enter the rapidly growing non-invasive feminine health market in various geographic regions once we receive the necessary regulatory clearances. We also currently have solutions based on other technologies such as fractional ablative RF, IPL and laser technologies, affording a broader set of solution options to address key markets for hair removal, and vascular pigmented lesions, circumference reduction and fat reduction (lipolysis). As part of our strategy, our Heal, Freeze Plus and Fiore systems come with integrated Automatic Temperature Control, or ATC, and our Velocity, Heal, Fiore, Freeze Plus and NeoGraft® systems come with integrated internet of things, or IOT, capabilities.

Background on Energy-Based Aesthetic Technologies

RF, a technique that has been employed for several decades for medical purposes, uses an oscillating current of electricity to generate energy in the form of heat. This heat can be used to stimulate, coagulate and/or ablate targeted tissue within the body. RF energy is most commonly used in aesthetic dermatology as a noninvasive method of skin tightening, wrinkle removal, and facial rejuvenation. These effects are produced within the heated area through several mechanisms, including ablation and coagulation of connective tissue, stimulation of tissue inflammation and wound healing processes, and improved blood circulation. RF devices that use fractional ablative/coagulative technology have been shown to improve the appearance of fine lines and wrinkles in the dermis, while maintaining low risk of adverse side effects in patients of most skin types. This fractional technology uses needle-shaped elements as electrodes to deliver the RF energy to the targeted tissue and has been used for treating a variety of dermatological conditions such as improving facial brightness and improving the appearance of skin tightness and skin pigmentation.

RF has been recognized as a variable solution by various researchers and companies for aesthetic use due to its safety profile on many skin types, limited downtime and results for tissue tightening. The effect of RF on the dermal extracellular matrix causing this immediate visible tightening of the tissue (through shrinkage of the collagen fibers) with stimulation of dermal fibroblasts inducing the synthesis of new collagen (called neocollagenisis) and elastin fibers (called neoelastogenesis) has been well documented in published clinical research that is widely available through various peer reviewed journals and universities.

PEMF has been used in a variety of different medical settings including bone fusion for many years. Clinically, PEMF has also demonstrated benefits for soft tissue repair (in cases of various sports related injuries), while exhibiting few side effects. It has been suggested that tissue exposed to PEMF has a modulated production of growth factors leading to elevated production of collagen and other proteins, and improved skin vitality and appearance. PEMF triggers a cascade of biological processes at a cellular level that facilitates the creation of new blood vessels (called angiogenesis).

IPL relies on selective photothermolysis to damage pigmented targets within cells or tissues, causing demarcated thermal injury to the target while sparing surrounding tissue. Light pulses are generated by bursts of electrical current passing through a xenon gas-filled lamp. Individual light pulses have a specific duration, intensity, and fluence, and spectral distribution that allows for a controlled and confined energy delivery into tissue. The effective use of IPL relies on the phenomena that certain targets (chromophores) are capable of absorbing energy from this broad spectrum of light wavelength (absorptive band) without exclusively being targeted by their highest absorption peak. The three main chromophores (hemoglobin, water, and melanin) in human skin all have broad absorption peaks of light energy, allowing them to be targeted by a range of light wavelengths and not requiring that any single specific wavelength of light (monochromatic light) is used. Therefore, monochromatic light is not a prerequisite for selective heating of target structures in human skin. The broad wavelength range discharged from an IPL device leads to the simultaneous emission of different wavelengths that can be further filtered to narrower bands, allowing the various chromophores to be targeted simultaneously but specifically.

Our (MP)² Proprietary Technology

Our proprietary (MP)² technology employs both PEMF and RF energy in a synergistic manner. (MP)² is noninvasive and because (MP)² disperses heat equally across the treatment area, it does not produce potentially painful localized heat spikes, and unlike other devices employing RF, (MP)² does not require local cooling during treatment.
PEMFs energy is created by running short pulses of electrical current through metal coils, which results in the formation of electromagnetic fields. Electromagnetic fields, in turn, influence the behavior of charged particles, including various biomolecules, within the range of the electromagnetic field to cause one or more desired effects at the cellular level. PEMF therapy is used for the treatment of wounds, for aesthetic applications, and in the management of postsurgical pain and edema.

RF energy, on the other hand, delivers energy that manifests itself as heat within various layers of the skin. The heat generated in the tissue by application of RF energy directly affects fibroblasts, extra cellular matrix, or ECM, materials and fat cells, thereby triggering natural wound healing processes of the skin and resulting in synthesis of new collagen and elastin fibers. In addition, under predetermined conditions, the heat causes contraction of collagen fibers and lipolysis. In our (MP)² technology, we employ a multipolar matrix of RF circuits to produce heat. Our multipolar RF matrix distributes the RF currents evenly across the treatment area in a proprietary pattern, which results in the quick and uniform heating of the skin layers without overheating any particular area of the skin.

Elements of (MP)² Technology

Benefits of (MP)² Technology

Our proprietary (MP)² technology enables medical and aesthetic practitioners to offer a wide range of non-invasive skin tightening and body contouring solutions.

The main benefits of using (MP)² technology in non-invasive aesthetic treatments are the following:

- FDA cleared for various indications.
- Comfortable treatments.
- Technology that delivers RF energy uniformly. The volumetric homogeneous distribution of heat reduces localized temperature spikes and eliminates the requirement to use a cooling aid.
- Ergonomic handpieces designed to increase comfort and reduce operator fatigue. A user-friendly interface designed to facilitate intuitive operation, and in most cases does not require an extensive training process.

Our Additional Key Technologies

In addition to our core (MP)² technology, we have technologies that use fractional ablative RF, IPL and laser technologies that allow us to address key markets for skin resurfacing, wrinkle reduction, body contouring, noninvasive fat and circumference reduction, hair removal, acne treatment and treatment of vascular and pigmented lesions. In offering these solutions in the markets where we have marketing clearances or approvals, our goal is to provide improved technologies that are safe and effective for their intended uses and economically viable for our customers.

Fractional ablative RF

Fractional ablative techniques improve the appearance of skin surfaces by injuring the skin in a fractional manner to trigger a healing response in the treated area. This both tightens the skin and elicits collagen formation, thus rejuvenating the skin surface. Because our fractional ablative RF technology does not use lasers or other light technologies, which are skin color dependent, fractional ablative RF can be used on patients of all skin tones. Fractional ablative RF technology has been incorporated into our Venus Viva applicator, supported by our Venus Viva and Venus Versa systems. Our current Viva applicator delivers the RF energy via 160 pins, which permit ablation and resurfacing of the skin.

Intense Pulsed Light

Our IPL devices employ non-laser high intensity light sources as part of a high-output flash lamp to produce a broad wavelength of non-coherent light, usually in the 400 to 1200 nm range, that may be further filtered to narrower bands per specific absorption coefficients of predetermined targets and may be applied to remove unwanted hair as well as vascular and pigmented dermal lesions.

We have incorporated IPL technology into our Venus Versa system to expand that treatment offering and to build a modular, upgradable platform that affords a comprehensive solution for common aesthetic treatments. Specifically, the IPL capability permits users of the Venus Versa systems to offer their patients the service options of removing unwanted hair, treating acne vulgaris, and treating vascular and pigmented dermal lesions. Venus Versa uses a square pulse technology in which continuous pulses of the combination of certain wavelengths create a signal that alternates between a constant fixed intensity for a period of time and then changes to a state of no energy for an amount of time. This allows treatment of an area of the patient without having the tissue exposed to the undesirable lower wavelengths that would be present in a signal with a sinusoidal or other varying pattern of energy. A cooling mechanism is also used, cumulatively allowing for an effective impact using less energy per area in a given time period. This enables efficient treatment while significantly reducing and sparing the patient from the undesired side effects that are sometimes associated with IPL treatments.

Diode Lasers

Diode laser technology is a recognized technology for hair removal. The Venus Velocity system achieves hair removal, permanent hair reduction and inflammation from ingrown hair using the diode laser. The Venus Velocity employs the laser energy to skin via a chilled sapphire light guide that conductively cools the skin simultaneously with the delivery of laser energy, thereby maintaining low temperature in the epidermis to enhance the comfort of the procedure and avoid potential epidermal damage. The Venus Velocity allows us to expand our offering in the hair reduction market, which is one of the most popular non-invasive energy based aesthetic procedures in the United States.

Our laser technology is also incorporated into another non-invasive diode laser device, the Venus Bliss, for which we received 510(k) clearance in June 2019. The diode laser system is intended for non-invasive lipolysis of the abdomen and flanks in individuals with a Body Mass Index of 30 or less.

Our Products

Our product portfolio includes ten energy-based systems that provide solutions for various non-invasive aesthetic applications using Venus Concept's (MP)² technology, as well as the VariPulse, and/or fractional ablative RF, IPL, or laser technologies. We have acquired two systems for hair restoration, NeoGraft in 2018 and ARTAS iX at the end of 2019. We also offer practice enhancement services.

Product Name	Technology	Regulatory Clearance
Venus Legacy	**$(MP)^2$, VariPulse**	**FDA** • The Venus Legacy BX is a noninvasive device intended for use in dermatological and general surgical procedures for females for the noninvasive treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick Skin Types I-IV. • The Venus Legacy CX using the LB2 and LF2 applicators is intended for the treatment of the following medical conditions for delivery of non-thermal RF combined with massage and magnetic field pulses: relief of minor muscle aches and pain; relief of muscle spasm; temporary improvement of local blood circulation; and temporary reduction in the appearance of cellulite.
		Canada Temporary increase of skin tightening, temporary circumferential reduction, temporary cellulite reduction, temporary wrinkle reduction, temporary cellulite reduction.
		EU (CE Mark) Increase of skin tightening, temporary circumferential reduction, cellulite reduction, wrinkle reduction.

Product Name	Technology	Regulatory Clearance
Venus Versa	**$(MP)^2$, IPL**	**FDA** The Venus Versa system is a multi-application device intended to be used in aesthetic and cosmetic procedures. • The SR515 and SR580 IPL applicators are indicated for the following: • Treatment of benign pigmented epidermal and cutaneous lesions including, hyperpigmentation, melasma, ephelides (freckles), lentigines, nevi, and cafe-au-lait macules; • Treatment of benign cutaneous vascular lesions including port wine stains, hemangiomas, facial, truncal and leg telangiectasias, rosacea, angiomas and spider angiomas, poikiloderma of civatte, leg veins and venous malformations. • The HR650, HR690, HR650XL and HR690XL IPL applicators are indicated for the removal of unwanted hair and to effect stable long-term or permanent hair reduction for Skin Types I-IV. Permanent hair reduction is defined as the long-term stable reduction in the number of hairs re-growing when measured at 6, 9, and 12 months after the completion of a treatment regimen. • The ACDUAL applicator is intended to be used for the treatment of acne vulgaris. • The Viva applicator is intended for dermatological procedures requiring ablation and resurfacing of the skin. • The Diamondpolar and Octipolar applicators are noninvasive devices intended for use in dermatologic and general surgery procedures for females for the noninvasive treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick skin types I-IV.
		Canada • The SR515 and SR580 IPL applicators are indicated for the following: • Treatment of benign pigmented epidermal and cutaneous lesions including hyperpigmentation; melasma; ephelides (freckles); lentigines; nevi; and cafe-au-lait macules; and • Treatment of benign cutaneous vascular lesions including port wine stains; hemangiomas; facial, truncal and leg telangiectasias; rosacea; angiomas and spider angiomas; poikiloderma of civatte; leg veins and venous malformations. • The HR650, HR690, HR650XL and HR690XL IPL applicators are indicated for the removal of unwanted hair and to effect stable long-term or permanent hair reduction for Skin Types I-IV. • The ACDUAL applicator is intended to be used for the treatment of acne vulgaris. • The Viva applicator is intended for dermatological procedures requiring ablation and resurfacing of the skin. • The Diamondpolar applicator is a noninvasive device intended for use in dermatologic and general surgery procedures for females for the noninvasive treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick skin types I-IV. The Venus Versa system, using the Octipolar applicator, is designed for use in temporary body contouring via skin tightening, circumferential reduction, and cellulite reduction.

Product Name	Technology	Regulatory Clearance
		EU • The Venus Versa system, using the Diamondpolar applicator, is designed for use in dermatological procedures requiring treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick skin types I-IV. • The Venus Versa system, using the Octipolar applicator, is designed for use in body contouring via skin tightening, circumferential reduction, and cellulite reduction. • The Venus Versa system, using the Viva applicator, is designed for use in dermatological procedures requiring ablation and resurfacing of the skin. • The SR515 and the SR580 IPL applicators are indicated for the treatment of benign pigmented epidermal and cutaneous lesions including: melasma, ephelides (freckles) and lentigines. • The SR515 and SR580 applicators are also indicated for the treatment of benign cutaneous vascular lesions including port wine stains, hemangiomas, facial, truncal and leg telangiectasias, rosacea, erythema of rosacea, angiomas and spider angiomas, and poikiloderma of civatte. • The HR650, HR690, HR 650XL and HR690XL IPL applicators are indicated for the removal of unwanted hair and to effect stable long-term or permanent hair reduction. • The ACDUAL IPL applicator is indicated for the treatment of acne vulgaris.
Venus Viva SR	**$(MP)^2$, Nano-Fractional RF, SmartScan**	**FDA** The Venus Viva SR is intended for dermatological procedures requiring ablation and resurfacing of the skin.
		Canada Dermatologic and general surgical procedures requiring ablation and resurfacing of the skin, using the Firm FX applicator, and treatment of moderate to severe wrinkles and rhytides in Fitzpatrick skin types I-IV, using the Diamondpolar applicator.
		EU Using the Diamondpolar applicator, Venus Viva is designed for use in dermatological procedures requiring treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick skin types I-IV. The Venus Viva system, using the Viva applicator, is designed for use in dermatological procedures requiring ablation and resurfacing of the skin.
Venus Freeze **$(MP)^2$ and Freeze Plus**	**$(MP)^2$**	**FDA** The Venus Freeze (MP)2 system is a noninvasive device intended for use in dermatologic and general surgical procedures for females for the noninvasive treatment of moderate to severe facial wrinkles and rhytides in Fitzpatrick Skin Types I-IV, using the Diamondpolar and Octipolar applicators.

Product Name	Technology	Regulatory Clearance
		Canada Temporary reduction of cellulite, temporary skin tightening, temporary reduction in the appearance of stretch marks at the abdomen and flanks using the Diamondpolar and Octipolar applicators.
		EU Venus Freeze Plus system, using the Diamondpolar applicator, is intended for dermatological procedures requiring treatment of moderate to severe facial wrinkles and rhytides. The Venus Freeze Plus system, using the Octipolar applicator is intended for: • Increase of skin tightening; • Temporary circumferential reduction; • Cellulite reduction; and • Wrinkle reduction.
Venus Velocity	**Diode Laser**	**FDA** The Venus Velocity is intended for all Fitzpatrick skin types, including tanned skin, for use in dermatology, general and plastic surgery applications for: • Hair removal; • Permanent hair reduction (defined as the long-term stable reduction in the number of hairs regrowing when measured at 6, 9, and 12 months after the completion of a treatment regimen); and • Treatment of pseudofolliculitis barbae.
		Canada The Venus Velocity is intended for all Fitzpatrick skin types, including tanned skin, for use in dermatology, general and plastic surgery applications for: • Hair removal; • Permanent hair reduction (defined as the long-term stable reduction in the number of hairs re-growing when measured at 6, 9, and 12 months after the completion of a treatment regimen); and • Treatment of pseudofolliculitis barbae.
		EU The Venus Velocity is intended for treatment of hirsutism (hair removal), permanent hair reduction, and the treatment for pseudofolliculitis barbae (PFB). Permanent hair reduction is defined as the long-term, stable reduction in the number of hairs re-growing when measured at 6, 9, and 12 months after the completion of a treatment regime. The Venus Velocity is intended for use on all skin types (Fitzpatrick skin types I -VI), including tanned skin.

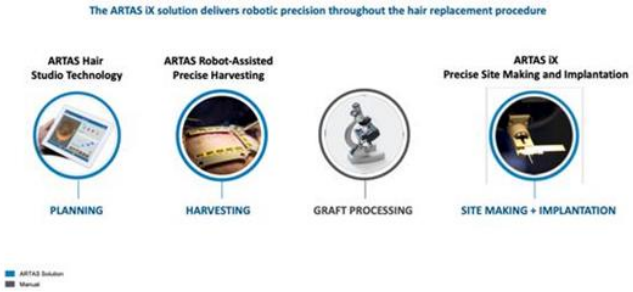
Product Name	Technology	Regulatory Clearance
Venus Fiore	**$(MP)^2$**	**EU** The Venus Fiore is intended for vaginal canal treatment and skin tightening. The applicators are intended as follows: (i) VG applicator is intended for improvement of symptoms of vaginal laxity and vaginal atrophy, (ii) the MP applicator for dermatological procedures requiring increasing of skin tightening and improvement in skin laxity of the Mons Pubis (MP) area and (iii) the LA applicator is intended for dermatological procedures requiring increasing of skin tightening and improvement in skin laxity of the Labia Majora area.
		Israel Aesthetic and functional treatment of the vagina, labia and mons pubis.
Venus Heal	**$(MP)^2$**	**FDA** The Venus Heal is intended for the treatment of the following medical conditions; using the Large and Small applicators for delivery of non-thermal RF combined with massage and magnetic field pulses: • Relief of minor muscle aches and pain; • Relief of muscle spasm; • Temporary improvement of local blood circulation; and • Temporary reduction in the appearance of cellulite.
		Canada Venus Heal is a non-invasive treatment system intended to increase the tissue temperature and results in effects such as pain relief, myorelaxation, increase of local blood circulation and oedema. Venus Heal can be used for treatment of both acute and chronic disorders of musculoskeletal system, such as muscle spasms, back pain and soft tissue injuries.
Venus Bliss	**Diode Laser,** **$(MP)^2$**	**FDA** Using the diode laser system, the Venus Bliss device is intended for non-invasive lipolysis of the abdomen and flanks in individuals with a Body Mass Index (BMI) of 30 or less. Using the $(MP)^2$ applicator for delivery of RF energy combined with massage and magnetic field pulses, the Venus Bliss device is intended for the treatment of the following medical conditions: • Relief of minor muscle aches and pain, relief of muscle spasm • Temporary improvement of local blood circulation • Temporary reduction in the appearance of cellulite.
		Canada Application submitted for non-invasive lipolysis of the abdomen and flanks in individuals with a BMI of 40 or less, using the body laser applicator and for the temporary increase of skin tightening, temporary circumferential reduction, temporary cellulite reduction and temporary wrinkle reduction using the $(MP)^2$ applicator.

Product Name	Technology	Regulatory Clearance
		EU Application submitted for the increase of skin tightening, temporary circumferential reduction, cellulite reduction, and wrinkle reduction using the diode laser applicators and $(MP)^2$ applicator.
Venus Glow		**FDA (listed as a Class I device)** Motorized dermabrasion device. **Canada** (listed as a Class I device)
		EU Not a medical device.
NeoGraft®		**FDA (listed as a Class I device)** Surgical instrument motors and accessories that are intended for use during surgical procedures to provide power to operate various accessories or attachments to cut hard tissue or bone and soft tissue. **Canada** (listed as Class I without indication) **EU** Hair Transplant device
Epileve		**Canada** The Epileve is intended for all Fitzpatrick skin types, including tanned skin, for use in dermatology, general and plastic surgery applications for: •Hair removal; •Permanent hair reduction (defined as the long-term stable reduction in the number of hairs re-growing when measured at 6, 9, and 12 months after the completion of a treatment regimen); and • Treatment of pseudofolliculitis barbae. **EU** The Epileve is intended for treatment of hirsutism (hair removal), permanent hair reduction, and the treatment for pseudofolliculitis barbae (PFB). Permanent hair reduction is defined as the long-term, stable reduction in the number of hairs re-growing when measured at 6, 9, and 12 months after the completion of a treatment regime. The Epileve is intended for use on all skin types (Fitzpatrick skin types I -VI), including tanned skin.

Product Name	Technology	Regulatory Clearance
ARTAS® iX		**FDA** Harvesting hair follicles from the scalp in men diagnosed with androgenic alopecia who have black or brown straight hair. The ARTAS system is intended to assist physicians in identifying and extracting hair follicles units from the scalp during hair transplantation, creating recipient sites and implanting the harvested hair follicles. **Canada** Harvesting hair follicles from the scalp in men diagnosed with androgenic alopecia who have black or brown straight hair. The ARTAS system is intended to assist physicians in identifying and extracting hair follicles units from the scalp during hair transplantation, creating recipient sites and implanting the harvested hair follicles. **EU** Computer assisted hair follicle harvesting, incision making and implantation system.

The ARTAS® and ARTAS® iX Systems and Procedure

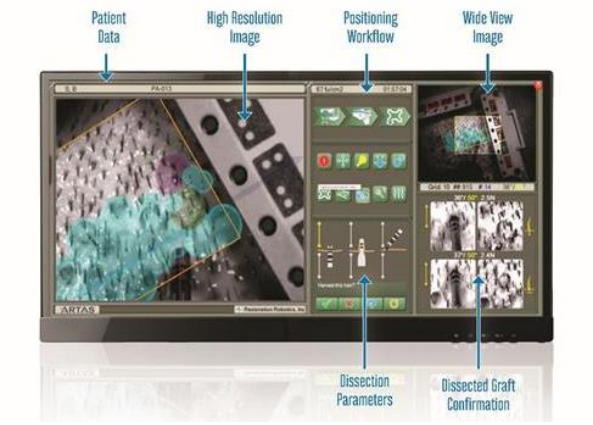
We believe the ARTAS® and ARTAS® iX Systems have improved multiple phases of the hair transplantation procedure, which include harvesting, recipient site making and implantation.



Harvesting

During the harvesting phase of the hair restoration procedure, the robotic arm and integrated vision system work in tandem to identify the optimal hair follicles to be used in the procedure. The ARTAS vision system uses proprietary algorithms to identify individual hair follicles, growth angle, density, thickness, length and follicle grouping and to determine which grafts to dissect and the optimal order in which they should be dissected. The algorithms recalculate 60 times per second, accommodating patient movement, to provide the physician with accurate up-to-date information during the course of the procedure. We believe these assessments directly correlate to the quality of the outcome and the state of the donor area. This is important because we believe it affects how the donor area will appear following the procedure, and the potential viability for subsequent harvesting for future transplantation procedures.

The ARTAS® System harvesting user interface provides the physician with enhanced control during the procedure. An example of the harvesting user interface appears as follows:



Following the vision system's identification of the optimal hair follicles for transplant, the ARTAS® System dissects these follicles using a sharp needle to score the epidermis and a punch, coaxial with the needle, to separate the graft from the surrounding tissue. In the final step of the harvesting phase, the grafts are removed manually with forceps by the physician or the technician. The grafts are then cleaned, inspected and prepared for implantation.

During the procedure, the physician can customize the dissection incisions by choosing a needle and punch that will produce 0.8mm, 0.9mm or 1.0mm incisions. The image below illustrates a typical ARTAS® System punch and needle:

The needle travels at speeds such that, when it contacts the skin, it provides targeted precision and a cleanly scored incision. The punch then spins between 3,000 and 5,000 rpm and loosens the grafts from the surrounding tissue. In a clinical setting, we have observed that the dissection cycle takes between one to two seconds per graft, depending on the length of the graft. In a clinical setting, the ARTAS® System has been shown to move from graft to graft at a rate of approximately one to three seconds, thereby enabling the ARTAS® System to dissect a graft every two to five seconds, or approximately 720 to over 1,800 grafts per hour. The ARTAS® System enables the physicians to adjust dissection parameters to accommodate for different types of skin and manipulate graft selection algorithms based on patient needs. The ARTAS® System can be programmed to dissect as many grafts as appropriate thus maximizing the use of the donor area. It can also be programmed to dissect grafts with more than two hairs each, thereby increasing the hair yield or the number of hairs per graft.

During the harvesting phase of the hair transplantation procedure, the patient may be lightly sedated, and the integrated vision system can track patient movement and pause if excessive movement is detected.

Recipient Site Making

Sites, or incisions, are created to receive the harvested grafts. This task is generally performed by the physician. Prior to the ARTAS® System, site making was performed manually using a hand-held tool or needle to create hundreds to thousands of tiny incisions in the scalp. This is a critical step as it creates the hair pattern in which the harvested grafts will grow. From communications with physicians we have found that, typically, a physician can manually create approximately 1,500 sites per hour. Precision and consistency, however, can be affected by experience, hand-eye coordination and fatigue.

The ARTAS® System Site Making functionality incorporates artificial intelligence and robotics precision to strategically make surgical incision sites for implanting hair follicles, while also identifying and avoiding injuring healthy follicles in proximity of the implantation sites. This allows the patient’s hair to look more natural and prevents damaging existing healthy hair in the transplant area which we believe would result in patients with more hair than if the sites were made manually.

Robotic recipient Site Making is performed by the physician, who develops the ARTAS® System treatment plan, or map, identifying where to make the incisions on the patient. The treatment plan is prepared using three-dimension modeling software that takes one picture of the patient’s recipient area and generates a three-dimensional map that is utilized by the ARTAS® System. With entry angle accuracy, consistency and precise depth control, the ARTAS® System creates the recipient sites using a small solid core needle or a blade at a rate of approximately 2,500 to 3,000 sites per hour, which is significantly faster than the approximately 1,500 sites per hour achieved manually.

Implantation

Following the site making phase of the hair transplantation procedure, the physician and/or technicians utilizing an ARTAS® System without the implantation functionality will manually implant the grafts in the robotically created sites made by the ARTAS® System. Physicians and technicians utilizing an ARTAS® iX System can utilize the robotic functionality of the system to assist in implanting the dissected follicles. We believe this robotic implantation functionality will help further shorten the learning curve, improve the consistency and reproducibility of results by protecting permanent hair and reducing inconsistencies associated with manual implantation, and could potentially reduce the amount of time each graft spends outside of the scalp and decrease the overall time required for implantation.

ARTAS® Kits for Harvesting and Site Making

The ARTAS® System utilizes a set of disposable and reusable kits for our Harvesting and Site Making functionality. Each system comes with a set of reusable items. The disposable kits are included with the purchase of procedures.

Venus Legacy
Venus Legacy combines (MP)2 and VariPulse technologies with real-time thermal feedback to act as a workstation, providing homogeneous heating to multiple tissue depths while allowing for adjustable pulsed suction.

Venus Versa
Venus Versa is a versatile system based on a multi-application approach. It is a modular and upgradable platform that offers the most in-demand aesthetic treatments by supporting 10 optional applicators which utilize Venus Concept's (MP)2, and IPL and NanoFractional RF technologies. Designed as an open platform, the Venus Versa can be configured to best suit a practice's needs with the ability to add additional applications as the practice grows or changes. Depending on the applicator, the platform can provide multiple aesthetic solutions.

Venus Viva
Venus Viva is an advanced, portable, fractional ablative system for dermatological procedures requiring ablation and resurfacing of the skin. Venus Viva uses NanoFractional RF and Smart Scan technologies. The combination of technologies allows ablation heated zone density control and pattern generation via a proprietary tip. The energy is delivered through 160 pins per tip into the treated skin and maintains the surrounding tissue intact and healthy to support the healing process.

Venus Freeze Plus
Venus Freeze Plus is the second generation of Venus Concept's (MP)2 family of products. The Venus Freeze Plus uses Venus Concept's (MP)2 technology. ATC is a new feature that Venus Concept added to the Venus Freeze Plus, which allows the operator to choose a target temperature within the therapeutic range and have the system adjust the output power accordingly, to automatically maintain the desired temperature. This feature allows a more intuitive user experience, and results in less variable treatment outcomes usually attributable to the differences in operator's techniques.

Venus Velocity
The Venus Velocity system uses pulsed laser energy of 800 mm that is absorbed by a chromophore or pigmented target (e.g., melanin in hair follicles) that has greater optical absorption at the selected laser wavelength than the surrounding tissue. Different chromophores are targeted for different clinical indications. The selective absorption of different wavelengths leads to localized heating and thermal denaturation and destruction of the anatomic hair follicle target with minimal effect on surrounding tissues. The chilled sapphire light guide conductively cools the skin simultaneously with the delivery of laser energy, thereby maintaining low temperature in the epidermis to enhance the comfort of the procedure and avoid potential epidermal damage.

Venus Fiore
Venus Fiore incorporates Venus Concept's (MP)^2 technology, supporting three different applicators. Venus Fiore has a desktop configuration and is portable and compact. It incorporates ATC technology, allowing the operator to choose a target temperature within the therapeutic range and have the system adjust the output power accordingly, to automatically maintain the desired temperature. The vaginal applicator incorporates three pairs of electrodes, each pair of electrodes accompanied by a temperature sensor, allowing the operator to control the temperature in the distal, middle and proximal thirds of the vaginal canal independently. Venus Fiore has received clearance in the EU and Israel, but is not yet cleared or approved in the United States or Canada.

Venus Heal
The Venus Heal has a desktop configuration and is portable and compact. The Venus Heal incorporates Venus Concept's RP3 technology (a synergistic combination of Multi-Polar Radio Frequency and PEMF, along with massage) supporting two different applicators. Venus Heal also incorporates ATC technology, allowing the operator to choose a target temperature within the therapeutic range, while the system adjusts the output power accordingly, to automatically maintain the temperature at the desired level. The device incorporates a 15" touch screen allowing an intuitive and friendly user interface.

Venus Bliss
The Venus Bliss device consists of a console (main unit), one RF applicator and four diode laser applicators. The system, via its different applicator types, delivers laser and/or bipolar RF energies, vacuum pressure, and pulsed magnetic fields to the skin and the underlying tissues of the treatment area. The console of the Venus Bliss device contains a power supply unit, laser and RF controllers, a suction module, a controller unit, laser water cooling system, a touch-screen user interface and display panel. Venus Bliss delivers laser energy to the subcutaneous tissue layers via the four diode laser applicators connected to the console. The console utilizes diode laser modules as sources of optical energy and the optical output is fiber-coupled through the applicator to the treatment area so to increase the temperature of the fat resulting in fat breakdown (lipolysis). In addition, the Venus Bliss device through the $(MP)^2$ applicator provides RF treatments combined with emitted magnetic fields and vacuum massaging. The RF heating effect, together with the non-thermal magnetic fields and vacuum, leads to the temporary reduction in the appearance of cellulite, temporary relief of muscle pain and spasm, and improvement of local blood circulation in the subdermal layers.

Venus Glow
Venus Glow consists of a console and applicator. It is used to improve skin appearance using powerful tri-modality treatment combining a rotating tip, a vacuum modality and a jet. Venus Glow deep-cleans pores by removing impurities such as daily dirt and debris, dry or dead skin cells, and excess sebum.

NeoGraft®
Venus Concept's NeoGraft® device is an advanced hair restoration technology with an automated FUE and implantation system. The procedure leaves no linear scar and is minimally invasive.

ARTAS® iX
The ARTAS® System is comprised of the patient chair, the cart, which includes the robotic arm, integrated vision system, artificial intelligence algorithms and a series of proprietary end effectors, which are the various devices at the end of the robotic arm, such as the automated needle and punch, that interact with the patient's scalp and hair follicles and perform various clinical functions.

The image below depicts the ARTAS® iX System cart, including the robotic arm and the needle mechanism which houses the automated needle and punch used for follicle dissection and site making.

Venus Epileve
The Venus Epileve system uses pulsed laser energy of 800 mm that is absorbed by a chromophore or pigmented target (e.g., melanin in hair follicles) while skin surface is being chilled, for different indications of hair removal and permanent hair reduction. Venus Epileve is intended to provide an entry level, affordable solution for non-traditional markets for hair removal of all skin types. Epileve has obtained both CE mark and Health Canada license.

Products in Development

On an ongoing basis, we work to bring new and innovative products to market. We are developing the following products and technologies:

Venus Glow Serums

We are developing a series of topical serums to be used with our Venus Glow system.

Directional Skin Tightening (DT) Technology

DT is intended as a non-surgical alternative to lift and tighten skin for procedures typically requiring surgical intervention that uses artificial intelligence and robotics to achieve the intended outcomes. The punches DT utilizes for coring are designed not leave scars on tissue. The skin will be contracted after coring by applying a flexible patch to the area which will allow healing of the skin with predefined directional effect.

Magnetic Muscle Stimulation Technology

Magnetic Muscle Stimulation (MMS) is body contouring technology that is intended to be complimentary to our Venus Bliss device. MMS is intended to create volume in predefined areas of the body by utilizing magnetic fields to create controlled muscle contractions. MMS will be operated with two applicators for use on symmetrical pairs of the muscles and will use smart algorithms to determine the strength and sequences of muscle contraction and relaxation.

Venus Legacy 2

Venus Legacy 2 is intended to be the next generation of the well-accepted Venus Legacy product line. The Venus Legacy 2 is intended to extend and revive the original Venus Legacy system product line, which has been in the worldwide market for over 5 years. The device will combine $(MP)^2$ and VariPulse technologies with real-time thermal feedback and ATC to provide homogeneous heating to multiple tissue depths while allowing for adjustable pulsed suction to further support deep energy penetration, resulting in enhanced lymphatic drainage and improved circulation stimulation. We are planning to include some advanced user feedback features, such as a thermal camera in the Venus Legacy 2.

VeroGrafter Services

In the United States, we offer the services of a group of independently contracted technicians who are certified to assist physicians during a hair restoration procedure. These technicians, who we market as "VeroGrafters", must successfully complete a yearly certification process to remain active. VeroGrafters service is currently offered for NeoGraft procedures and we expect we offer VeroGrafters for ARTAS procedures in 2020.

2two5 Services

2two5 is our internal advertising agency focused on localized marketing services for small to mid-sized business owners who have purchased products sold by us. Currently there are three areas of focus: (i) digital lead generation; (ii) local search engine optimization (SEO) and reputation management; and (iii) website development.

Digital Lead Generation. More commonly referred to as Pay-Per-Click Marketing, the business owners establish a recommended campaign budget that we manage on their behalf with a goal of generating qualified prospective patient phone calls and email leads for their practice. We manage the strategy, creative development, campaign execution, and media spend on three main platforms (Google, Facebook and Instagram) and provide real time dashboard reporting to demonstrate the success of their digital marketing programs.

Local SEO & Reputation Management. This service is offered to ensure the doctors are represented accurately and fairly on online directories and they can monitor and respond to their reviews. We ensure their Google My Business Listings for all locations are done accurately, optimized for Local SEO success, and updated regularly to reflect any change in business hours, services offered, additional locations, etc. Last, we setup, all customers on Google Search Console to monitor any changes or issues with their website and organic traffic.

Website Development. Our team of Web Development experts create, develop and maintain engaging, fully responsive, mobile-friendly aesthetic practice websites that are not only SEO-ready, but also optimized for conversions to help generate more patient leads from both organic and Pay-Per-Click traffic. These websites are hosted in secure, high-speed web servers, loaded with custom colors, unique branding, stock images and include SEO-optimized aesthetic text content. They also bring functionality that allows customers to add pages, edit content, integrate with social platforms, and Google Analytics.

Practice Enhancement Services

To support the growth initiatives of our customers, we have built a practice enhancement offering that provides our customers with a fully integrated marketing support program along with business and marketing tools to grow their practices, improve their financial and business performance, and maximize their return on investment, while also supporting our sale of products and ancillary services. Complimentary practice enhancement services are included with the purchase of a system under our subscription model. These services include marketing support and media exposure, such as email marketing, search engine optimization, branding, web presence, social media presence, photography and videography, copywriting, and event planning, in each case specifically designed for physician practices. For an additional fee, we offer incremental practice enhancement services such as a specific digital marketing package, custom website redesign, and customized video and photography shoots.

Vero Hair Practice Development Services

To support the growth initiatives of our hair restoration customers, we have built a specialized practice development team. This team offers support in all areas of marketing and clinic support. Some of the key services include clinic staff training, marketing of the procedure and device online and off-line. The practice development services help drive utilization of the ARTAS® system and procedure kits and consumables.

Clinical Developments

We have invested in research and development to support our technology, marketing and post-marketing surveillance. We also have a portfolio of 15 peer-reviewed publications and more than 20 white papers, many of which pertain to indications cleared outside of the United States to educate users in other countries and to study expanded indications in the United States. Authors for several of these publications hold stock options in Venus Concept or were consultants for us.

One of the published studies examined the thermal levels reached with Venus Concept's Venus Freeze system. The results indicated that these systems achieve homogeneous dermal heating. Another study reviewed the use of $(MP)^2$ technology for wrinkles and rhytides treatment. In addition, to test the effectiveness and safety of Venus Viva and its Nano-Fractional technology, a study examined the performance of Venus Concept's fractional RF technology on skin texture in the United States. In this trial, subject improvement was assessed after one month and after two months, and subject satisfaction was assessed through surveys. Reviewers reported that the subjects demonstrated statistically significant and measurable reductions in minor wrinkles, and textual appearance in the skin. In addition, over 80% of subjects indicated in their survey satisfaction with treatments.

In a 60-patient clinical study done with the Venus Bliss device, all participants received a single diode laser treatment to either their flanks or abdomen. Based on the data review, subjects saw a statistically significant reduction in adipose layer thickness as measured by ultrasound, 6- and 12-weeks following treatment. Greater than 90% of the subjects found the treatment to be comfortable and the majority were satisfied with the results.

The IPL technology used in Venus Versa has shown to be versatile and effective for treating vascular and pigmented lesions, acne and rosacea.

Venus Concept has a number of ongoing clinical trials covering both new technologies and the development of expanded indications for existing technology. Clinical trials are conducted frequently to support existing technologies and their respective enhancements and upgrades.

Sales and Marketing

We market and sell our products and services to the traditional medical aesthetic market including plastic surgeons and dermatologists. We also sell in certain markets to a broad base of non-traditional physician markets, including general and family practitioners and aesthetic medical spas.

Through our wholly-owned and majority-owned subsidiaries, we sell our products and services both through a traditional sales model as well as through our subscription model. In select markets, we enter into distribution agreements with local distributors.

Direct Sales

We currently provide our subscription model and associated marketing support programs through its wholly-owned subsidiaries in the United States, Canada, United Kingdom, Japan, South Korea, Mexico, Argentina, Colombia, Spain, France, Germany, Israel and Australia, as well as through Venus Concept's majority-owned subsidiaries in China, Hong Kong, Singapore, Indonesia, Vietnam, India, Italy, Bulgaria, Russia, Kazakhstan and South Africa. In our international direct operations, whether wholly-owned or a majority-owned subsidiary, we deliver devices under both our subscription model and traditional sales model.

Direct sales force. In the United States and select international markets, we use our direct sales force to sell our systems and other products and services. Our direct sales force works directly with our customers to provide comprehensive education and training on the use of our systems. As of December 31, 2019, we had a direct sales and marketing team of approximately 245 employees, managed by five Vice Presidents of Sales for various international markets and one Vice President of Global Marketing. We plan to continue to expand our direct sales organization internationally to help facilitate further adoption among a broad physician market.

Distributors. In countries where we do not operate directly, we sell through distributors. As of December 31, 2019, we had distribution agreements in approximately 36 countries. We enter into both exclusive and non-exclusive distribution agreements. Our distribution agreements generally provide the distributor with a right to distribute our systems for an initial term of one to three years, with certain agreements automatically renewing for a period of two to three additional years. Our distribution agreements also typically provide the exclusive right to distribute our systems within a designated territory and a right of first refusal to distribute any of our new systems offered in the territory. Each agreement sets forth the minimum quarterly purchase commitments. If the distributor fails to meet one of its minimum quarterly purchase commitments, we can convert the distributor to a non-exclusive distributor during the then-remaining term or it can terminate the agreement. To provide more comprehensive customer support, these agreements require our distributors to provide after sales service to customers, such as training and technical support, and various marketing activities, such as preparing and executing marketing plans and working with key market leaders in the designated territory to promote the product.

Marketing and Branding Programs

We are focused on, and invest heavily in, direct-to-consumer marketing initiatives to increase awareness of our products and services. We believe our marketing activities are both cost effective and critical in supporting the continued growth and development of our business. As of December 31, 2019, we had a Vice President of Global Marketing and a Director of Global Brand Marketing, with marketing associates located in various markets who specifically focus on implementing Venus Concept's marketing initiatives.

We implemented a public relations outreach strategy that incorporates both digital media and top national media channels in the fashion and beauty industries and have a presence on the most popular social media channels, such as Facebook, Twitter, YouTube, Pinterest, LinkedIn and Instagram. We also raise our profile through large media events in major metropolitan centers, such as New York, Milan, Los Angeles, Toronto, London, Paris, and Madrid, and engage in regular meetings with journalists, media outlets, celebrity doctors, and representatives of the fashion and beauty industries. We also attend major medical and scientific meetings, as well as trade shows. Since some countries require customized marketing programs, we have hired country-specific marketing managers to ensure that marketing programs are executed successfully in those jurisdictions.

Customer Support

We provide our physician customers and authorized distributors with customer support through our fully integrated marketing program and strong clinical and technical support teams.

Practice Enhancement Services

To support the growth initiatives of our customers, we have built a practice enhancement unit that provides customers with a fully integrated marketing support program with business and marketing tools to grow their practices, improve their financial and business performance, and maximize their return on investment while also supporting our sale of products and ancillary services. Our practice enhancement program includes the following features:

- Inclusion in an advanced clinic directory that is promoted online and offline to consumers. The full-page listing includes the clinic's photos, videos, testimonials, social media profiles and a full list of treatments including competitive products and services.
- Video marketing strategy focused on answering consumers' questions about non-invasive aesthetic procedures and featuring people's testimonials, tips and customer success stories. Strong support and guidance for the clinic's own video marketing initiatives.

- Individual meetings coordinated with influential journalists and media outlets, and participation in our public relations outreach programs in national, regional and local media outlets.
- New Customer Success Kits comprised of a starter package with marketing materials necessary to introduce and promote new Venus products with a heavy emphasis on a digital and social media strategy.
- Access to customized practice enhancement programs such as Secret Shopper and Open House programs.
- Routine analysis of business practices with instruction on effective patient consultation and conversion strategies.
- Our TV and media plans consisting of custom video and media programs tailored to the practice's marketing needs.
- Analysis of current social media and online marketing efforts and guidance on how to attract and convert potential consumers more efficiently.
- For hair restoration customers, access to specialized VeroHair 12 Step Program designed to assist ARTAS and NeoGraft customers with building a successful hair restoration practice.

Technical and Clinical Support

We provide a warranty for many of our products against defects for up to three years, with certain products carrying a warranty for a more extended period. Once the warranty expires, our customers have the option of purchasing a service contract, which is typically for a term of one to three years.

We maintain a technical and clinical support team to field inquiries, troubleshoot product issues, facilitate sales activities and support the commercial activities of our direct offices and its international distributors. We provide immediate response technical support to our physician customers and distributors year-round. In the event that an issue arises, our technical support personnel will work with our customers to determine if a technical issue may be resolved over the telephone or requires a service visit. In markets where we do not have our own service engineers, we service and support our products through arrangements handled by our independent distributors. In order to maximize customer "up time," we proactively deploy replacement systems, modules, and components to strategic hubs worldwide.

Manufacturing and Quality Assurance

We have our own research and development center in Yokneam, Israel and uses four ISO-certified contract manufacturers in Karmiel, Israel; Nazareth, Israel; Mazet, France and Weston, Florida where it manufactures the Venus Legacy and Venus Viva systems in a FDA-registered facility. During the second half of 2018, we began to assemble the ARTAS® iX System in San Jose, California, while reusable and disposable kits are assembled exclusively for us by NPI Solutions, Inc., or NPI based in Morgan Hill, California.

We work closely with our manufacturers and perform final quality control testing using our own employees stationed in the manufacturing facilities. Having over 85% of the production of our systems in close proximity to our research and development and operations facilities enables us to control the entire process from product development through manufacturing and final testing, which enables us to provide advanced, high-quality systems as well as the flexibility to create customized solutions for our customers. Also, using multiple manufacturers allows us a greater degree of flexibility in adjusting production levels to meet fast changing market demand. We do not have any long-term supply agreements for components.

Manufacturing facilities that produce medical devices intended for distribution in the United States and internationally are subject to regulation and periodic unannounced inspection by FDA and other domestic and international regulatory agencies. In the United States, we are required to manufacture our products in compliance with FDA's QSR, which covers the methods and documentation of the design, testing, control, manufacturing, labeling, quality assurance, packaging, storage, and shipping of our products. In international markets, we are required to obtain and maintain various quality assurance and quality management certifications. We have obtained the following international certifications: ISO 13485:2016 Medical devices — Quality management systems — Requirements for regulatory purposes, ISO 13485 under Medical Devices Single Audit Program, or MDSAP, in Canada, Ordinance 169 certification (Japan), CE Certificate of Conformity in accordance with Annex II (Full Quality System) to the Medical Devices Directive (EEA), and MDSAP.

Venus Concept maintains a quality system designed to be compliant with quality system management and QSR and have procedures in place designed to ensure that all products and materials purchased by us conform to specified requirements, including evaluation of suppliers, and where required, qualification of the components supplied.

Our current facilities are adequate to support our operations.

Research and Development

Our ongoing research and development activities are primarily focused on improving and enhancing our current technologies, products, and services, as well as expanding our current product offering with the introduction of new products for different aesthetic, medical and hair restoration applications. Our research and development efforts related to our technologies currently include research to expand indications, broaden our offering of system applicators, advance our proprietary $(MP)^2$ technology, refine our Harvesting and Site Making functions, as well as the implantation functionality for the ARTAS® iX System, develop design improvements and new products, and implement a technology platform to record and collect information on each treatment procedure. For the years ended December 31, 2019 and 2018, we incurred research and development expenses of $8.0 million and $7.0 million, respectively. We expect our research and development expense to vary as different development projects are initiated and completed, as we invest in research, clinical studies, regulatory affairs and development activities over time, and as we continue to expand our business.

Intellectual Property

Portfolio

We rely on a combination of patent, copyright, trademark and trade secret laws, and confidentiality and invention assignment agreements to protect our intellectual property rights. As of December 31, 2019, our patent portfolio is comprised of 8 issued U.S. patents which cover our $(MP)^2$ technology that are associated with two different patent families (the earliest of which will expire in 2022), 94 issued U.S. patents primarily covering the ARTAS System and methods of use (the earliest of which expire in 2021), 18 pending U.S. patent applications, 1 pending U.S. provisional patent application, 135 issued foreign counterpart patents, and 39 pending foreign counterpart patent applications.

As of December 31, 2019, our trademark portfolio included the following trademark registrations, pending trademark applications or common law trademark rights, among others: Venus, Venus Concept®, Venus Fiore®, Venus Freeze®, Venus Freeze Plus®, Venus Glow™, Venus Heal™, Venus Legacy®, Venus Skin®, Venus Viva®, Venus Versa®, Venus Bliss®, Restoration Robotics®, ARTAS®, ARTAS® iX, Venus Concept delivering the promise, NeoGraft® and (MP)2. We continue to file new trademark applications in many countries to protect our current and future products and related slogans.

Intellectual Property Transfer Agreement

In August 2013, Venus Concept Ltd. entered into a license agreement for the rights to an invention for fractional RF treatment of the skin with the developers of the technology. Pursuant to the license agreement, the developers granted to Venus Concept Ltd. an exclusive worldwide, perpetual, irrevocable license to develop and commercialize their inventions and any product into which it is integrated. As consideration for such license, Venus Concept Ltd. agreed to pay the developers 7% of the gross income received by it from sales of the Venus Viva system and the related consumables and $1,500 per Venus Versa system, which includes the IPL applicator, up to an aggregate amount of $3.0 million. With respect to gross income from sales of the Venus Viva system and the related consumables in China, Hong Kong, Israel and Italy, payment is determined by multiplying the sales by Venus Concept Ltd.'s percentage equity ownership in those majority-owned subsidiaries. One of the developers of the technology is Boris Vaynberg, our Chief Technology Officer.

In 2014, the developers executed a patent assignment document and Venus Concept Ltd. filed it with the USPTO to provide notice of the transfer and to perfect its rights. In 2016, the parties executed an amendment to the 2013 license agreement to memorialize the transfer that was filed with the USPTO, among other things. For the years ended December 31, 2019 and 2018, Venus Concept paid Mr. Vaynberg $370,000 and $280,000 respectively, under these arrangements.

License Agreement with HSC Development LLC and James A. Harris, MD

In July 2006, we entered into a license agreement, or the HSC license agreement, with HSC Development LLC, or HSC, and James A. Harris, M.D., as amended, pursuant to which we received an exclusive, worldwide license to develop, manufacture and commercialize products covered by any of the licensed patent rights or that incorporate the licensed technology in the field of performance of hair removal and implantation, including transplantation, procedures using a computer controlled system in which a needle or other device carried on a mechanized arm is oriented to a follicular unit for extraction of same, or to an implant site for implantation of a follicular unit, or some combination thereof. Under the HSC license agreement, we are developing the ARTAS® System to be utilized as a robotic system to assist a physician in performing hair restoration procedures. In consideration for the license, we issued to HSC 25,000 shares of our common stock, prior to the Company's 1-for-10 reverse stock split, and paid HSC a one-time payment of $25,000. The license grant is perpetual, and the license agreement does not provide a right for HSC or Dr. Harris to terminate the HSC license agreement. The licensed patents cover, in general, a method and device for the extraction of follicular units from a donor area on a patient. The method includes scoring the outer skin layers with a sharp punch, and then inserting a blunt punch into the incision to separate the hair follicle from the surrounding tissue and fatty layer. The method and device significantly decrease the amount of follicular transection and increase the rate at which follicular units can be extracted. There are other embodiments not herein disclosed. The licensed patents will expire from 2025 through 2030.

Competition

The medical technology and aesthetic product markets are highly competitive and dynamic and are characterized by rapid and substantial technological development and product innovation. Demand for our systems is impacted by the products and procedures offered by our competitors. Certain of our systems also compete against conventional non-energy-based treatments, such as Botox and collagen injections, chemical peels, and microdermabrasion. In the U.S., we compete against companies that have developed minimally invasive and non-invasive medical aesthetic procedures. Outside of the U.S., likely due to less stringent regulatory requirements, there are more aesthetic products and procedures available in international markets than are cleared for use in the U.S. Sometimes, there are also fewer limitations on the claims our competitors in international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we may face a greater number of competitors in markets outside of the U.S. We also compete generally with medical technology and aesthetic companies, including those offering products and products unrelated to skin treatment. Recently, 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 our system prices.

In the surgical hair restoration market, we consider our direct competition to be strip surgeries and FUE procedures using hand-held devices. Many of our surgical device and equipment competitors have greater capital resources, sales and marketing operations and service infrastructures than we do, as well as longer commercial histories and more extensive relationships with physicians. Strip surgery and some manual FUE procedures have a greater penetration into the hair restoration market. Our indirect competition in the hair restoration market also includes non-surgical treatments for hair loss, such as prescription therapeutics, including Propecia, and non-prescription remedies, such as wigs, hair pieces and spray-on applications.

We believe that its systems compete largely on the basis of the following factors:

- company and product brand recognition;
- effective marketing and education;
- sales force experience and access;
- product support and service;
- technological innovation, product enhancements and speed of innovation;
- pricing and revenue strategies;
- product reliability, safety and durability;
- ease of use;
- consistency, predictability and durability of aesthetic results; and
- procedure costs to patients.

Many of our competitors are larger, more experienced companies that have substantially greater resources and brand recognition than we do. Some of these companies have a broad range of product offerings, large direct sales forces and long-term customer relationships with the physicians we target, which could make our market penetration efforts more difficult.

Government Regulation

The design, development, manufacture, testing and sale of Venus Concept's products are subject to regulation by numerous governmental authorities, including FDA, and corresponding state and foreign regulatory agencies.

Regulation by FDA

In the United States, the Federal Food, Drug, and Cosmetic Act, or FDCA, FDA regulations and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution, export and import, and post-market surveillance. FDA enforces the FDCA and the regulations promulgated pursuant to the FDCA.

Each medical device that we wish to distribute commercially in the United States will require marketing authorization from FDA prior to distribution, unless exempt. The two primary types of FDA marketing authorization applicable to a device are premarket notification, also called 510(k) clearance, and premarket approval, also called PMA approval. The type of marketing authorization is generally linked to the classification of the device. FDA classifies medical devices into one of three classes (Class I, II, or III) based on the degree of risk FDA determines to be associated with a device and the level of regulatory control deemed necessary to ensure the device's safety and effectiveness for its intended use(s). Devices requiring fewer controls because they are deemed to pose lower risk are placed in Class I or II. Class I devices are deemed to pose the least risk and are subject only to general controls applicable to all devices, such as requirements for device labeling, and adherence to FDA's current Good Manufacturing Practices, or cGMP, and regulation, as reflected in its QSR. Class II devices are intermediate risk devices that are subject to general controls and may also be subject to special controls such as performance standards, product-specific guidance documents, special labeling requirements, patient registries, or post-market surveillance. Class III devices are those for which insufficient information exists to assure safety and effectiveness solely through general or special controls and include life-sustaining, life-supporting or implantable devices, devices of substantial importance in preventing impairment of human health, or which present a potential, unreasonable risk of illness or injury.

Most Class I devices and some Class II devices are exempted by regulation from the 510(k) clearance requirement and can be marketed without prior authorization from FDA. Some Class I devices that have not been so exempted and most Class II devices are eligible for marketing through the 510(k) clearance pathway. By contrast, devices placed in Class III generally require PMA approval or approval of a *de novo* reclassification petition prior to commercial marketing. FDA's 510(k) clearance process usually takes from three to twelve months, but can take longer. For products subject to PMA, the regulatory process generally takes from one to three years or even longer, from the time the application is filed with FDA and involves substantially greater risks and commitment of resources than either the 510(k) clearance or *de novo* processes.

510(k) Clearance

To obtain 510(k) clearance for a medical device, an applicant must submit a premarket notification to FDA demonstrating that the 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 FDA has not yet called for PMA approval, commonly known as the "predicate device." A device is substantially equivalent if, with respect to the predicate device, it has the same intended use and has either (i) the same technological characteristics or (ii) different technological characteristics and the information submitted demonstrates that the device is as safe and effective as a legally marketed device and does not raise different questions of safety or effectiveness. A showing of substantial equivalence sometimes, but not always, requires clinical data. Generally, the 510(k) clearance process can exceed 90 days and may extend to a year or more.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) marketing clearance or, depending on the modification, a de novo classification or PMA approval. FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but FDA can review any such decision and disagree with a manufacturer's determination. Many minor modifications today are accomplished by a letter-to-file in which the manufacture documents the change in an internal letter-to-file. The letter-to-file is in lieu of submitting a new 510(k) to obtain clearance for every change. FDA may review these letters-to-file during an inspection. If FDA disagrees with a manufacturer's determination that no 510(k) was required for the change, FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or PMA approval is obtained. Also, in these circumstances, we may be subject to significant regulatory fines or penalties. In addition, FDA may not approve or clear our products for the indications that are necessary or desirable for successful commercialization or could require clinical trials to support any modifications. FDA has issued guidance intended to assist manufacturers in determining whether modifications to cleared devices require the submission of a new 510(k), and such guidance has come under scrutiny in recent years, the practical impact of which is unclear.

We have made modifications to our products in the past and have determined based on our review of the applicable FDA regulations and guidance that in certain instances new 510(k) clearances or PMA approvals were not required.

As part of an internal review of our regulatory clearances in the U.S., we determined that Special 510(k) applications were necessary related to an earlier modification to two of our FDA-cleared devices. Specifically, because we added to two of our FDA-cleared devices additional FDA-cleared applicators not initially considered in the device clearance submissions, we believed that Special 510(k) applications should have been filed to allow FDA to review the incorporation into the cleared devices of the separately cleared applicators. We filed one of the Special 510(k) submissions with FDA. FDA requested that we instead submit a Traditional 510(k) and provide additional information. We have accordingly modified the Special 510(k) submitted to FDA to a Traditional 510(k) application for this device, related to these modifications. Generally the 510(k) initial response process takes approximately 90 days, however, the overall process may extend to 180 days or more. We cannot be certain that FDA will respond to our submission in a timely manner or that clearance will be obtained. We also submitted a Traditional 510(k) for the second device and, on September 6, 2019, received 510(k) clearance from FDA. We believe that the modifications do not affect safety or efficacy, do not affect the intended use of the device, and do not alter the fundamental scientific technology of the device, however, we cannot be certain that FDA will agree with our assessment. FDA may not clear the device or may take other action against us as described above, which could have a material adverse effect on our business.

De Novo Reclassification

If there is no known predicate for a device (*i.e.*, a legally marketed Class I or II device with comparable indications), a company may request a *de novo* reclassification of the product. *De novo* reclassification generally applies where there is no predicate device and FDA believes the device is sufficiently safe so that no PMA should be required. FDA's *de novo* reclassification process has been streamlined to allow a company to request that a new product classification be established based on information provided by the requesting company. The "direct" de novo process allows a company to submit a reclassification petition without the company needing to submit a 510(k) clearance application first. The submitter also must provide draft Special Control(s) for the product. The Special Controls specify the recommendations for submission of subsequent devices for the same intended use. If a product is classified as Class II through the "direct" de novo review process, then that device may serve as a predicate device for subsequent 510(k) pre-market notifications. The FDA may take a year or more to reach a decision on the petition and issue a new product code. Should FDA fail to approve a "direct" de novo petition, or establish a new product code, PMA approval may be required.

PMA Approval

A PMA application must be submitted if the device cannot be cleared through the 510(k) process and is found ineligible for *de novo* reclassification. The PMA application process is generally more costly and time-consuming than the 510(k) process. A PMA application requires the payment of significant user fees. PMA applications must be supported by valid scientific evidence, which typically requires extensive data, including technical, preclinical, clinical, and manufacturing data, to demonstrate to FDA's satisfaction the safety and effectiveness of the device. A PMA application must also include, among other things: a complete description of the device and its components; a detailed description of the methods, facilities and controls used to manufacture the device; and proposed labeling.

FDA has 45 days from its receipt of a PMA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, FDA begins an in-depth review. Although FDA by statute has 180 days to review the "accepted application", review of the application can take between one and three years or longer. During this review period, FDA may request additional information or clarification of information already provided. Also, during the review period, an advisory panel of experts from outside FDA may be convened to review and evaluate the application and provide recommendations to FDA as to the approvability of the device. In addition, FDA will conduct a pre-approval inspection of the manufacturing facility or facilities to ensure compliance with the QSR.

Approval of FDA review of an initial PMA application may require several years to complete. FDA can delay, limit, or deny approval of a PMA application for many reasons, including:

- it is not demonstrated that there is reasonable assurance that the device is safe or effective under the conditions of use prescribed, recommended, or suggested in the proposed labeling;
- the data from preclinical studies and clinical trials may be insufficient, and
- the manufacturing process, methods, controls, or facilities used for the manufacture, processing, packing, or installation of the device do not meet applicable requirements.

If FDA evaluations of both the PMA application and the manufacturing facilities are favorable, FDA will either issue an approval letter or an approvable letter, which usually contains a number of conditions that must be met in order to secure final approval of the PMA. If FDA's evaluation of the PMA or manufacturing facilities is not favorable, FDA will deny approval of the PMA or issue a not approvable letter. A not approvable letter will outline the deficiencies in the application and, where practical, will identify what is necessary to make the PMA approvable. FDA may also determine that additional clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and then the data must be submitted in an amendment to the PMA. Once granted, PMA approval may be withdrawn by FDA if compliance with post-approval requirements, conditions of approval or other regulatory standards is not maintained, or problems are identified following initial marketing.

Certain changes to an approved device, such as changes in manufacturing facilities, methods, or quality control procedures, or changes in the design performance specifications, which affect the safety or effectiveness of the device, require submission of a PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA and may not require as extensive clinical data or the convening of an advisory panel. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant and the data that were submitted with the original PMA do not provide reasonable assurance of safety and effectiveness.

Clinical Trials

Clinical trials are almost always required to support FDA's approval of a premarket approval application and are sometimes required for 510(k) clearances. If a device presents a "significant risk," as defined by FDA, to human health, the device sponsor may need to file an investigational device exemption ("IDE") application with FDA and obtain an IDE approval prior to commencing the human clinical trials. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE application must be approved in advance by FDA for a specified number of patients, unless the product is deemed a "non-significant risk" device and eligible for more abbreviated IDE requirements. Clinical trials for a significant risk device may begin once the IDE application is approved by FDA and the appropriate institutional review boards, or IRBs. Clinical trials are subject to extensive monitoring, recordkeeping and reporting requirements. Clinical trials must be conducted under the oversight of an IRB and must comply with FDA regulations, including but not limited to those relating to good clinical practices. To conduct a clinical trial, the devices sponsor is also required to obtain the patients' informed consent in form and substance that complies with both FDA requirements and applicable state and federal privacy and human subject protection regulations. Any future clinical trials must be conducted in accordance with FDA regulations and applicable federal and state regulations concerning human subject protection, including informed consent and healthcare privacy regulations. A clinical trial may be suspended by FDA or the IRB at any time for various reasons, including a belief that the risks to the study participants outweigh the benefits of participation in the study. Even if a study is completed, the results of its clinical testing may not demonstrate the safety and efficacy of the device or may be equivocal or otherwise not be sufficient to obtain clearance or approval of the sponsor's device.

The Food and Drug Administration Amendments Act, or FDAAA, expanded the federal government's clinical trial registry and results databank maintained by the National Institutes of Health, or NIH, to include all (with limited exceptions) medical device trials. In particular, it requires certain information about device trials, including a description of the trial, participation criteria, location of trial sites, and contact information, to be sent to NIH for inclusion in a publicly accessible database. In addition, the results of clinical trials that form the primary basis for efficacy claims or are conducted after a device is approved or cleared must be posted to the results databank. Under FDAAA, companies that violate these and other provisions of the law are subject to substantial civil monetary penalties.

Similarly, in Europe a clinical study must be approved by the local ethics committee and in some cases, including studies of high-risk devices, by the ministry of health in the applicable country. In the EU, physico-chemical tests carried out on the medical device may be necessary in order to obtain the CE mark. These tests must be performed by accredited laboratories for Class II b and III medical devices. The reports and tests are required to be filed in a technical file submitted to the notified body for validation of and obtaining the CE mark. Regulation 2017/745 applicable as of May 2020 in the EU will significantly strengthen the requirements for clinical evaluation (EC). The clinical evaluation for class II b and class III medical devices will be based on a critical evaluation of relevant scientific publications, the results of all available clinical investigations as well as the consideration of other medical devices with the same purpose. Regulation 2017/745 notably requires the manufacturer to carry out a post-marketing safety monitoring plan, which includes post-marketing clinical follow-ups (SCAC) in order to update information about the devices marketed throughout its life cycle, and notably any adverse effects.

Post-market Regulation

Any devices that are manufactured or distributed pursuant to clearance or approval by FDA are subject to pervasive and continuing regulation by FDA and certain state agencies. After a device is placed on the market, numerous regulatory requirements continue to apply. These include:

- establishment registration and device listing with FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling and marketing regulations, which require that promotion is truthful, not misleading, fairly balanced and provide adequate directions for use and that all claims are substantiated, and prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices;
- medical device reporting regulations, which require that a manufacturer report to FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- complying with the federal law and regulations requiring Unique Device Identifiers (UDI) on devices and requiring the submission of certain information about each device to FDA's Global Unique Device Identification Database, or GUDID;
- FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

We may be subject to similar foreign laws that may include applicable post-marketing requirements such as safety surveillance. Our manufacturing processes are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device master file, device history file, and complaint files. As a manufacturer, we are subject to periodic scheduled or unscheduled inspections by the FDA. A failure to maintain compliance with the QSR requirements could result in the shut-down of, or restrictions on, manufacturing operations and the recall or seizure of products. The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- recalls, withdrawals, or administrative detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;

- refusal to grant export or import approvals for our products;
- criminal prosecution; or
- debarment or disqualification.

Labeling and promotional activities are subject to scrutiny by FDA and, in certain circumstances, by the Federal Trade Commission. Medical devices approved or cleared by FDA may not be promoted for unapproved or uncleared uses, otherwise known as "off-label" promotion. Medical devices requiring clearance or approval, but for which such clearance/approval has not been obtained, also must not be marketed. FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including substantial monetary penalties and criminal prosecution.

We received an inquiry from FDA in August 2018 regarding off-label or unapproved uses of Venus Fiore. However, we never marketed or promoted Venus Fiore in the United States and we explained this to the agency. We subsequently added geoblocker functionality to our website, to portray accurately what devices we are marketing in the United States.

Export of Our Products

Export of products subject to the 510(k) notification requirements, but not yet cleared to market, is permitted with FDA authorization provided certain requirements are met. Unapproved or uncleared products subject to the PMA requirements may be exported if the exporting company and the device meet certain criteria, including, among other things, that the device complies with the laws of the receiving country, has valid marketing authorization from the appropriate authority and the company submits a "Simple Notification" to FDA when Venus Concept begins to export. Importantly, however, export of such products may be limited to certain countries designated by statutory provisions, and petitions may need to be submitted to FDA to enable export to countries other than those designated in the statutory provisions. The petitioning process can be difficult, and FDA may not authorize unapproved or uncleared products to be exported to countries to which a manufacturer wishes to export. Devices that are adulterated, devices whose label and labeling does not comply with requirements of the country receiving the product, and devices that are not promoted in accordance with the law of the receiving country, among others, cannot be exported.

Fraud and Abuse Regulations

Federal and state governmental agencies subject the healthcare industry to intense regulatory scrutiny, including heightened civil and criminal enforcement efforts. These laws constrain the sales, marketing and other promotional activities of medical device manufacturers by limiting the kinds of financial arrangements Venus Concept may have with physicians and other potential purchasers of Venus Concept's products. There exist numerous federal and state health care anti-fraud laws, including the federal anti-kickback statute which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, items or services for which payment may be made, in whole or in part, under federal healthcare programs. Violations may result in substantial civil penalties, including treble damages, and criminal penalties, including imprisonment, fines and exclusion from participation in federal health care programs. The Federal False Claims Act also contains "whistleblower" or "qui tam" provisions that allow private individuals to bring actions on behalf of the government alleging that the defendant has defrauded the government.

Venus Concept's products are not reimbursable by Medicare, Medicaid or other federal health care programs. As a result, the federal anti-kickback statute and many federal false claims provisions do not apply to Venus Concept. However, Venus Concept may be subject to similar state anti-kickback laws that apply regardless of the payor. In addition, various states have enacted laws modeled after the Federal False Claims Act, including "qui tam" or whistleblower provisions, and some of these laws apply to claims filed with commercial insurers.

HIPAA created federal criminal statutes that prohibit among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.

Compliance with applicable United States and foreign laws and regulations, such as import and export requirements, anti-corruption laws such as the FCPA and similar worldwide anti-bribery laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy requirements, environmental laws, labor laws and anti-competition regulations, increases the costs of doing business in foreign jurisdictions. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country.

Many foreign countries have similar laws relating to healthcare fraud and abuse. Foreign laws and regulations may vary greatly from country to country. Violations of these laws, or allegations of such violations, could result in fines, penalties, or prosecution and have a negative impact on our business, results of operations and reputation.

There has been a recent trend of increased foreign, federal, and state regulation of payments and transfers of value provided to healthcare professionals, such as physicians, and entities. As noted, Venus Concept's products are not reimbursed by Medicare, Medicaid, or federal health care programs, so the U.S. federal reporting laws (such as the federal Sunshine Act) do not apply to Venus Concept. However, certain foreign countries and U.S. states also mandate implementation of commercial compliance programs, impose restrictions on device manufacturer marketing practices and require tracking and reporting of gifts, compensation and other remuneration to healthcare professionals and entities. Violations of these laws, or allegations of such violations, could result in fines, penalties, or prosecution and have a negative impact on our business, results of operations and reputation.

Patient Protection and Affordable Care Act

In the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, to which we refer collectively as the Affordable Care Act, or ACA, was enacted into law in 2010. Although most of the provisions of the ACA are now in effect, in December 2018 a federal court judge in the Northern District of Texas ruled in Texas v. Azar, or the Texas Case, that the ACA's individual mandate is unconstitutional, and that the remainder of the ACA was inseverable from the individual mandate and therefore invalid. This case was appealed to the Fifth Circuit in January 2019. Because the Texas judge issued a stay of his ruling pending the appeal, the ACA continues to be in effect at this time. In the event the Fifth Circuit were to uphold the ruling of the district court, the case will likely be appealed to, and ultimately decided by, the U.S. Supreme Court.

As a result of the passage of the ACA, an excise tax is imposed on the sale of certain medical devices by the U.S. manufacturer, producer, or importer of the device. This excise tax applies to sales of taxable medical devices beginning January 1, 2013. The excise tax equals 2.3% of the "constructive sale price" of the applicable medical device. As a U.S.-based manufacturer and importer of taxable medical devices, are responsible for remitting to the federal government the excise tax on the sales of medical devices it manufactures in, or imports into, the U.S. Although this excise tax was in effect during the years 2013-2015, there was in effect a moratorium on the medical device excise tax through the end of 2019. The excise tax was repealed effective January 1, 2020.

Foreign Government Regulation

The regulatory review process for medical devices varies from country to country, and many countries also impose product standards, packaging requirements, environmental requirements, labeling requirements and import restrictions on devices. Each country has its own tariff regulations, duties, and tax requirements. Failure to comply with applicable foreign regulatory requirements may subject a company to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions, criminal prosecution, or other consequences.

European Economic Area

In the European Economic Area (the "EEA"), our devices are required to comply with the Essential Requirements set forth in Annex I to the Council Directive 93/42/EEC concerning medical devices, commonly referred to as the Medical Devices Directive. Compliance with these requirements entitles a manufacturer to affix the CE mark to its medical devices, without which they cannot be commercialized in the EEA. To demonstrate compliance with the Essential Requirements set forth in Annex I to the Medical Devices Directive and to obtain the right to affix the CE mark to medical devices, they must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low risk medical devices (Class I with no measuring function and which are not sterile), where the manufacturer can issue an EC Declaration of Conformity based on a self-assessment of the conformity of its products with the Essential Requirements set forth in the Medical Devices Directive, a conformity assessment procedure requires the intervention of a notified body, which is an organization designated by the competent authorities of a EEA country to conduct conformity assessments. The notified body typically audits and examines products' Technical File and the quality system for the manufacture, design and final inspection of our devices before issuing a CE Certificate of Conformity demonstrating compliance with the relevant Essential Requirements laid down in Annex I to the Medical Devices Directive. Following the issuance of this a CE Certificate of Conformity, a manufacture Venus Concept can draw up an EC Declaration of Conformity and affix the CE mark to the products covered by this CE Certificate of Conformity and the EC Declaration of Conformity. Venus Concept has successfully completed several notified body audits since Venus Concept's original certification in December 2009. Following these audits, Venus Concept's notified body issued ISO 13485:2016 Certificate and CE Certificates of Conformity allowing it to draw up an EC Declaration of Conformity and affix the CE mark to certain of Venus Concept's devices since 2019 MDSAP Certificate.

After the product has been CE marked and placed on the market in the EEA, a manufacturer must comply with a number of regulatory requirements relating to:

- registration of medical devices in individual EEA countries;
- pricing and reimbursement of medical devices;
- establishment of post-marketing surveillance and adverse event reporting procedures;
- field safety corrective actions, including product recalls and withdrawals; and
- interactions with physicians.

In 2017, the European Parliament passed the Medical Devices Regulation, which repeals and replaces the EU Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member States, the regulations would be directly applicable, i.e., without the need for adoption of EEA member State laws implementing them, in all EEA member States and are intended to eliminate current differences in the regulation of medical devices among EEA member States. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and in vitro diagnostic devices and ensure a high level of safety and health while supporting innovation.

The Medical Devices Regulation will however only become applicable three years after publication. Once applicable, the new regulations will among other things:

- strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- establish explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance and safety of devices placed on the market;
- improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- set up a central database to provide patients, healthcare professionals and the public with comprehensive information on products available in the EU; and
- strengthen rules for the assessment of certain high-risk devices, such as implants, which may have to undergo an additional check by experts before they are placed on the market.

To the extent that our products have already been certified under the existing regulatory framework, the MDR allows us to market them provided that the requirements of the transitional provisions are fulfilled. In particular, the certificate in question must still be valid. Under article 120(2) MDR, certificates issued by notified bodies before May 25, 2017 will remain valid until their indicated expiry dates. By contrast, certificates issued after May 25, 2017 will be void at the latest by May 27, 2024. Accordingly, before that date, we will need to obtain new CE Certificates of Conformity. Furthermore, the regulation introduces UDI, i.e. a bar code that must be placed on the label of the device or on its packaging, and manufacturers will be obligated to file adverse effects reports via the Eudamed platform in case there is an increase in the frequency or severity of incidents related to the medical device.

Environmental Regulation

We are subject to numerous foreign, federal, state, and local environmental, health and safety laws and regulations relating to, among other matters, safe working conditions, product stewardship and environmental protection, including those governing the generation, storage, handling, use, transportation and disposal of hazardous or potentially hazardous materials. Some of these laws and regulations require us to obtain licenses or permits to conduct our operations. Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. Although the costs to comply with applicable laws and regulations have not been material, we cannot predict the impact on our business of new or amended laws or regulations or any changes in the way existing and future laws and regulations are interpreted or enforced, nor can we ensure we will be able to obtain or maintain any required licenses or permits.

Data Privacy and Security

We are subject to diverse laws and regulations relating to data privacy and security, including, in the U.S., the HIPAA, and, in the EU and shortly in the EEA, GDPR. New global privacy rules are being enacted and existing ones are being updated and strengthened. Complying with these numerous, complex and often changing regulations is expensive and difficult, and failure to comply with any privacy laws or data security laws or any security incident or breach involving the misappropriation, loss or other unauthorized use or disclosure of sensitive or confidential patient or consumer information, whether by us, one of our business associates or another third-party, could have a material adverse effect on our business, reputation, financial condition and results of operations, including but not limited to: material fines and penalties; damages; litigation; consent orders; and injunctive relief.

The regulation of data privacy and security, and the protection of the confidentiality of personal information, is increasing and continues to evolve. For example, the GDPR came into effect in May 2018 reforming the European regime. The GDPR implements more stringent operational requirements than its predecessor legislation. For example, the GDPR requires us to make more detailed disclosures to data subjects, requires disclosure of the legal basis on which we can process personal data, makes it harder for us to obtain valid consent for processing, provides more robust rights for data subjects, introduces mandatory data breach notification through the EU, imposes additional obligations on us when contracting with service providers and requires us to adopt appropriate privacy governance including policies, procedures, training and data audit. If we do not comply with our obligations under the GDPR, we could be exposed to fines of up to the higher of 20,000,000 Euros or up to 4% of our total worldwide annual turnover in the event of a significant breach. In addition, we may be the subject of litigation and/or adverse publicity, which could have material adverse effect on our reputation and business.

We are also subject to evolving European laws on data export and electronic marketing. The rules on data export will apply when we transfer personal data to group companies or third parties outside of the EEA. For example, in 2015, the Court of Justice of the EU ruled that the U.S.-EU Safe Harbor framework, one compliance method by which companies could transfer personal data regarding citizens of the EU to the U.S., was invalid and could no longer be relied upon. The U.S.-EU Safe Harbor framework was replaced with the U.S.-EU Privacy Shield framework, which is now under review and there is currently litigation challenging another EU mechanism for adequate data transfers, the standard contractual clauses. It is uncertain whether the Privacy Shield framework and/or the standard contractual clauses will be similarly invalidated by the European courts. These changes may require us to find alternative bases for the compliant transfer of personal data from the EEA to the U.S. and we are monitoring developments in this area. The EU is also in the process of replacing the e-Privacy Directive with a new set of rules taking the form of a regulation, which will be directly implemented in the laws of each European member state, without the need for further enactment. The current draft of the e-Privacy Regulation retains strict opt-in for electronic marketing and the penalties for contravention have significantly increased with fining powers to the same levels as the GDPR (i.e. the greater of 20,000,000 Euros or 4% of total global annual revenue).

Employees

As of December 31, 2019 we had 525 employees, 155 based in the United States, 92 based in Canada, 75 based in Israel, and 203 in the rest of the world. Of the total number of full-time employees, approximately 245 are direct sales representatives, including sales management and members of the physician engagement team.

In addition, as of December 31, 2019, we engaged the services of approximately 50 contract technicians in 2019 as part of our VeroGrafters program.

Corporate Information

We were founded on November 22, 2002 as a Delaware corporation under the name Restoration Robotics, Inc. Our principal executive offices are located at 235 Yorkland Blvd., Suite 900, Toronto, Ontario M2J 4Y8 and our telephone number is (877) 848-8430. You may find on our website at https://www.venusconcept.com/en-us/ electronic copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Such filings are placed on our website as soon as reasonably possible after they are filed with the Securities and Exchange Commission (the "SEC"). Our most recent charter for our audit, compensation, and nominating and corporate governance committees and our Code of Business Conduct and Ethics are available on our website as well. Any waiver of our Code of Business Conduct and Ethics may be made only by our board of directors. Any waiver of our Code of Business Conduct and Ethics for any of our directors or executive officers must be disclosed on a Current Report on Form 8-K within four business days, or such shorter period as may be required under applicable regulation. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider information on our website to be part of this Annual Report on Form 10-K. We have included our website address as an inactive textual reference only.

Available Information

We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other information with the SEC. Our filings with the SEC are available free of charge on the SEC's website at www.sec.gov and on our website under the "Investors" tab as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risk and uncertainties, including those described below, any of which could adversely affect our business, results of operations, financial condition and prospects. In such an event, the market price of our Common Stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business operations. You should carefully consider the risk described below and the other information in this Annual Report on Form 10-K, including our audited consolidated financial statements and the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Related to Our Business

Following the Merger, we may be unable to integrate successfully the businesses of Restoration Robotics and Venus Concept Ltd. and realize the anticipated benefits of the Merger.

The Merger, which closed on November 7, 2019, involved the combination of two companies which operated as independent companies. Following the Merger, we have been required to devote significant management attention and resources to integrating our business practices and operations. We may fail to realize some or all of the anticipated benefits of the Merger if the integration process takes longer than expected or is more costly than expected. Potential difficulties we may encounter in the integration process include the following:

- the inability to successfully combine the businesses in a manner that permits us to achieve the anticipated benefits of the Merger, including cost savings from our cost reduction initiatives, in the time frame currently anticipated or at all;

- complexities associated with managing the combined businesses;
- integrating personnel from the two companies;
- creating uniform standards, controls, procedures, policies and accounting and other information systems;
- difficulty or failure to transfer or obtain the licenses or permits required for post-Merger operation;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the Merger and integrating the companies' operations.

Restoration Robotics and Venus Concept Ltd. have operated independently prior to the Merger. The integration process may also result in the diversion of management's attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, suppliers and employees or the ability to achieve the anticipated benefits of the Merger, or could reduce the earnings or otherwise adversely affect the business and financial results of the combined company.

Our product sale strategy is focused primarily on a subscription-based business model, and the success of this sales strategy depends on the continued adoption and use of our subscription-based products and services.

To address the financial barriers faced by physicians and aesthetic service providers globally, in our direct operations, we focus our product sale strategy on a subscription-based business model. Our subscription-based model includes an up-front fee and a monthly payment schedule, typically over a period of 36 months, with approximately 40% of total contract payments collected in the first year. If economic circumstances are appropriate, we provide customers in good standing with the opportunity to "upgrade" to new agreements for the newest available or alternative technology we provide throughout the subscription period. Our success depends on growing market adoption by traditional and non-traditional providers and use of our subscription-based business model. Our subscription-based model may not be adopted by customers and potential customers at the rate we anticipate. Our ability to increase the number of customers who purchase our products and services or participate in our subscription-based programs and make our products a significant part of their practices, depends in part on the success of our direct sales and marketing programs. Before potential customers make a subscription-based purchase, they may need to recoup the cost of products that they have already purchased from competitors, and therefore they may decide to delay participating in our subscription-based programs, or decide not to participate at all. If we are unable to increase market adoption and use of our products and services through our subscription-based model, the number of systems we sell may be lower than anticipated.

Our subscription-based model exposes us to the credit risk of our customers over the life of the subscription agreement. In the event that our customers fail to make the monthly payments under their subscription agreements, our financial results may be adversely affected.

For the years ended December 31, 2019 and 2018, approximately 67% and 75%, respectively, of our system revenues were derived from our subscription-based model. Although the ARTAS® System will not be available under our subscription-based model, we expect that our subscription-based business model to continue to represent the majority of our revenue for the foreseeable future. We collect an up-front fee, combined with a monthly payment schedule typically over a period of 36 months, with approximately 40% of total contract payments collected in the first year. For accounting purposes, these arrangements are considered to be sales-type finance leases, where the present value of all cash flows to be received under the subscription agreement is recognized as revenue upon shipment of the system to the customer. As part of our sales and marketing effort, we do not require our customers to undergo a credit check or register a lien or security interest under the Uniform Commercial Code or similar legislation, as is typically required with a third-party equipment leasing financing. Instead, to ensure that each monthly product payment is made on time and that the customer's systems are serviced in accordance with the terms of the warranty, every product requires a monthly activation code, which we provide to the customer upon receiving each monthly payment. If a customer does not timely pay a monthly installment, the customer will not receive an activation code and will be unable to use the system for any procedures. This process does not protect us from the economic impact of a customer's failure to make its monthly payments and as an unsecured creditor, we are subject to a greater risk in the event of a customer default. We cannot provide any assurance that the financial position of customers purchasing its products and services under a subscription agreement will not change adversely before we receive all of the monthly installment payments due under the contract. In the event that there is a default by any of the customers to whom we have sold systems under the subscription-based model, we may recognize bad debt expenses in our general and administrative expenses. If this bad debt expense is material, it could negatively affect our results of operations and cash flows.

One of our large customers filed for bankruptcy protection in February 2019 and we recorded a provision for bad debts of $8.3 million against the receivable for this customer for the year ended December 31, 2018, and if we experience other customer defaults under our subscription agreements, our financial results may be adversely affected.

In February 2019, one of our large customers filed for bankruptcy protection. Prior to the bankruptcy filing, we had entered into numerous subscription agreements between 2015 and 2017 with this customer. We recorded a provision for bad debts of $8.3 million against the receivable for this customer for the year ended December 31, 2018. In connection with the bankruptcy, the debtors filed an adversary action against Venus Concept Ltd. (and several others) seeking to avoid any security interest of Venus Concept Ltd., to recover 89 units that had been transferred back to Venus Concept Ltd., the return of approximately $150,000 paid to Venus Concept Ltd. within the 90 days before the bankruptcy filing and to disallow Venus Concept Ltd.'s asserted claim of approximately $5.9 million. Venus Concept Ltd. and the debtors entered into a settlement agreement, which was approved by the bankruptcy court on May 24, 2019, pursuant to which, among other things, a third-party purchaser would buy and assume certain units from the debtors and pay a total of approximately $2.7 million to Venus Concept Ltd. over 25 months, debtors would release and waive any and all claims against us, including the preference claim, we would retain and have all rights to previously terminated units, and any units in possession of the debtors or that were subsequently discovered to be property of the debtor would be returned to us without further cost to us. Pursuant to the settlement agreement, Venus Concept Ltd. agreed to waive and release the debtors from all claims (other than those specifically carved out). We do not anticipate receiving any further distribution from this customer's bankruptcy due to the releases provided for in the settlement agreement. Although we are currently receiving monthly payments under the new agreement with the purchaser of this customer's assets, we cannot assure you that we will receive the full amount. Furthermore, we cannot assure you that we will not experience further customer defaults under our subscription agreements that could have a material adverse effect on our financial position.

We offer credit terms to some qualified customers. In the event that any of these customers default on the amounts payable to us, our financial results may be adversely affected.

In addition to our subscription-based model, we generally offer credit terms of 30 to 60 days to qualified customers and distributors. In the event that there is a default by any of the customers to whom we have provided credit terms, we may recognize bad debt expenses in our general and administrative expenses. If this bad debt expense is material, it could negatively affect our future results of operations and cash flows. Additionally, in the event of deterioration of general business conditions, we may be subject to increased risk of non-payment of our accounts receivables. We may also be adversely affected by bankruptcies or other business failures of our customers, distributors, and potential customers. A significant delay in the collection of accounts receivables or a reduction of accounts receivables collected may impact our liquidity or result in bad debt expenses.

Our competitors may emulate our subscription-based model and erode our competitive advantage.

Our subscription-based model allows us to penetrate new markets and access a broader customer base because it offers an alternative to traditional equipment lease financing. For the years ended December 31, 2019 and 2018, approximately 67% and 75%, respectively, of systems revenues were derived from the subscription-based model. However, to the extent we continue to be successful in growing the market adoption of our products through our subscription-based model, competitors may seek to emulate this model. Although, we believe that our products compete effectively with the products offered by our competitors, our customers may be more willing to purchase the products of our competitors if they were offered through a subscription-based model. If customers decide to use the products of its competitors instead of our systems, our financial performance will be adversely affected.

Our recurring losses from operations and negative cash flows raise substantial doubt about our ability to continue as a going concern.

We have had recurring net operating losses and negative cash flows from operations, and until we generate revenue at a level to support our cost structure, we expect to continue to incur substantial operating losses and net cash outflows. As of December 31, 2019 and 2018, we had an accumulated deficit of $75.7 million and $35.1 million, respectively. Our recurring losses from operations and negative cash flows raise substantial doubt about our ability to continue as a going concern, meaning that we may be unable to continue operations for the foreseeable future or realize assets and discharge liabilities in the ordinary course of operations. In order to continue our operations, we must achieve profitable operations and/or obtain additional equity or debt financing. There can be no assurance that we will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to us. If we are unable to raise sufficient additional capital, we may be compelled to reduce the scope of our operations and planned capital or research and development expenditures or sell certain assets, including intellectual property assets. The perception of our ability to continue as a going concern may make it more difficult for us to obtain financing for the continuation of our operations and could result in the loss of confidence by investors, suppliers and employees. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Business or economic disruptions or global health concerns could have an adverse effect our business, operating results or financial condition.

Global business or economic disruptions could adversely affect our business. For example, in December 2019, an outbreak of a novel strain of coronavirus originated in Wuhan, China, and has since spread to a number of other countries, including the United States. To date, this outbreak has already resulted in extended shutdowns of certain businesses in China, Europe, the United States and other countries. Global health concerns, such as the coronavirus, could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. We cannot presently predict the scope and severity or duration of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including our suppliers, manufacturers, customers, regulators and other third parties with whom we conduct business, experience shutdowns or other business disruptions, our ability to conduct our business in the manner presently planned could be materially and negatively affected. Disruptions to our business could include restrictions on the ability of our sales and marketing personnel and distributors to travel and sell our systems, disruptions of our global supply chain, reduced demand and/or suspension of operations by our customers which could impact their ability to make monthly payments, or deferral of aesthetic or hair restoration procedures in impacted areas. In addition, the outbreak of contagious diseases or the fear of such an outbreak could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect the demand for our systems. Any of these events could negatively impact our business, operating results or financial condition.

Venus Concept's loan and security agreements contain restrictions that limit its flexibility in operating its business.

On October 11, 2016, Venus Concept Ltd. entered into a credit agreement as a guarantor with Madryn Health Partners, LP, as administrative agent, and certain of its affiliates as lenders, or collectively, Madryn, as amended, or the Madryn Credit Agreement, pursuant to which Madryn agreed to make certain loans to certain of Venus Concept's subsidiaries, or the Subsidiary Obligors. On November 7, 2019, in connection with the Merger, we joined the Madryn Credit Agreement as a guarantor pursuant to that certain Tenth Amendment to Credit Agreement, Consent and Joinder Agreement. The Madryn Credit Agreement is comprised of four tranches of debt aggregating $70.0 million. As at December 31, 2019, the Subsidiary Obligors had borrowed $60.0 million under the term A-1 and A-2 and B tranches of the Madryn Credit Agreement. Term C borrowings of $10.0 million were undrawn and are no longer available. Borrowings under the Madryn Credit Agreement are secured by substantially all of our assets and the assets of the Subsidiary Obligors. The outstanding principal amount of the loans and all accrued and unpaid interest are due and payable in full on September 30, 2022.

The Madryn Credit Agreement also contains various covenants that limit our ability and the ability of our subsidiaries to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without Madryn's consent, to, among other things:

- sell, lease, transfer, exclusively license or dispose of our assets;
- create, incur, assume or permit to exist additional indebtedness or liens, which may limit our ability to raise additional capital;
- make restricted payments, including paying dividends on, repurchasing or making distributions with respect to our capital stock;
- pay any cash dividend or make any other cash distribution or payment in respect of our capital stock;
- make specified investments (including loans and advances);
- make changes to certain key personnel including our President and Chief Executive Officer;
- merge, consolidate or liquidate; and
- enter into certain transactions with affiliates.

In addition, the Madryn Credit Agreement contains certain covenants that require us together with our subsidiaries to achieve certain minimum revenue and liquidity thresholds. The minimum revenue and liquidity covenants require that we and our subsidiaries, on a consolidated basis, achieve (i) minimum reported revenue targets for any four consecutive fiscal quarter period of an amount equal to the greater of (A) $100.0 million and (B) one hundred and fifty percent (150%) of the aggregate outstanding amount of the loans as of the last day of such four consecutive fiscal quarter period, (ii) minimum levels of cash held in deposit accounts controlled by Madryn to be no less than $2.0 million and (iii) minimum levels of cash held in all deposit accounts, plus availability under the CNB Credit Facility (as defined below), to be no less than $5.0 million.

Prior to the Merger, Venus Concept Ltd. had failed to satisfy minimum liquidity covenant and failed to timely pay an interest payment, which non-compliance and default was waived. If we together with our subsidiaries fail to comply with these covenants in the future, such failure will result in a default and enable Madryn to require us and the Subsidiary Obligors to repay all outstanding principal amounts and accrued interest. In the event of a default, if we and the Subsidiary Obligors are unable to repay all outstanding amounts, Madryn may foreclose on the collateral granted to it to collateralize the indebtedness, which will significantly affect our ability to operate our business.

If all or any portion of the loans under the Madryn Credit Agreement are prepaid then a prepayment premium must be paid equal to: (i) 6.50% if prepaid after August 31, 2019 but on or prior to August 31, 2020; (ii) 5.00% if prepaid after August 31, 2020 but on or prior to February 28, 2021; (iii) 4.00% if prepaid after February 28, 2021 but on or prior to August 31, 2021; (iv) 3.00% percent if prepaid after August 31, 2021 but on or prior to February 28, 2022; and (v) 2.00% if prepaid after February 28, 2022.

On August 29, 2018, Venus Concept Ltd. entered into an Amended and Restated Loan Agreement as a guarantor with City National Bank of Florida, or CNB, as amended, or the CNB Credit Facility, pursuant to which CNB agreed to make certain loans and other financial accommodations to the Subsidiary Obligors. In connection with the CNB Credit Facility, Venus Concept Ltd. also entered into a Guaranty Agreement with CNB dated as of August 29, 2018, or the CNB Guaranty, pursuant to which Venus Concept Ltd. agreed to guaranty the obligations of its subsidiaries under the CNB Credit Facility.

On March 20, 2020, we entered into a Second Amended and Restated Loan Agreement as a borrower with CNB, as amended, pursuant to which CNB agreed to make certain loans and other financial accommodations to us and certain of our subsidiaries. In connection with the CNB Credit Facility, we also entered into (i) a Second Amended and Restated Guaranty of Payment and Performance with CNB dated as of March 20, 2020, or the CNB Guaranty, pursuant to which we agreed to guaranty the obligations under the CNB Credit Facility and (ii) a Security Agreement with CNB dated as of March 20, 2020, or the CNB Security Agreement, pursuant to which we agreed to grant CNB a security interest, in substantially all of its assets, to secure the obligations under the CNB Credit Facility. Borrowings under the CNB Credit Facility are secured by substantially all of the assets of Venus Concept Inc. and the Subsidiary Obligors and the CNB Guaranty. As of December 31, 2019, the CNB Credit Facility provided for a revolving loan commitment of $10.0 million and $7.8 million was drawn thereunder.

The CNB Credit Facility contains various covenants that limit us and our subsidiaries' ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without CNB's consent, to, among other things, sell, lease, transfer, exclusively license or dispose of our assets, incur, create or permit to exist additional indebtedness, or liens, to make dividends and certain other restricted payments, and to make certain changes to its management and/or ownership structure.

In addition, the CNB Credit Facility contains certain covenants that require the Subsidiary Obligors to achieve certain minimum account balances, or a minimum debt service coverage ratio and a maximum total liability to tangible net worth ratio. If the Subsidiary Obligors fail to comply with these covenants, it will result in a default and require us and the Subsidiary Obligors to repay all outstanding principal amounts and accrued interest. Prior to the Merger, Venus Concept Ltd. was not in compliance with the minimum debt service coverage ratio of its credit facility with CNB, which non-compliance was waived. On October 30, 2019, Venus Concept Ltd. and CNB executed a Third Amendment and Waiver to Amended and Restated Loan Agreement which, among other things, revised certain of the financial covenants and waived compliance with the debt service coverage ratio covenant for the fiscal quarter ending September 30, 2019.

In the event of a default, and if we and the Subsidiary Obligors are unable to repay all outstanding amounts, CNB may foreclose on the collateral granted to it to collateralize the indebtedness, which includes the enforcement of the CNB Guaranty, which will significantly affect our ability to operate our business. The occurrence of any event of default under the CNB Credit Facility would trigger an event of default under the Madryn Credit Agreement. Additionally, the occurrence of any event of default under the Madryn Credit Agreement would trigger an event of default under the CNB Credit Facility.

We will require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development, commercialization and other operations or efforts.

Since our inception, we have invested a significant portion of our efforts and financial resources in research and development and sales and marketing activities. Research and development, clinical trials, product engineering, ongoing product upgrades and other enhancements and seeking regulatory clearances and approvals to market future products will require substantial funds to complete. As of December 31, 2019, we had capital resources consisting of cash and cash equivalents of approximately $15.7 million. We believe that we will continue to expend substantial resources for the foreseeable future in connection with the ongoing commercializing of our systems, increasing our sales and marketing efforts, and continuing research and development and product enhancements activities.

We believe our existing cash and cash equivalents and cash expected to be generated from the sale of our systems and other products and services will not be enough for us to fund our planned operations for the next twelve months. Therefore, we will need additional capital to fund our future operations. In addition, our operating plans may change as a result of many factors some of which may be unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to stockholders, the issuance of securities may have rights, preferences, or privileges senior to those of holders of our common stock, the imposition of more burdensome debt covenants and repayment obligations, the licensing of rights to our technology or other restrictions that may affect our business. In addition, we may seek additional capital if favorable market conditions or given other strategic considerations even if we believe we have sufficient capital to fund our current or future operating plans.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to:

- delay or curtail our efforts to develop system product enhancements or new products, including any clinical trials that may be required to market such enhancements;
- delay or curtail our plans to increase and expand our sales and marketing efforts; or
- delay or curtail our plans to enhance our customer support and marketing activities.

We are restricted by covenants in the Madryn Credit Agreement and the CNB Credit Facility. These covenants restrict, among other things, our ability to incur additional indebtedness, which may limit our ability to obtain additional debt financing. In addition, the Madryn Credit Agreement contains certain minimum liquidity and minimum revenue covenants, which, if we fail to maintain or achieve, will result in a default under the agreement and the requirement for us to repay all outstanding principal amounts and accrued interest repay all amounts outstanding.

We will need to continue to incur significant expenses to grow our business, which could negatively affect our future profitability.

In order to grow our business and increase revenues, we will need to introduce and commercialize new products, grow our sales and marketing force, implement new software systems, as well as identify and penetrate new markets. Such endeavors have in the past increased, and may continue in the future, to increase our expenses, including sales and marketing, and research and development. We will have to continue to increase our revenues while effectively managing our expenses in order to achieve profitability and to sustain it. Our failure to control expenses could make it difficult to achieve profitability or to sustain profitability in the future. Moreover, we cannot assure you that our expenditures will result in the successful development and introduction of new products in a cost-effective and timely manner or that any such new products will achieve market acceptance and generate revenues for our business.

We may not be able to correctly estimate or control our future operating expenses, which could lead to cash shortfalls.

Our operating expenses may fluctuate significantly in the future because of a variety of factors, many of which are outside of our control. These factors include:

- the cost of growing our ongoing commercialization and sales and marketing activities;
- the costs of manufacturing and maintaining enough inventories of our systems to meet anticipated demand and inventory write-offs related to obsolete products or components;
- the costs of enhancing the existing functionality and development of new functionalities for our systems;
- the costs of preparing, filing, prosecuting, defending, and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation;
- the variability of ARTAS® procedures being performed between periods if particular high-volume practitioners perform a smaller number of procedures in each period as a result of the concentration of procedures performed by certain practitioners;
- any product liability or other lawsuits and the costs associated with defending them or the results of such lawsuits;
- the costs associated with conducting business and maintaining subsidiaries and other entities in foreign jurisdictions;
- customers in jurisdictions where our systems are not approved delaying their purchase, and not purchasing our systems, until they are approved or cleared for use in their market;
- the costs to attract and retain personnel with the skills required for effective operations;
- costs associated with integration of the Merger; and
- the costs associated with being a public company.

Our budgeted expense levels are based in part on our expectations concerning future revenue from systems sales, products sales and servicing and procedure-based fees. We may be unable to reduce our expenditures in a timely manner to compensate for any unexpected shortfalls in revenue. Accordingly, a significant shortfall in market acceptance or demand for our systems and procedures could have a material adverse impact on our business and financial condition.

Because we incur a substantial portion of our expenses in currencies other than the U.S. dollar, our financial condition and results of operations may be adversely affected by currency fluctuations and inflation.

In the year ended December 31, 2019 and 2018, 47% and 49%, respectively, of our global revenues were denominated in U.S. dollars and our reporting currency was the U.S. dollar. We pay a meaningful portion of our expenses in NIS, CAD, and other foreign currencies. Expenses in NIS and CAD accounted for 21% and 14%, respectively, of our expenses for the year ended December 31, 2019, and 32% and 14%, respectively, of our expenses for the year ended December 31, 2018. Salaries paid to our employees, general and administrative expenses and general sales and related expenses are paid in many different currencies. As a result, we are exposed to the currency fluctuation risks relating to the denomination of its future revenues in U.S. dollars. More specifically, if the U.S. dollar devaluates against the CAD or the NIS, our CAD and NIS denominated expenses will be greater than anticipated when reported in U.S. dollars. Inflation in Israel compounds the adverse impact of such devaluation by further increasing the amount of our Israeli expenses. Israeli inflation may also in the future outweigh the positive effect of any appreciation of the U.S. dollar relative to the CAD and the NIS, if, and to the extent that, it outpaces such appreciation or precedes such appreciation. We generally do not engage in currency hedging to protect the Company from fluctuations in the exchange rates of the CAD, NIS and other foreign currencies in relation to the U.S. dollar (and/or from inflation of such foreign currencies), we may be exposed to material adverse effects from such movements. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the U.S. dollar or any other currency against the NIS or CAD.

Downturns in the economy or economic uncertainty may reduce patient and customer demand for our systems and services, which could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. Furthermore, the aesthetic industry in which we operate is particularly vulnerable to unfavorable economic trends. Treatments using our systems involves elective procedures, the cost of which must be borne by patients, and is not reimbursable through government or private health insurance. Economic uncertainty may reduce patient demand for the procedures performed using our systems; if there is not sufficient patient demand for the procedures for which our systems are used, practitioner demand for these systems could drop, negatively impacting operating results. The decision to undergo a procedure using our systems is driven by consumer demand. In times of economic uncertainty or recession, individuals generally reduce the amount of money that they spend on discretionary items, including aesthetic procedures. If our customers' patients face economic hardships, our business would be negatively impacted, and our financial performance would be materially harmed in the event that any of the above factors discourage patients from seeking the procedures for which our systems are used. A weak or declining economy could also strain our manufacturers or suppliers, possibly resulting in supply disruption, or cause our customers to delay or stop making payments for our systems or services. As a result of the COVID-19 pandemic and the economic turmoil that has resulted, we expect that some of our customers may experience difficulty in making timely payments or payments at all under their subscription agreements. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the economic climate and financial market conditions, including the effect of the COVID-19 pandemic, could adversely impact our business. The impact of economic uncertainty on our industry may vary from region to region.

It is difficult to forecast our future performance and our financial results may fluctuate unpredictably.
The rapid evolution of the markets for medical technologies and aesthetic products make it difficult for us to predict our future performance. Several factors, many of which are outside of our control, may contribute to fluctuations in our financial results, such as:

- variations in market demand for our systems and services from quarter to quarter;
- delays in purchasing decisions in jurisdictions where our systems are not approved, and decisions not to purchase our systems until they are approved or cleared for use in a particular market;
- the inability of physicians to obtain the necessary financing to purchase the ARTAS® iX System or our other systems, which may not be available under our subscription-based model;
- customers operating under our subscription-based program may slow down or stop paying their monthly contractual obligations;
- performance of new functionalities and system updates, such as the robotic implantation functionality in the ARTAS® iX System;
- performance of our international distributors or local partners;
- positive or negative media coverage of our systems, positive or negative patient experiences, the procedures or products of our competitors, or our industry generally;
- our ability to maintain our current, or obtain further, regulatory clearances, approvals or CE Certificates of Conformity;
- delays in, or failure of, product and component deliveries by our third-party manufacturers or suppliers;
- seasonal or other variations in patient demand for aesthetic procedures;
- introduction of new medical aesthetic procedures or products and services that compete with our products and services;
- changes in accounting rules that may cause restatement of our consolidated financial statements or have other adverse effects; and
- adverse changes in the economy that reduce patient demand for elective aesthetic procedures.

The historic seasonality of our industry and other factors may contribute to fluctuations in our operating results and stock price and make it difficult to compare our results of operations to prior periods and predict future financial results.

We believe that our business is affected by seasonal and other trends. Specifically, we believe our business is affected by seasonal trends during the summer months in the U.S. and Europe due to vacations taken by physician customers and their patients, as well as fluctuations in operating results due to uneven timing of distributor and corporate account orders and marketing into new geographic regions. Historically, we have sold a relatively small number of ARTAS® and ARTAS® iX Systems at a relatively high price, with each sale of an ARTAS® System or ARTAS® iX System typically involving a significant amount of time, which may also contribute to fluctuations in operating results in the future. In addition, there is typically a substantial increase in sales in the last two months of the year. It is difficult for us to evaluate the degree to which these factors may make our revenue unpredictable in the future, and these seasonal and other trends may continue to lead to fluctuations in quarterly operating results. As a result of these factors, future fluctuations in quarterly results could cause our revenue and cash flows to be below analyst and investor expectations, which could cause decline in our stock price. Due to future fluctuations in revenue and costs, as well as other potential fluctuations, you should not rely upon our operating results in any period as an indication of future performance.

Our success depends on growing physician adoption and use of our systems and adoption by physicians in non-traditional specialty areas.

Aesthetic and hair restoration procedures are performed primarily by physicians who practice dermatology or plastic surgery. Our success depends on the growth of aesthetic and hair restoration procedures performed by physicians other than dermatologists and plastic surgeons, and aesthetic procedures performed by general and family practitioners and aesthetic medical spas. Our ability to increase the number of physicians willing to make a significant capital expenditure to purchase our systems or participate in our subscription program and make them a significant part of their practices, depends on the success of our sales and marketing programs. We must be able to demonstrate that the cost of our systems and the revenue that a physician can derive from performing procedures are compelling when compared to the costs and revenue associated with alternative aesthetic treatments the physician can offer and persuade physicians to purchase our systems instead of those of our competitors, many of whom already have existing relationships with our target physicians. In addition, we believe our marketing programs, including clinical and practice development support, will be critical to increasing utilization and awareness of our systems, particularly the ARTAS® and ARTAS® iX Systems, but these programs require physician commitment and involvement to succeed. We must also be successful in persuading physicians in non-traditional specialties to introduce procedures performed with our systems into their practices. If we are unable to increase adoption and use of its systems by physicians in other non-traditional specialties, our growth and prospects may be adversely affected.

Our success depends in part upon patient satisfaction with the effectiveness of our hair restoration systems.

In order to generate repeat and referral business, patients must be satisfied with the effectiveness of a hair restoration procedure using one of our hair restoration systems. If the ARTAS® System, ARTAS® iX System or NeoGraft® system procedure is not done correctly, and or the patient suffers from complications and other adverse effects, the patient may not be satisfied with the benefits of our hair restoration systems. Furthermore, if the transplanted hair follicles do not grow or survive the transplant, the patient will likely not view the procedure as having a satisfactory outcome. If patients are not satisfied with the aesthetic benefits of a hair restoration procedure using one of our systems or feel that it is too expensive for the results obtained, our reputation and future sales will suffer.

If there is not sufficient patient demand for our procedures, our financial results and future prospects will be negatively impacted.

Our procedures are elective aesthetic procedures, the cost of which must be borne by the patient and is not covered by or reimbursable through government or private health insurance. The decision to undergo one of our procedures is thus driven by patient demand, which may be influenced by a number of factors, such as:

- the success of our sales and marketing programs;
- the extent to which our physician customers recommend our procedures to their patients;
- the extent to which our procedures satisfy patient expectations;

- our ability to properly train our physician customers in the use of our systems so that their patients do not experience excessive discomfort during treatment or adverse side effects;
- the cost, safety, and effectiveness of our systems versus other aesthetic treatments;
- consumer sentiment about the benefits and risks of aesthetic procedures generally and our systems in particular;
- the success of any direct-to-consumer marketing efforts we may initiate; and
- general consumer confidence, which may be impacted by economic and political conditions outside of our control.

Our financial performance will be negatively impacted in the event we cannot generate significant patient demand for procedures performed with our systems.

We compete against companies that offer alternative solutions to our systems, or have greater resources, a larger installed base of customers and broader product offerings than we have. If we are not able to effectively compete with these companies and alternative solutions, our business may not continue to grow.

The medical technology and aesthetic product markets are highly competitive and dynamic and are characterized by rapid and substantial technological development and product innovation. Demand for our systems is impacted by the products and procedures offered by our competitors. Certain of our systems also compete against conventional non-energy-based treatments, such as Botox and collagen injections, chemical peels, and microdermabrasion. In the U.S., we compete against companies that have developed minimally invasive and non-invasive medical aesthetic procedures. Outside of the U.S., likely due to less stringent regulatory requirements, there are more aesthetic products and procedures available in international markets than are cleared for use in the U.S. Sometimes, there are also fewer limitations on the claims our competitors in international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we may face a greater number of competitors in markets outside of the U.S.

We also compete generally with medical technology and aesthetic companies, including those offering products and products unrelated to skin treatment. Recently, 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 our system prices. These consolidations have created combined entities with greater financial resources, deeper sales channels and greater pricing flexibility than ours. Rumored or actual consolidation of our competitors could cause uncertainty and disruption to our business. In the surgical hair restoration market, we consider our direct competition to be strip surgeries and FUE procedures using hand-held devices. Many of our surgical device and equipment competitors have greater capital resources, sales and marketing operations and service infrastructures than we do, as well as longer commercial histories and more extensive relationships with physicians. Strip surgery and some manual FUE procedures have a greater penetration into the hair restoration market. We face resistance from some established hair restoration practices in converting to ARTAS® procedures due to workflow and staffing changes required, even though we believe that staffing requirements are reduced with the adoption of ARTAS® procedures. Our indirect competition in the hair restoration market also includes non-surgical treatments for hair loss, such as prescription therapeutics, including Propecia, and non-prescription remedies, such as wigs, hair pieces and spray-on applications. Many of our competitors are larger, more experienced companies that have substantially greater resources and brand recognition than we do. Some of these companies have a broad range of product offerings, large direct sales forces and long-term customer relationships with the physicians we target, which could make our market penetration efforts more difficult. Competition in the medical technology and aesthetic hair restoration markets could result in price-cutting, reduced profit margins, and limited market share, any of which would harm our business, financial condition and results of operations.

The success of our subscription-based model depends on customer loyalty.

The success of our subscription-based model depends on customer loyalty. In order to generate recurring revenues and for customers to continue upgrading their technologies to our newest technologies, customers must believe that our systems and service offerings are superior to those of its competitors and enhance the physician's practices and business from a professional, financial and reputational vantage point. To the extent we fail to maintain ongoing relationships with our customers or our systems and service offerings do not satisfy its customers' needs, including their financial goals, our business will be adversely affected.

We may not be able to establish or strengthen our brand.

We believe that establishing and strengthening our brands is critical to achieving widespread acceptance of our systems, particularly because of the highly competitive nature of the market for aesthetic treatments and procedures. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide physicians with a reliable systems and services. Given the established nature of our competitors, it is likely that our future marketing efforts will require us to incur significant additional expenses. These brand promotion activities may not yield increased sales and, even if they do, any sales increases may not offset the expenses we incur to promote our brand. If we fail to successfully promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, systems may not achieve adequate acceptance by physicians, which would adversely affect our business, results of operations and financial condition.

The aesthetic equipment market is characterized by rapid innovation. To compete effectively, we must develop and/or acquire new products and services, seek regulatory clearance and maintain regulatory compliance, market new products successfully, and identify new markets for our technology.

The aesthetic energy-based treatment equipment and hair restoration markets are subject to continuous technological development and product innovation. If we do not continue to innovate and develop new products, services and applications, our competitive position will likely deteriorate as other companies successfully design and commercialize new products, applications and services or enhancements to current products. To continue to grow in the future, we must continue to develop and/or acquire new and innovative aesthetic and medical products, services and applications, identify new markets, and successfully launch any newly developed or acquired product offerings.

To successfully expand our product and service offerings, we must, among other things:

- develop or otherwise acquire new products that either add to, or significantly improve, our current product offerings;
- obtain regulatory clearance for and adhere to regulatory requirements relating to new products;
- convince existing and prospective customers that our product offerings are an attractive revenue-generating addition to their practice;
- sell our product offerings to a broad customer base;
- identify new markets and alternative applications for our technology;
- protect 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 our financial performance. To be successful in the medical aesthetics industry, we believe we need to continue to innovate. Our business strategy is based, in part, on our expectation that we will continue to increase or enhance our product offerings. We need to continue to devote substantial research and development resources to introduce new products, which can be costly and time-consuming to our organization.

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

While we attempt to protect our products through patents and other intellectual property, there are few barriers to entry that would prevent new entrants or existing competitors from developing products that compete directly with our systems. We expect that any competitive advantage we may enjoy from current and future innovations may diminish over time as certain of our intellectual property expires and as companies use or create intellectual property and related products that compete with our innovations. Consequently, we believe that we will have to continuously innovate and improve our products and technology to compete successfully. If we are unable to innovate successfully, our products could become obsolete and our revenue could decline as our customers and prospects purchase competing products.

We may be unsuccessful in penetrating certain international markets through majority-owned subsidiary arrangements with local partners.

We have established several majority-owned subsidiaries in international markets as part of our international growth strategy. Although we select our local partners based on demonstrated experience and expertise in the local aesthetic market, the nature of our arrangements with local partners requires us to share control with unaffiliated third parties. We may not be able to identify local partners with the requisite experience and expertise in their local markets or successfully negotiate an agreement with such local partners. Moreover, the ability of these subsidiaries to execute their business plans depends on the local partners to fulfill their obligations. If local partners fail to fulfill their obligations to our satisfaction, our financial results could be adversely affected or we may be required to increase our level of commitment to the subsidiary and dedicate additional resources. Although our agreements with our local partners generally allow us control over business operations, differences in views could also result in delayed execution of the subsidiary's business plan. If these differences cause a subsidiary to deviate from our business plans, our results of operations could be adversely affected.

We may be unsuccessful in expanding and managing our direct sales and marketing forces effectively.

We rely on our own direct sales force and in-house marketing organization to sell our systems and services in North America and in international markets, either through wholly-owned or majority-owned subsidiaries. In order to meet our anticipated sales objectives, we expect to continue to grow our global sales and marketing organization over the next several years. There are significant risks involved in building and managing a sales and marketing organization, including risks related to our ability to:

- hire qualified individuals as needed;
- generate sufficient leads within our target customer group for our sales force;
- provide adequate training for the effective sale and marketing of our systems and services;
- retain and motivate our direct sales and marketing professionals;
- effectively oversee geographically dispersed sales and marketing teams; and
- work successfully with local partners of our majority-owned subsidiaries.

Our failure to adequately address these risks could have a material adverse effect on our ability to increase sales and use of our systems and services, which would cause our revenues to be lower than expected and harm our results of operations. In addition, as we transition to direct sales in certain international markets, the transition may result in a slow-down of growth or even a reduction in sales in those markets during the transition process as our distributors anticipate losing the ability to sell our systems.

We depend on third-party distributors to market and sell our systems in certain markets.

In addition to a direct sales and marketing forces, we currently depend on third-party distributors to sell, market, and service our systems in certain markets outside of North America and to train our customers in these markets. For the years ended December 31, 2019 and 2018, we generated 6% and 5%, respectively, of our systems revenues from sales made through third-party distributors. Our agreements with third-party distributors generally set forth minimum quarterly purchase commitments required for each distributor and provide the distributor the exclusive right to distribute its systems within a designated territory. As we continue to expand into new markets outside of North America, we may need to engage additional third-party distributors which is subject to a number of risks, including:

- the lack of day-to-day control over the activities of third-party distributors;
- third-party distributors may not commit the necessary resources to market, sell, train, support and service our systems to the level of our expectations;

- third-party distributors may emphasize the sale of third-party products over our products;
- third-party distributors may not be as selective as we would be in choosing customers to purchase our systems or as effective in training physicians in marketing and patient selection;
- third-party distributors may violate applicable laws and regulations, which may expose us to potential liability or limit our ability to sell products in certain markets
- third-party distributors may terminate their arrangements with us on limited, or no, notice or may change the terms of these arrangements in a manner unfavorable to us; and
- disagreements with our distributors that could require or result in costly and time-consuming litigation or arbitration, which we could be required to conduct in jurisdictions in which we are not familiar with the governing law.

In addition, one of our strategic initiatives is to directly provide marketing personnel and resources for third-party distributors. If we fail to establish and maintain satisfactory relationships with our third-party distributors, our revenue and market share may not grow as anticipated, and we could be subject to unexpected costs which would harm our results of operations and financial condition.

Our expanded use of social media platforms presents new risks and challenges, which, if not managed properly, could have a material adverse effect on our business, financial condition and results of operations.

We have implemented a robust public relations outreach strategy that incorporates both digital media and top national media in the fashion and beauty industries. In addition, as part of our practice enhancing services, we provide customers with digital marketing services, including a social media strategy, to support the growth of their practices. Negative posts or comments about us or any of our brands on any social networking website could seriously damage our reputation. In addition, the inappropriate use of certain media vehicles could cause brand damage or information leakage or could lead to legal implications from the improper collection and/or dissemination of personally identifiable information.

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

Sales in markets outside of the U.S. accounted for approximately 57% of our revenue for the year ended December 31, 2019 and 55% of our revenue for the year ended December 31, 2018. As part of our growth strategy, we intend to expand the percentage of our business that comes from sales in markets outside of North America through increased penetration in countries where we currently market and sell our systems through our third-party distributor network and local partners, combined with expansion into new international markets. The majority of our research and development activities and the manufacture of our systems is located outside of the U.S. As a result of our international business, we are subject to a number of risks, including:

- difficulties in staffing and managing our international operations, including the sales offices of our subsidiaries;
- increased competition as a result of more products and procedures receiving regulatory approval or otherwise free to market in international markets;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- reduced or varied protection for intellectual property rights in some countries;
- import and export restrictions, trade regulations, and non-U.S. tax laws;
- fluctuations in currency exchange rates;
- foreign certification and regulatory clearance or approval requirements;
- difficulties in developing effective marketing campaigns in unfamiliar foreign countries;
- customs clearance and shipping delays;
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general and uncertainties related to the coronavirus;
- preference for locally manufactured products;
- potentially adverse tax consequences, including the complexities of foreign value-added tax systems, tax inefficiencies related to our corporate structure, and restrictions on the repatriation of earnings;
- the burdens of complying with a wide variety of foreign laws and different legal standards; and
- increased financial accounting and reporting burdens and complexities.

If one or more of these risks were realized, it could require us to dedicate significant financial and management resources, and our results of operations and financial condition could be adversely affected.

The success of our hair restoration business depends upon the success of the ARTAS® System and ARTAS® iX System, which has a limited commercial history. If we are unsuccessful in developing the market for robotic hair restoration or the market acceptance for the ARTAS® System and ARTAS® iX System fails to grow significantly, our business and future prospects will be negatively impacted.

We commenced commercial sales of the ARTAS® System for hair follicle dissection in the U.S. in 2011. Our success in the hair restoration market depends on the acceptance among physicians and patients of the ARTAS® and ARTAS® iX Systems as the preferred system for performing hair restoration surgery. Acceptance of the ARTAS® and ARTAS® iX Systems by physicians is significantly dependent on our ability to convince physicians of the benefits of the ARTAS® and ARTAS® iX Systems to their practices and, accordingly, develop the market for robotic-assisted hair restoration surgery. Acceptance of the ARTAS® procedure by patients is equally important as patient demand will influence physicians to offer the ARTAS® procedure, and the degree of market acceptance of the ARTAS® and ARTAS® iX Systems by physicians and patients is unproven. We believe that market acceptance of the ARTAS® and ARTAS® iX Systems will depend on many factors, including:

- the perceived advantages or disadvantages of the ARTAS® and ARTAS® iX Systems compared to other hair restoration products and treatments;
- the safety and efficacy of the ARTAS® and ARTAS® iX Systems relative to other hair restoration products and treatments;
- the price of the ARTAS® and ARTAS® iX Systems relative to other hair restoration products and treatments;
- our success in expanding and integrating our hair restoration sales and marketing organization;
- the effectiveness of our marketing, advertising, and commercialization initiatives;
- our success in adding new functionalities to the ARTAS® and ARTAS® iX Systems and enhancing existing functions; and
- our ability to obtain regulatory clearance to market the ARTAS® and ARTAS® iX Systems for additional treatment indications in the U.S.

Further, the ARTAS® iX System, which was launched in July 2018, includes our recently cleared robotic implantation functionality. As this functionality is relatively new, it is possible that it could include defaults, “bugs” or present other technical issues which could prompt potential physician customers to delay their purchase of the ARTAS® iX System or could prompt physicians that have purchased the ARTAS® iX System to either return or not utilize the system.

We cannot assure you that the ARTAS® System or ARTAS® iX System will achieve broad market acceptance among physicians and patients. Because we expect to derive a significant portion of our revenue in the hair restoration market from ARTAS® and ARTAS® iX Systems sales, servicing and procedure-based fees, any failure of this product to satisfy physician or patient demand or to achieve meaningful market acceptance will harm our business and future prospects.

Our inability to effectively compete with competitive hair restoration treatments or procedures may prevent us from achieving significant market penetration in the hair restoration market or improving our operating results.

We designed the ARTAS® System to assist physicians in performing follicular unit extraction surgery. Demand for the ARTAS® Systems and ARTAS® procedures could be limited by other products and technologies. Competition to address hair loss comes from various sources, including:

- therapeutic options including Rogaine, which is applied topically, and Propecia, which is ingested, both of which have been approved by FDA;
- non-surgical options, such as wigs, hair-loss concealer sprays and similar products; and

- other surgical alternatives, including hair transplantation surgery using the strip surgery method or using hand-held devices.

Surgical alternatives to the ARTAS® and ARTAS® iX Systems may be able to compete more effectively than the ARTAS® procedure in established practices with trained staff and workflows built around performing these surgical alternatives. Practices experienced in offering strip surgery or follicular unit extractions using hand-held devices may be reluctant to incorporate or convert their practices to offer ARTAS® procedures due to the effort involved to make such changes.

Many options may be able to provide satisfactory results for male hair loss, generally at a lower cost to the patient than the ARTAS® and ARTAS® iX Systems. As a result, if patients choose these competitive alternatives, our results of operation could be adversely affected.

While traditional hair transplantation surgery has been available for many years, the ARTAS® System has only been commercially available since 2011. As a result, we have a limited track record compared to traditional hair transplantation surgery and the safety and efficacy of the ARTAS® System is not yet supported by long-term clinical data, which could limit sales, and the ARTAS® System could prove to be less safe or effective than initially thought.

The ARTAS® System that we market in the U.S. is regulated as a medical device by the FDA and has received premarket clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act, or FDCA. In the 510(k) clearance process, before a device may be marketed, FDA must determine that a proposed device is "substantially equivalent" to a legally-marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a device that was legally marketed prior to May 28, 1976 (pre-amendments device), a device that was originally on the U.S. market pursuant to an approved premarket approval, or PMA, application and later down-classified, or a 510(k)-exempt device. This process is typically shorter and generally requires the submission of less supporting documentation than FDA's PMA process and does not always require long-term clinical studies.

Hair transplantation surgery has been a treatment option for hair restoration for many years, while we only began commercializing the ARTAS® System in 2011. Consequently, we lack the breadth of published long-term clinical data supporting the safety and efficacy of the ARTAS® System and the benefits it offers that might have been generated in connection with other hair restoration techniques. As a result, physicians may be slow to adopt the ARTAS® System, we may not have comparative data that our competitors have or are generating, and we may be subject to greater regulatory and product liability risks. Furthermore, future patient studies or clinical experience may indicate that treatment with the ARTAS® System does not improve patient outcomes compared to other hair restoration techniques. Such results would slow the adoption of the ARTAS® System by physicians, would significantly reduce our ability to achieve expected sales from this system.

We have limited complication or patient success rate data with respect to treatment using the ARTAS® System. If future patient studies or clinical testing do not support our belief that our system offers a more advantageous treatment for hair restoration, market acceptance of the ARTAS® System could fail to increase or could decrease and our business could be harmed. Moreover, if future results and experience indicate that our implant products cause unexpected or serious complications or other unforeseen negative effects, we could be subject to mandatory product recalls, suspension or withdrawal of FDA or other governmental clearance or approval or, CE Certificates of Conformity, significant legal liability or harm to our business reputation. Furthermore, if patients that receive traditional hair transplantation surgery, such as strip surgery, were to experience unexpected or serious complications or other unforeseen effects, the market for the ARTAS® System may be adversely affected, even if such effects are not applicable to the ARTAS® System.

If we choose to, or are required to, conduct additional studies, such studies or experience could slow the market adoption of the ARTAS® System by physicians, significantly reduce our ability to achieve expected revenue from this system.

One of our subsidiaries is the subject of an investigation by the People's Republic of China, or the PRC, State Administration for Market Regulation, or SAMR, regarding the potential misclassification of one product as a non-medical device. If this subsidiary is determined to have sold the Versa platform under an improper classification, the subsidiary could face material administrative penalties, including loss of future sales, corrective actions, disgorgement of profits and fines.

Our Chinese subsidiary, or Venus Concept China, imports and sells registered medical devices and unregistered non-medical devices in the PRC. One of its unregistered products has been the subject of inquiries from two district level branches of the SAMR, Xuhui MSA and Huangpu MSA, as to whether the product was properly sold as a non-medical device. In January 2019, Venus Concept China had applied to register a version of this non-medical device as a medical device with the National Medical Products Administration of PRC, or NMPA. On June 12, 2019, Venus Concept China was informed that Xuhui MSA had opened an administrative investigation case related to whether the device is an unregistered medical device, as a result of a complaint that Xuhui MSA received from a former distributor of Venus Concept China. Huangpu MSA notified Venus Concept China that it would be suspending its separate investigation against Venus Concept China, pending the results of the Xuhui MSA investigation. We and Venus Concept China have voluntarily stopped sales in China of this product. On December 11, 2019, Xuhui MSA informed Venus Concept China that a determination had been made by the Shanghai Medical Products Administration that Versa's IPL function should be administered as a Class II medical device. Xuhui MSA also suggested that Venus Concept China consider a voluntary recall of all Versa units sold in China. Venus Concept China is currently contemplating a recall plan. In late January 2020, Venus Concept China received a copy of the Shanghai Medical Products Administration's determination that because of the intended uses for Versa's IPL function comprise medical treatment functions such as "treatment of benign pigmented epidermis and skin lesions," Versa's IPL function should be administered as a Class II medical device. Venus Concept China has not yet received a notice of proposed penalty decision from Xuhui MSA. Venus Concept China has not yet received a determination from NMPA on its application for registering Versa's IPL function as a medical device. In addition to the product that is the subject of an administrative investigation, Venus Concept China also sells two other products in the PRC, which are not registered as medical devices with the NMPA. Venus Concept China may not be able to convince the relevant SAMR authorities that the product that is the subject of an administrative investigation was properly classified, or that any of its other products that might be the subject of future government investigations, is properly classified. If any of the products sold by us as unregistered products is ultimately determined to be a medical device, the registration process with the NMPA could be extensive and time-consuming, potentially resulting in Venus Concept China's inability to sell such products in the PRC for several years. Venus Concept China's prior sales of those products could also subject it to material administrative penalties if it is determined that the products were sold in the absence of necessary registrations with NMPA. These administrative penalties could include limitations on future sales, corrective actions, including product recalls, disgorgement of profits and fines, the future imposition of which could materially adversely affect our business, operations, financial condition and reputation in the market. Although the revenue generated from the product that is the subject of the investigation did not represent a material amount of our total revenues for the years ended December 31, 2019 or 2018, monetary penalties nonetheless could be material.

We are the subject of purported class action lawsuits, and additional litigation may be brought against us in the future.

Between May 23, 2018 and June 11, 2019, four putative shareholder class actions complaints were filed against us, certain of our former officers and directors, certain of our venture capital investors, and the underwriters of our IPO. Two of these complaints, Wong v. Restoration Robotics, Inc., et al., No. 18CIV02609, and Li v. Restoration Robotics, Inc., et al., No. 19CIV08173 (together, the "State Actions"), were filed in the Superior Court of the State of California, County of San Mateo, and assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, or the Securities Act. The other two complaints, Guerrini v. Restoration Robotics, Inc., et al., No. 5:18-cv-03712-EJD and Yzeiraj v. Restoration Robotics, Inc., et al., No. 5:18-cv-03883-BLF (together, the "Federal Actions"), were filed in the United States District Court for the Northern District of California, and assert claims under Sections 11 and 15 of the Securities Act. The complaints all allege, among other things, that our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaints seek unspecified monetary damages, other equitable relief and attorneys' fees and costs.

In the State Actions, we, along with the other defendants, successfully demurred to the initial Wong complaint for failure to state a claim, and secured a stay of both cases based on the forum selection clause contained in our Amended and Restated Certificate of Incorporation, which designates the federal district courts as the exclusive forums for claims arising under the Securities Act. However, on December 19, 2018, the Delaware Court of Chancery in Sciabacucchi v. Salzberg held that exclusive federal forum provisions are invalid under Delaware law. Based on this ruling, the San Mateo Superior Court lifted its stay of State Actions on December 10, 2019. On January 17, 2020, Plaintiffs in the State Actions filed a consolidated amended complaint for violations of federal securities laws, alleging again that, among other things, our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaint seeks unspecified monetary damages, other equitable relief and attorneys' fees and costs. On February 24, 2020, we demurred to the consolidated amended complaint for failure to state a claim. A hearing on our demurrer is currently scheduled for May 8, 2020. On March 18, 2020, the Delaware Supreme Court reversed the Chancery Court's decision in Sciabacucchi v. Salzberg and held that exclusive federal forum provisions are valid under Delaware law. The Company intends to seek appropriate relief based on the Sciabacucchi decision.

In the Federal Actions, which have been consolidated under the caption In re Restoration Robotics, Inc. Securities Litigation, Case No. 5:18-cv-03712-EJD, Lead Plaintiff Eduardo Guerrini filed his consolidated amended complaint for violations of federal securities laws on November 30, 2018. The consolidated amended complaint alleges again that, among other things, our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. On January 29, 2019, we, along with certain of our former officers and directors, filed a motion to dismiss the consolidated amended complaint for failure to state a claim. On October 18, 2019, the District Court granted our motion to dismiss as to all but two allegedly false or misleading statements contained in our Prospectus. On December 9, 2019, we filed our answer to the consolidated amended complaint denying the falsity of these statements, and discovery is underway.

In addition to the State and Federal Actions, on July 11, 2019, a verified shareholder derivative complaint was filed in the United States District Court for the Northern District of California, captioned Mason v. Rhodes, No. 5:19-cv-03997-NC. The complaint alleges that certain of our former officers and directors breached their fiduciary duties, have been unjustly enriched and violated Section 14(a) of the Securities Exchange Act of 1934, or the Exchange Act, in connection with our IPO and our 2018 proxy statement. The complaint seeks unspecified damages, declaratory relief, other equitable relief and attorneys' fees and costs. On August 21, 2019, the District Court granted the parties' joint stipulation to stay the Mason action during the pendency of the Federal Actions, and the case remains stayed.

In addition to the actions described above relating to our IPO, two lawsuits purporting to challenge disclosures made in connection with our merger have also been filed. The first, captioned Bushansky v. Restoration Robotics, Inc., et al., No. 5:19-cv-06004-MMC, alleged, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleged that the proxy statement filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger omitted or misrepresented material information. The complaint sought, among other things, injunctive relief, unspecified damages, and attorneys' fees and costs. On November 6, 2019, the plaintiff voluntarily dismissed the Bushansky action with prejudice as to his individual claims and without prejudice as to the claims of the putative class.

The second, a putative shareholder class action complaint captioned Pak v. Restoration Robotics, Inc., et al., No. 1:19-cv-02237, was filed in the United States District Court for the District of Delaware on December 6, 2019. The complaint alleges, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleges that the proxy statement filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger contained false or misleading information. The complaint seeks, among other things, compensatory and/or rescissory damages, and attorneys' fees and costs. On February 26, 2020, the District Court appointed Joon Pak as Lead Plaintiff in the Pak action, and approved his selection of Lead Counsel.

While we believe these claims to be without merit, we cannot assure you that additional claims alleging the same or similar facts will not be filed. Any litigation could result in substantial costs and a diversion of management's attention and resources.

We rely on a limited number of third-party contract manufacturers for the production of our systems and only have contracts with certain suppliers for the components used in our systems. The failure of these third parties to perform could adversely affect our ability to meet demand for our systems in a timely and cost effective manner.

We rely on third-party contract manufacturers in Karmiel, Israel, Nazareth, Israel, Mazet, France, Weston, Florida and San Jose, California for the manufacture of the majority of our systems. Other than with respect to the ARTAS® iX System, the majority of the components used in our systems are available off the shelf and we do not rely on any single supplier, and as a result we do not have any long-term supply agreements for these components. Our reliance on third-party contract manufacturers and suppliers involves a number of risks, including, among other things:

- contract manufacturers or suppliers may fail to comply with regulatory requirements or make errors in manufacturing that could negatively affect the efficacy or safety of our systems or cause delays in shipments of our systems;
- we or our contract manufacturers or suppliers may not be able to respond to unanticipated changes in customer orders, and if orders do not match forecasts, we or our contract manufactures may have excess or inadequate inventory of materials and components;
- we or our contract manufacturers and suppliers may be subject to price fluctuations due to a lack of long-term supply arrangements for key components;
- we or our contract manufacturers and suppliers may lose access to critical services and components, resulting in an interruption in the manufacture, assembly and shipment of its systems;
- we may experience delays in delivery by our contract manufacturers and suppliers due to changes in demand from us or their other customers;
- fluctuations in demand for systems that our contract manufacturers and suppliers manufacture for others may affect their ability or willingness to deliver components to us in a timely manner;
- our suppliers or those of our contract manufacturers may wish to discontinue supplying components or services to us for risk management reasons;
- we may not be able to find new or alternative components or reconfigure our system and manufacturing processes in a timely manner if the necessary components become unavailable; and

- our contract manufacturers and suppliers may encounter financial hardships unrelated to our demand, which could inhibit their ability to fulfill its orders and meet our requirements.

If any of these risks materialize, they could significantly increase our costs and effect our ability to meet demand for our systems. If we are unable to satisfy commercial demand for our systems in a timely manner, our ability to generate revenue would be impaired, market acceptance of our systems and our reputation could be adversely affected, and customers may instead purchase or use our competitors' products. In addition, we could be forced to secure new or alternative contract manufacturers or suppliers. Securing a replacement contract manufacturer or supplier could be difficult. The introduction of new or alternative manufacturers or suppliers also may require design changes to our medical device products that are subject to FDA and other regulatory clearances or approvals, or a new or revised CE Certificate of Conformity. We may also be required to assess the new manufacturer's compliance with all applicable regulations and guidelines, which could further impede our ability to manufacture our systems in a timely manner. As a result, we could incur increased production costs, experience delays in deliveries of our systems, suffer damage to our reputation, and experience an adverse effect on our business and financial results.

We rely on a single third-party manufacturer for the manufacturing of the reusable procedure kits, disposable procedure kits and spare procedures kits used with the ARTAS® System and the ARTAS® iX System.

NPI Solutions, Inc., or NPI, produces reusable procedure kits, disposable procedure kits and spare kits used with the ARTAS® System and ARTAS® iX System. If the operations of NPI are interrupted or if it is unable or unwilling to meet our delivery requirements due to capacity limitations or other constraints, we may be limited in our ability to fulfill new customer kit orders required for use with the existing ARTAS® System and ARTAS® iX System. Any change to another contract manufacturer would likely entail significant delay, require us to devote substantial time and resources, and could involve a period in which our products could not be produced in a timely or consistently high-quality manner, any of which could harm our reputation and results of operations.

We have a manufacturing agreement for consumables with NPI for the supply of consumable products, including reusable procedure kits, disposable procedure kits and spare procedure kits used with the ARTAS® System and ARTAS® iX System, pursuant to both of which we make purchases on a purchase order basis. The agreement is effective for an initial term of two years and will continue to automatically renew for additional twelve-month periods, subject to either party's right to terminate the agreement upon 180 days advance notice during the initial term if our quarterly forecasted demand falls below 75% of our historical forecasted demand for the same period in the previous year or upon 120 days' advance notice after the initial term.

In addition, our reliance on NPI involves a number of other risks, including, among other things, that:

- our various procedure kits may not be manufactured in accordance with agreed upon specifications or in compliance with regulatory requirements, or its manufacturing facilities may not be able to maintain compliance with regulatory requirements, which could negatively affect the safety or efficacy of our procedure kits, cause delays in shipments of our procedure kits, or require us to recall procedure kits previously delivered to customers or subject us to enforcement actions by regulatory agencies;
- we may not be able to timely respond to unanticipated changes in customer orders, and if orders do not match forecasts, we may have excess or inadequate inventory of materials and components;
- we may be subject to price fluctuations when a supply contract is renegotiated or if our existing contract is not renewed;
- NPI may wish to discontinue manufacturing and supplying products to us for risk management reasons; and
- NPI may encounter financial or other hardships unrelated to our demand for products, which could inhibit its ability to fulfill our orders and meet our requirements.

If any of these risks materialize, it could significantly increase our costs, our ability to generate net sales would be impaired, market acceptance of our products could be adversely affected, and customers may instead purchase or use our competitors' products, which could have a materially adverse effect on our business, financial condition and results of operations.

Furthermore, if we are required to change the manufacturing of our various procedure kits, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality and applicable regulatory requirements, which could further impede our ability to manufacture the procedure kits in a timely manner. Transitioning to a new supplier could be time-consuming and expensive, may result in interruptions in our operations and product delivery. The occurrence of these events could harm our ability to meet the demand for our products in a timely or cost-effective manner.

We cannot assure you that we will be able to secure alternative equipment and materials and utilize such equipment and materials without experiencing interruptions in our workflow. If we should encounter delays or difficulties in securing, reconfiguring or revalidating the equipment and components we require for the ARTAS® System and ARTAS® iX System, including the related consumables, our reputation, business, financial condition and results of operations could be negatively affected.

If NPI is unable to manufacture the reusable procedure kits, disposable procedure kits and spare procedures kits used with the ARTAS® System and the ARTAS® iX System in high-quality commercial quantities successfully and consistently to meet demand, our growth in the hair restoration market may be limited.

To manufacture our reusable procedure kits, disposable procedure kits and spare procedure kits in the quantities that we believe will be required to meet anticipated market demand, NPI will need to increase manufacturing capacity, which will involve significant challenges. In addition, the development of commercial-scale manufacturing capabilities will require us and NPI to invest substantial additional funds and hire and retain the technical personnel who have the necessary manufacturing experience. Neither we nor NPI may successfully complete any required increase to existing manufacturing processes in a timely manner, or at all.

If NPI is unable to produce the reusable procedure kits, disposable procedure kits and spare kits in sufficient quantities to meet anticipated customer demand, our revenue, business, and financial prospects would be harmed. The limited experience NPI has in producing larger quantities of the procedure kits may also result in quality issues, and possibly result in product recalls. Manufacturing delays related to quality control could harm our reputation and decrease our revenue. Any recall could be expensive and generate negative publicity, which could impair our ability to market the ARTAS® System and the ARTAS® iX System and procedures and negatively affect our results of operations.

If we are unable to manufacture our next generation ARTAS® System, called the ARTAS® iX System in high-quality commercial quantities successfully and consistently to meet demand, our penetration of the hair restoration market will be limited, and our reputation could be harmed.

To manufacture our ARTAS® iX System in the quantities that we believe will be required to meet anticipated market demand, we will need to develop and maintain sufficient manufacturing capacity, which will involve significant challenges. Historically, we have not manufactured any of our other ARTAS® System products in-house or without the contract manufacturer involvement. We have been manufacturing the ARTAS® iX System without a third-party contract manufacturer's involvement for over 18 months. The continuous development of commercial-scale manufacturing capabilities will require us (or our contract manufacturer for ARTAS® iX System, if we decide to utilize one on a long-term basis) to invest substantial additional funds and hire and retain the technical personnel who have the necessary manufacturing experience. We also may become subject to additional, onerous regulatory requirements from the U.S. regulatory agencies as well as foreign regulatory agencies. Neither we nor a third-party manufacturer, if one is utilized, may successfully complete any required increase to existing manufacturing processes in a timely manner, or at all.

If we or a contract manufacturer, if one is utilized, are unable to produce the ARTAS® iX System in sufficient quantities to meet anticipated customer demand, our revenue, business, financial prospects, and reputation would be harmed. The limited experience we have or a third-party manufacturer may have, if one is utilized, in producing the ARTAS® iX System may also result in quality issues, and possibly result in product recalls. Manufacturing delays related to quality control could harm our reputation and decrease our revenue. Any recall could be expensive and generate negative publicity, which could impair our ability to market the ARTAS® iX System and procedures and further affect our results of operations.

Both our manufacturing of certain of our systems and NPI's manufacturing of the ARTAS procedure kits are dependent upon third-party suppliers and, in some cases, sole suppliers, for the majority of our components, subassemblies and materials, making us vulnerable to supply shortages and price fluctuations, which could harm our business.

We and NPI, as the case may be, rely on several sole source suppliers, including Kuka Robotics, Inc., FLIR Integrated Imaging Solutions Inc. and 3D-CAM International Corporation, for certain components of the ARTAS® iX System, reusable procedure kits, disposable procedure kits and spare procedure kits. We also rely on other suppliers for some of the components used to manufacture our other devices. These suppliers may be unwilling or unable to supply components of these systems to us or NPI reliably and at the levels we anticipate or require to meet demand for our products. For us to be successful, our suppliers must be able to provide products and components in substantial quantities, in compliance with regulatory requirements, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. An interruption in our commercial operations could occur if we encounter delays or difficulties in securing these components, and if we cannot then obtain an acceptable substitute. We source a number of components used in the manufacture of our systems from China; the severity of the coronavirus outbreak could make access to our existing supply chain difficult or impossible and could materially impact our business, and any disruption in the chain of supply may result in manufacturing delays and inventory shortages. If we are required to transition to new third-party suppliers for certain components of our systems or our ARTAS procedure kits, we believe that there are only a few such suppliers that can supply the necessary components. A supply interruption, price fluctuation or an increase in demand beyond our current suppliers' capabilities could harm our ability to manufacture our systems and NPI's ability to manufacture our ARTAS procedure kits until new sources of supply are identified and qualified. In addition, the use of components or materials furnished by these alternative suppliers could require us to alter our operations.

Our reliance on these suppliers subjects us to a number of risks that could harm our reputation, business, and financial condition, including, among other things:

- 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;
- a lack of long-term supply arrangements for key components with our suppliers;
- inability to obtain adequate supply in a timely manner, or to obtain adequate supply on commercially reasonable terms;
- difficulty and cost associated with locating and qualifying alternative suppliers for our components in a timely manner;
- production delays related to the evaluation and testing of products from alternative suppliers, and corresponding regulatory qualifications;
- delay in delivery due to our suppliers prioritizing other customer orders over ours;
- damage to our reputation caused by defective components produced by our suppliers;
- increased cost of our warranty program due to product repair or replacement based upon defects in components produced by our suppliers; and
- fluctuations in delivery by our suppliers due to changes in demand from us or their other customers.

Where practicable, we are seeking, or intending to seek, second-source manufacturers for certain of our components. However, we cannot provide assurance that we will be successful in establishing second-source manufacturers or that the second-source manufacturers will be able to satisfy commercial demand for our systems.

If any of these risks materialize, costs could significantly increase and our ability to meet demand for our products could be impacted. If we are unable to satisfy commercial demand for our systems in a timely manner, our ability to generate revenue from these systems would be impaired.

We forecast sales to determine requirements for components and materials used in our systems and if our forecasts are incorrect, we may experience delays in shipments or increased inventory costs.

We keep limited materials, components and finished products on hand. To manage our operations, with third-party contract manufacturers and suppliers, we forecast anticipated system orders and material requirements to predict our inventory needs and enter into purchase orders on the basis of these requirements. Several components of our systems require significant order lead time. As our business continues to expand and if our needs for components and materials increases beyond our estimates, our manufacturers and suppliers may be unable to meet our demand. In addition, if we underestimate our component and material requirements, we may have inadequate inventory, which could interrupt, delay, or prevent delivery of our systems. In contrast, if we overestimate our requirements, we may have excess inventory, which would increase use of our working capital. Any of these occurrences would negatively affect our financial condition and the level of satisfaction our customers have with our business.

Although we actively train our customers on the use of our systems and post-treatment care, misuse by the operator of our systems may result in adverse results and may subject us to liability or otherwise harm our reputation and our business.

We and our independent distributors market and sell our systems to physicians. In the U.S. and certain international markets, subject to local regulations, physician customers can generally allow nurse practitioners, technicians and other non-physicians to perform aesthetic procedures using our systems under their direct supervision. Although we and our distributors provide training on the use of our systems as well as the proper post-treatment care, we do not supervise the procedures performed with our systems, nor can we be certain that physicians are directly supervising procedures according to our recommendations. The potential misuse of our systems or failing to adhere to operating guidelines can cause skin damage and underlying tissue damage, which could harm the reputation of our systems and expose us to costly product liability litigation. In addition, patients may not comply with post-treatment guidelines, which could also lead to adverse results and subject us to liability.

We and our distributors offer system training sessions, but neither we nor our distributors require purchasers or operators of our systems to attend training sessions. The lack of required training for operators of our systems and the use of our systems by non-physicians may result in product misuse and adverse treatment outcomes, which could harm our reputation and expose us to costly product liability litigation.

Product liability suits could be brought against us for defective design, labeling, material, workmanship, or software or misuse of our systems, and could result in expensive and time-consuming litigation, payment of substantial damages, an increase in our insurance rates and substantial harm to our reputation.

If our systems are defectively designed, manufactured, or labeled, contain defective components or software, or are misused, we may become subject to substantial and costly litigation by our customers or their patients. For example, if a patient is injured or suffers unanticipated adverse events after undergoing a procedure using one of our systems, or if system operating guidelines are found to be inadequate, we may be subject to product liability claims. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, product liability claims may result in:

- decreased demand for our systems, or any future systems or services;
- damage to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management’s time and our resources;
- substantial monetary awards to customers, patients or clinical trial participants;
- regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize future products.

We currently have product liability insurance, but any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient funds to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses.

Third parties may attempt to reverse engineer or produce counterfeit versions of our systems which may negatively affect our reputation, or harm patients and subject us to product liability claims.

Third parties have sought in the past, and in the future may seek, to reverse engineer or develop counterfeit products that are substantially similar or compatible with our systems and available to practitioners at lower prices than our own. Practitioners may be able to make unauthorized use of our systems' technology. In addition, if copies of products that have been reverse engineered or counterfeit products are used with or in place of our own, we could be subject to product liability claims resulting from the use of damaged or defective goods and suffer damage to our reputation.

Security breaches and other disruptions could compromise our information and expose us to liability.

In the ordinary course of our business and to the extent necessary, we rely on software to control the ongoing use of our systems, collect and aggregate diagnostic data, and collect and store sensitive data, including intellectual property and proprietary business information, and certain personally identifiable information of customers, distributors, consultants and employees in our data centers and on our networks. The secure processing, maintenance, and transmission of this information is important to our operations and business strategy. We have established physical, electronic, and policy measures to secure our systems in an attempt to prevent a system breach and the theft of data we collect, and we rely on commercially available systems, software, tools, and monitoring in our effort to provide security for our information technology systems and the digital information we collect, process, transmit and store. The third-party providers of such information technology systems and related infrastructure may have or may obtain access to our systems and data within them. Despite our security measures, our information technology systems and related infrastructure, and those of our current and any future collaborators, contractors and consultants and other third parties on which we rely, may be vulnerable to attacks by computer viruses, malware, hackers or breaches due to malfeasance, employee or contractor error, telecommunication or electrical failures, terrorism or other created or natural disasters. The risk of a cyber-attack or cyber intrusion by computer hackers from around the world, including those from foreign governments and terrorists, has greatly increased in number, intensity and sophistication. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. Moreover, if a computer security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media or individuals pursuant to various federal and state privacy and security laws, if applicable, including the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Clinical Health Act of 2009, or HITECH, and its implementing rules and regulations, as well as regulations promulgated by the Federal Trade Commission and state breach notification laws, or the laws or one or more foreign jurisdictions including the European Union's, or the EU, the General Data Protection Regulation 2016/679, or GDPR. We could also be exposed to a risk of loss or litigation and potential liability, which could materially adversely affect our business, results of operations and financial condition.

The clinical trial process required to obtain regulatory clearances or approvals is lengthy and expensive with uncertain outcomes and could result in delays in new product introductions.

In order to obtain 510(k) clearance for certain of our systems, including the ARTAS® System, we were required to conduct clinical trials, and we expect to conduct clinical trials in support of marketing authorization for future products and product enhancements. Conducting clinical trials is a complex and expensive process, can take many years, and outcomes are inherently uncertain. We may suffer significant setbacks in clinical trials, even after earlier clinical trials showed promising results, and failure can occur at any time during the clinical trial process. Any of our products may malfunction or may produce undesirable adverse effects that could cause us or regulatory authorities to interrupt, delay or halt clinical trials. We, FDA, or another regulatory authority may suspend or terminate clinical trials at any time to avoid exposing trial participants to unacceptable health risks.

Successful results of pre-clinical studies are not necessarily indicative of future clinical trial results, and predecessor clinical trial results may not be replicated in subsequent clinical trials. Additionally, FDA may disagree with our interpretation of the data from our pre-clinical studies and clinical trials, or may find the clinical trial design, conduct or results inadequate to prove safety or efficacy, and may require us to pursue additional pre-clinical studies or clinical trials, which could further delay the clearance or approval of our products. The data we collect from our pre-clinical studies and clinical trials may not be sufficient to support FDA clearance or approval, and if we are unable to demonstrate the safety and efficacy of our future products in our clinical trials, we will be unable to obtain regulatory clearance or approval to market our products.

In addition, we may estimate and publicly announce the anticipated timing of the accomplishment of various clinical, regulatory and other product development goals, which are often referred to as milestones. These milestones could include the obtainment of the right to affix the CE Mark in the European Union; the submission to FDA of an investigational device exemption, or IDE, application to commence a pivotal clinical trial for a new product; the enrollment of patients in clinical trials; the release of data from clinical trials; and other clinical and regulatory events. The actual timing of these milestones could vary dramatically compared to our estimates, in some cases for reasons beyond our control. We cannot assure you that we will meet our projected milestones and if we do not meet these milestones as publicly announced, the commercialization of our products may be delayed and, as a result, our stock price may decline.

Delays in the commencement or completion of clinical testing could significantly affect our product development costs. We do not know whether planned clinical trials will begin on time, need to be redesigned, enroll an adequate number of patients in a timely manner or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed or terminated for a number of reasons, including delays or failures related to:

- FDA or comparable foreign regulatory authorities disagreeing as to the design or implementation of our clinical studies;
- obtaining regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective clinical research organizations, or CROs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- manufacturing sufficient quantities of a product for use in clinical trials;
- obtaining institutional review board, or IRB, or ethics committees' approval to conduct a clinical trial at each prospective site;
- recruiting and enrolling patients and maintaining their participation in clinical trials;
- having clinical sites observe trial protocol or continue to participate in a trial;
- addressing any patient safety concerns that arise during the course of a clinical trial;
- addressing any conflicts with new or existing laws or regulations; and
- adding a sufficient number of clinical trial sites.

Patient enrollment in clinical trials and completion of patient follow-up depend on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the eligibility criteria for the clinical trial, patient compliance, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new treatments that may be cleared or approved for the indications we are investigating. For example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and efficacy of a product, or they may be persuaded to participate in contemporaneous clinical trials of a competitor's product. In addition, patients participating in our clinical trials may drop out before completion of the trial or suffer adverse medical events unrelated to our products. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may delay commencement or completion of the clinical trial, cause an increase in the costs of the clinical trial and delays, or result in the failure of the clinical trial.

We could also encounter delays if FDA concluded that our financial relationships with our principal investigators resulted in a perceived or actual conflict of interest that may have affected the interpretation of a study, the integrity of the data generated at the applicable clinical trial site or the utility of the clinical trial itself. Principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive cash compensation and/or stock options in connection with such services. If these relationships and any related compensation to or ownership interest by the clinical investigator carrying out the study result in perceived or actual conflicts of interest, or FDA concludes that the financial relationship may have affected interpretation of the study, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection of our marketing application by FDA. Any such delay or rejection could prevent us from commercializing any of our products in development.

Furthermore, clinical trials may also be delayed because of ambiguous or negative interim results. In addition, a clinical trial may be suspended or terminated by us, FDA, the IRB overseeing the clinical trial at issue, the Data Safety Monitoring Board for such trial, any of our clinical trial sites with respect to that site, or other regulatory authorities due to several factors, including:

- failure to conduct the clinical trial in accordance with applicable regulatory requirements or our clinical protocols;
- inspection of the clinical trial operations or trial sites by FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- inability of a clinical investigator or clinical trial site to continue to participate in the clinical trial;
- unforeseen safety issues or adverse side effects;
- failure to demonstrate a benefit from using the product; and
- lack of adequate funding to continue the clinical trial.

Additionally, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of, or if we terminate, any of our clinical trials, the commercial prospects for our products may be harmed and our ability to generate product revenue from these products will be delayed or not realized at all. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may significantly harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of a clinical trial may also ultimately lead to the denial of regulatory approval of the subject product.

We have increased the size of our company significantly over a short period, and difficulties managing our continued growth could adversely affect our business, operating results, and financial condition.

We have increased our head count from a few employees in 2009 to 525 employees as of December 31, 2019, which includes employees of Restoration Robotics. This growth has placed, and may continue to place, a strain on our management and administrative, operational and financial infrastructure. Our ability to manage our operations and growth requires the continued improvement of our operational, financial and management controls and reporting systems and procedures. If we are unable to manage our growth effectively or if we are unable to attract, incentivize and integrate additional highly qualified personnel, our business, operating results, and financial condition may be harmed.

We depend on skilled and experienced personnel to operate our business effectively. If we are unable to recruit, hire, and retain these employees, our ability to manage and expand our business will be hampered, which could negatively affect our future revenue and profitability.

We are highly dependent on the skills, experience, and efforts of our executive officers and other key employees. Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, sales and marketing, product development and other personnel. The loss of services of any of these individuals could delay or prevent enhancement of the execution of our business and the development of future products and services. Although we have entered into employment agreements with certain members of our senior management team, these agreements do not provide for a fixed term of service.

Competition for qualified personnel in the medical device field is intense due to the limited number of individuals who possess the skills and experience required by the industry. Our ability to retain skilled employees and our success in attracting and hiring new skilled employees will be a critical factor in determining whether we will be successful in the future. We will face significant challenges and risks in hiring, training, managing, and retaining sales and marketing, product development, financial reporting, and regulatory compliance employees, many of whom may be geographically dispersed. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or that they have divulged proprietary or other confidential information, or that their former employers own their research output. The failure to attract and retain personnel, particularly sales and marketing and product development personnel, could materially harm our ability to compete effectively and grow our business.

We incur significant costs because of operating as a public company, and our management devotes substantial time to new compliance initiatives.

We incur significant legal, accounting and other expenses as a public company, including costs resulting from public company reporting obligations under the Exchange Act and regulations regarding corporate governance practices. The listing requirements of the Nasdaq Global Market and the rules of the Securities and Exchange Commission, or the SEC, require that we satisfy certain corporate governance requirements relating to director independence, filing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costlier. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

We have identified material weaknesses in our internal control over financial reporting and if we fail to remediate these weaknesses and maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of the Company.

Prior to the Merger, Venus Concept Ltd. was a private company. The Merger has been accounted for as a reverse acquisition with Venus Concept Ltd. as the acquiring company for accounting purposes, and the Company as the legal acquirer. As a result, upon consummation of the Merger, the historical financial statements of Venus Concept Ltd. became the historical financial statements of the combined organization. As a private company, Venus Concept Ltd. has not historically prepared public company level financial statements. In connection with our preparation and the audit of our consolidated financial statements as of and for the years ended December 31, 2018 and 2017, we identified several material weaknesses as defined under the Exchange Act and by the Public Company Accounting Oversight Board (United States) in our internal control over financial reporting. 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 consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses that were identified are as follows:

- We did not have in place an effective control environment with formal processes and procedures and an adequate number of accounting personnel with the appropriate technical training in, and experience with, U.S. GAAP to allow for a detailed review of accounting transactions that would identify errors in a timely manner.
- Given the growth of our company, we had not implemented centralized procedures or a technology solution that would ensure appropriate lessor accounting processes and enable the accurate and timely preparation of financial statements.
- We did not design or maintain effective controls over the financial statement close and reporting process in order to ensure the accurate and timely preparation of consolidated financial statements in accordance with U.S. GAAP.

To remediate the material weaknesses associated with lack of effective controls over the financial statement close and reporting process, as well as lack of an effective control environment with formal processes and procedures, described above, and to prevent similar deficiencies in the future, we added additional controls and procedures in 2019. As of December 31, 2019, these material weaknesses were fully remediated.

However, as of December 31, 2019, we have not yet implemented centralized procedures or a technology solution that would ensure appropriate lessor accounting processes and enable the accurate and timely preparation of consolidated financial statements. We plan to establish adequate centralized procedures related to lessor accounting processes in 2020, and as a result, we concluded that the material weakness associated with lessor accounting processes had not been remediated at December 31, 2019. Due to the material weakness in internal control over financial reporting associated with the lessor accounting processes automation our management concluded that our internal control over financial reporting was not effective as of December 31, 2019.

The remediation measures we have taken and will need to take have been and may be time consuming, costly, and might place significant demands on our financial and operational resources. The material weaknesses associated with the lessor accounting processes automation will not be remediated until the necessary controls have been implemented and are operating effectively. We do not know the specific time frame needed to fully remediate this material weakness.

Implementing any appropriate changes to our internal controls and continuing to update and maintain internal controls may distract our officers and employees, entail substantial costs to implement new processes and modify our existing processes and take significant time to complete. If we fail to enhance our internal control over financial reporting to meet the demands that are placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to report our financial results accurately, which could increase operating costs and harm our business, including investors' perception of our business. The actions we plan to take are subject to continued management review supported by confirmation and testing, as well as audit committee oversight. While we expect to fully remediate the material weakness associated with the lease accounting process automation, we cannot assure you that we will be able to do so in a timely manner, which could impair our ability to report our financial results.

We or the third parties upon whom we depend may be adversely affected by earthquakes or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Some of our facilities are located in San Jose, California, which in the past has experienced both severe earthquakes and floods. We do not carry earthquake or flood insurance. Earthquakes or other natural disasters could severely disrupt our operations, and have a material adverse effect on our business, results of operations, financial condition and prospects.

If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of these facilities, that damaged critical infrastructure, such as our manufacturing resource planning for the ARTAS® System and enterprise quality systems, or that otherwise disrupted operations, it may be difficult for us to achieve our growth strategy for our hair restoration business. The disaster recovery and business continuity plan we have in place are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses because of the limited nature of our disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake or flood insurance, could have a material adverse effect on our business.

Furthermore, integral parties in our supply chain are similarly vulnerable to natural disasters or other sudden, unforeseen and severe adverse events. If such an event were to affect our supply chain, it could have a material adverse effect on our business.

We may not be able to enforce in all of the jurisdictions in which we have employees covenants not to compete and therefore may be unable to prevent our competitors from benefiting from expertise of some of our former employees.

We currently have non-competition agreements with a majority of our employees. These agreements prohibit these employees, if they cease working for us, from directly competing with us or working for our competitors. We may not be able to enforce in all of the jurisdictions in which we have employee covenants not to compete and therefore may be unable to prevent our competitors from benefiting from expertise of some of our former employees.

Our employees and independent contractors, including consultants, manufacturers, distributors, commercial collaborators, service providers and other vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have an adverse effect on our results of operations.

We are exposed to the risk that our employees and independent contractors, including consultants, manufacturers, distributors, commercial collaborators, service providers and other vendors may engage in misconduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or other unauthorized activities that violate the laws and regulations of FDA and other similar regulatory bodies, including those laws that require the reporting of true, complete and accurate information to such regulatory bodies; manufacturing standards; U.S. federal and state healthcare fraud and abuse, data privacy laws and other similar non-U.S. laws; or laws that require the true, complete and accurate reporting of financial information or data. Activities subject to these laws also involve the improper use or misrepresentation of information obtained in the course of clinical trials, the creation of fraudulent data in our nonclinical studies or clinical trials, or illegal misappropriation of product, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third-parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and financial results, including, without limitation, the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgements, individual imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

We may seek to acquire companies or technologies, which could disrupt our ongoing business, divert the attention of our management and employees and adversely affect our results of operations.

We may, from time to time, evaluate potential strategic acquisitions of other complementary businesses, products or technologies, as well as consider joint ventures and other collaborative projects. We may not be able to identify suitable future acquisition candidates, consummate acquisitions on favorable terms or complete otherwise favorable acquisitions because of antitrust or other regulatory concerns. We cannot be certain that the acquisition of the NeoGraft® business we completed in 2018 or our business combination with Venus Concept Ltd., which closed on November 7, 2019, or any future acquisitions that we may make, will enhance our business or strengthen our competitive position. In particular, we may encounter difficulties assimilating or integrating the acquired businesses, technologies, products, personnel or operations of the acquired companies, and in retaining and motivating key personnel from these businesses. The integration of these businesses may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from this integration and these benefits may not be achieved within a reasonable period of time.

Risks Related to Intellectual Property

If we are unable to obtain, maintain, retain and enforce adequate intellectual property rights covering our products and any future products we develop, others may be able to make, use, or sell products that are substantially the same as our, which could adversely affect our ability to compete in the market.

Our commercial success is dependent in part on obtaining, maintaining, retaining and enforcing our intellectual property rights, including our patents and the patents we exclusively licenses. If we are unable to obtain, maintain, retain and enforce sufficiently broad intellectual property protection covering our products and any other products we develop, others may be able to make, use, or sell products that are substantially the same as our products without incurring the sizeable development and licensing costs that we have incurred, which would adversely affect our ability to compete effectively in the market.

We have obtained and maintained our existing patents, seek to diligently prosecute our existing patent applications, and seek to file patent applications and obtain additional patents and other intellectual property rights to restrict the ability of others to market products that compete with our current and future products. As of December 31, 2019, Venus Concept Ltd.'s patent portfolio was comprised of 8 issued U.S. patents (all of which cover our (MP)^2® technology that are associated with two different patent families), 7 pending U.S. patent applications, 1 pending U.S. provisional patent application, 12 issued foreign counterpart patents, and 11 pending foreign counterpart patent applications. As of December 31, 2019, Restoration Robotics patent portfolio was comprised of 94 issued U.S. patents, 11 pending U.S. patent applications, 123 issued foreign counterpart patents, and 28 pending foreign counterpart patent applications. However, patents may not be issued on any pending or future patent applications we file, the claims that issue may provide limited or no coverage of its products and technologies, and, moreover, issued patents owned or licensed to us now or in the future may be found by a court to be invalid or otherwise unenforceable at any time. We may choose to not apply for patent protection or may fail to apply for patent protection on important technologies or product candidates in a timely fashion. In addition, we may be unable to obtain patents necessary to protect our technology or products due to prior uses of or claims to similar processes or systems by third parties, or to blocking intellectual property owned by third parties. Even though we have issued patents, and even if additional patents are issued to us in the future, they may be challenged, narrowed, invalidated, held to be unenforceable or circumvented, which could limit our ability to prevent competitors from using similar technology or marketing similar products, or limit the length of time our technologies and products have patent protection. Also, even if our existing and future patents are determined to be valid and enforceable, they may not be drafted or interpreted sufficiently broadly enough to prevent others from marketing products and services similar to ours, by easily designing products around our patents or otherwise developing competing products or technologies. In addition, the ownership or inventorship of one or more of our patents and patent applications may be challenged by one or more parties in one or more jurisdictions, including in a patent interference or a derivation proceeding in the United States Patent and Trademark Office, or the USPTO, or a similar foreign governmental agency or during the course of a litigation. If a competitor were able to successfully design around our patents, we may not be able to block such competition, and furthermore the competitor's products may be more effective or commercially successful than its products. In addition, our current patents will eventually expire or they may otherwise cease to provide meaningful competitive advantage, and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid other adverse effects on our business.

We have a number of foreign patent applications, and while we generally try to pursue patent protection in the jurisdictions in which we do or intend to do significant business, the filing, prosecuting, maintaining and defending patents relating to our current or future products in all countries throughout the world would be prohibitively expensive. Furthermore, the laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the U.S., and many companies have encountered significant difficulties in obtaining, protecting, and defending such rights in foreign jurisdictions. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to its products in various jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products, and we may be unable to prevent such competitors from importing those infringing products into territories where we do not have patent protection or into territories where we do have patent protection but there is no prohibition against such importation, or even if such prohibitions exist, the law or related enforcement is not as strong as in the U.S. These products may compete with our systems and our patents and our other intellectual property rights may not be effective or sufficient to prevent competitors from competing in those jurisdictions. If we encounter such difficulties or are otherwise precluded from effectively protecting and enforcing our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed.

Our patents may not afford us protection against competitors with similar technology. Because the systems of obtaining patent rights in the U.S. and many foreign jurisdictions mandate that the first filer of a patent application is the only one that may be awarded patent rights related to the invention disclosed therein, and there may be a delay up to eighteen months after filing for the patent applications of others to become public (or, in some cases, are not published until they issue as patents), we cannot be certain that we were the first to file for protection of the inventions set forth in such patent applications. Another party may own patents, may have filed or may in the future file patent applications which may result in issued patents, covering our systems or technology. Third-party patent applications and patents could significantly reduce the scope of protection of patents owned by or licensed to us and limit our ability to obtain a meaningful scope of patent protection or market and sell our products or develop, market and sell future products. In the U.S., other parties may attack the validity of our patents after they issue, in a court proceeding, or in an ex-parte reexamination proceeding or one or more post-grant procedures that were authorized under the America Invents Act of 2011, that were available commencing on March 16, 2013 such as post-grant review, covered business method review or inter partes review, in front of the Patent Trial and Appeal Board of the USPTO. The costs of these proceedings could be substantial. Additionally, patents and patent applications owned by third parties may prevent us from pursuing certain opportunities such as entering into specific markets or developing certain products. Finally, we may choose to enter into markets in which certain competitors own patents or control patent rights to technology that may impede our ability to compete effectively.

We may in the future become involved in lawsuits to defend ourselves against intellectual property disputes, which could be expensive and time consuming, and ultimately unsuccessful, and could result in the diversion of significant resources, and hinder our ability to commercialize our existing or future products.

Our success depends in part on not infringing the patents or not violating other intellectual property rights of others. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. Significant litigation regarding patent rights occurs in the medical technology and aesthetic product industries. Whether merited or not, it is possible that U.S. and foreign patents and pending patent applications controlled by third parties may be alleged to cover our products. We may also face allegations that our employees have misappropriated the intellectual property rights of their former employers or other third parties. Our competitors in both the U.S. and abroad, many of which have substantially greater resources and have made substantial investments in patent portfolios and competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit, or otherwise interfere with our ability to make, use, sell, and/or export our products. Our competitors may have one or more patents for which they can threaten and/or initiate patent infringement actions against us and/or any of our third-party suppliers. Our ability to defend ourselves and/or our third-party suppliers may be limited by our financial and human resources, the availability of reasonable defenses, and the ultimate acceptance of our defenses by the courts or juries. Furthermore, if such patents are successfully asserted against us, this may result in an adverse impact on our business, including injunctions, damages, and/or attorneys' fees. From time to time and in the ordinary course of business, we may develop noninfringement and/or invalidity positions with respect to third-party patents, which may or not be ultimately adjudicated as successful by a judge or jury if such patents were asserted against us.

We may receive in the future, particularly as a public company, communications from patent holders, including non-practicing entities, alleging infringement of patents or other intellectual property rights or misappropriation of trade secrets, or offering licenses to such intellectual property. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. At any given time, we may be involved as either a plaintiff or a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time.

The large number of patents, the rapid rate of new patent applications and issuances, the complexities of the technologies involved, and the uncertainty of litigation significantly increase the risks related to any patent litigation. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, making, using, or exporting products that use the disputed intellectual property;
- obtain a license from the intellectual property owner to continue selling, making, exporting, or using products, which license may require substantial royalty payments and may not be available on reasonable terms, or at all;
- incur significant legal expenses;
- pay substantial damages or royalties to the party whose intellectual property rights we may be found to be infringing, potentially including treble damages if the court finds that the infringement was willful;
- if a license is available from a third-party, we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights for our products and services;
- pay the attorney fees and costs of litigation to the party whose intellectual property rights we may be found to be infringing;
- find non-infringing substitute products, which could be costly and create significant delay due to the need for FDA regulatory and other regulatory clearance;
- find alternative supplies for infringing products or processes, which could be costly and create significant delay due to the need for FDA regulatory clearance; and/or
- redesign those products or processes that infringe any third-party intellectual property, which could be costly, disruptive, and/or infeasible.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Common Stock. Finally, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

If any of the foregoing occurs, we may have to withdraw existing products from the market or may be unable to commercialize one or more of our products, all of which could have a material adverse effect on our business, results of operations and financial condition. Any litigation or claim against us, even those without merit, may cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business and harm our reputation. Furthermore, as the number of participants in the medical aesthetic and robotic hair restoration surgery market grows, the possibility of intellectual property infringement claims against us increases.

In addition, we may indemnify our customers, suppliers and international distributors against claims relating to the infringement of the intellectual property rights of third parties relating to our products, methods, and/or manufacturing processes. Third parties may assert infringement claims against our customers, suppliers, or distributors. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, suppliers or distributors, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers, suppliers, or distributors or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products, or our suppliers may be forced to stop providing us with products.

Similarly, interference or derivation proceedings provoked by third parties or brought by the USPTO or any foreign patent authority may challenge the priority of inventions or other matters of inventorship with respect to our patents or patent applications. We may also become involved in other proceedings, such as re-examination or opposition proceedings, before the USPTO or its foreign counterparts relating to our intellectual property or the intellectual property rights of others. An unfavorable outcome in any such proceedings could require us to cease using the related technology or to attempt to license rights to it from the prevailing party or could cause us to lose valuable intellectual property rights. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms, if any license is offered at all. Litigation or other proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may also become involved in disputes with others regarding the ownership of intellectual property rights. For example, we may in the future jointly develop intellectual property with certain parties, and disagreements may therefore arise as to the ownership of the intellectual property developed pursuant to these future relationships. If we are unable to resolve these disputes, we could lose valuable intellectual property rights.

The legal determinations relating to patent rights afforded to companies in the medical technology and aesthetic product fields can be uncertain and involve complex legal, factual and scientific questions, sometimes involving important legal principles which remain uncertain or unresolved, and such uncertainty could affect the outcome or intellectual property related legal determinations in which we are involved.

Both the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how the patent laws of the U.S. are interpreted. Similarly, foreign courts have made, and will likely continue to make, changes in how the patent laws in their respective jurisdictions are interpreted. In addition, the U.S. Congress is currently considering legislation that would change certain provisions of U.S. federal patent law. We cannot predict future changes U.S. and foreign courts may make in the interpretation of patent laws or changes to patent laws which might be enacted into law by U.S. and foreign legislative bodies. Those changes may materially affect our patent rights, and our ability to obtain patents in the future.

The Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and also affect patent litigation. The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, which became effective on March 16, 2013. The first to file provisions limit the rights of an inventor to patent an invention if not the first to file an application for patenting that invention, even if such invention was the first invention. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business.

However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the enforcement and defense of our issued patents. For example, the Leahy-Smith Act provides that an administrative tribunal known as the Patent Trial and Appeals Board, or PTAB, provides a venue for challenging the validity of patents at a cost that may be lower than district court litigation and on timelines that are much faster. Although it is not clear what, if any, long-term impact the PTAB proceedings will have on the operation of our business, the initial results of patent challenge proceedings before the PTAB since its inception in 2013 have resulted in the invalidation of many U.S. patent claims. The availability of the PTAB as a lower-cost, faster and potentially more potent tribunal for challenging patents could increase the likelihood that our own patents will be challenged, thereby increasing the uncertainties and costs of maintaining and enforcing them.

The protection for our proprietary developments is uncertain because legal means may afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage arising from our proprietary developments, which could adversely affect our financial condition and results of operations. For example, any of the following could occur:

- others may be able to make systems or devices that are similar to ours but that are not covered by the claims of our patents;
- others may assert that we were not the first to make the inventions covered by our issued patents or pending patent applications;
- our pending patent applications may not result in issued patents or obtain the coverage originally sought;
- any of our present or future patents or patent claims or other intellectual property rights may lapse or be invalidated, rendered unenforceable, circumvented, challenged or abandoned;
- we may not have, or may fail to obtain, patents in all jurisdictions in which our products are sold or in which systems or devices that are similar to ours are made or sold by third parties;
- our issued patents may not provide us with any competitive advantages;
- the claims of our issued patents or patent applications when issued may not cover our products or the future products we develop;
- there may be dominating or blocking patents of which we are not aware that are relevant to our technologies, including our controlled-cooling technology;
- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes may be limited by our agreements with third parties, financial constraints, market realities, competitive concerns or other factors;
- there may be prior public disclosures of which we are not aware that could invalidate our inventions or place some of our intellectual property in the public domain;
- the laws of foreign countries may not protect our proprietary rights to the same extent as the laws of the U.S.;
- our intellectual property rights may not be enforceable in jurisdictions where competition may be intense or where legal protection may be weak and the outcomes are uncertain; and
- we may not develop additional proprietary products that are patentable.

From time to time, we analyze our competitors' products and services, and may in the future seek to enforce our patents or other rights to counter perceived infringement. In order to preserve and enforce our patent and other intellectual property rights, we may need to make claims or file lawsuits against third parties. Such lawsuits can be expensive and time-consuming and could divert our efforts and attention from other aspects of our business. In addition, in an infringement proceeding, a court may decide that the patent we seek to enforce is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the patent in question does not cover products accused of infringement. An adverse result in any litigation also could put one or more of our patents at risk of being interpreted more narrowly than previously thought. Similarly, some of our competitors are very large companies that may be able to devote significantly more resources to intellectual property litigation, and may have significantly broader patent portfolios to assert against us if we assert our rights against them. Finally, because of the substantial discovery required in connection with intellectual property litigation in the U.S., substantial burden could be placed on us relating to discovery activities and related costs associated with intellectual property litigation.

Prosecution of patent applications, post-grant opposition proceedings, and litigation to establish the validity, enforceability, and scope of patents, assert patent infringement claims against others or defend against patent infringement claims by others are expensive and time-consuming. There can be no assurance that, in the event that claims of any of our patents are challenged by one or more third parties, any court or patent authority ruling on such challenge will determine that such patent claims are valid and enforceable. An adverse outcome in such litigation or post grant proceeding could cause us to lose associated patent rights and may have a material adverse effect on our business.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. In addition, periodic maintenance fees on issued patents often must be paid to the USPTO and foreign patent agencies over the lifetime of the patent. While an unintentional lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our products or procedures, we may not be able to stop a competitor from marketing products that are the same as or similar to our own, which would have a material adverse effect on our business.

We may not be able to adequately protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our products in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly developing countries, and the breadth of patent claims allowed can be inconsistent. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as laws in the U.S. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the U.S. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, furthermore, may export otherwise infringing products to territories in which we have patent protection that may not be sufficient to terminate infringing activities.

We do not have patent rights in certain foreign countries in which a market may exist. Moreover, in foreign jurisdictions where we do have patent rights, proceedings to enforce such rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing. Additionally, such proceedings could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Thus, we may not be able to stop a competitor from marketing and selling in foreign countries products that are the same as or similar to our products, and our competitive position in the international market would be harmed.

Unauthorized use of our intellectual property may have occurred or may occur in the future. Any failure to detect or identify unauthorized use of, and otherwise adequately protect, our intellectual property could adversely affect our business, including by reducing the demand for our products.

Unauthorized use of our intellectual property may have occurred or may occur in the future. Any reverse engineered or counterfeit products that purport to be our systems that are currently in the market or that may be introduced in the future may harm our reputation and our sale of products. Moreover, if we commence litigation to stop or prevent any unauthorized use of our technology that occurs from reverse engineering or counterfeiting of our products, or if we have to defend allegations of such unauthorized use of a third party’s technology, such litigation would be time-consuming, force us to incur significant costs and divert our attention and the efforts of its management and other employees.

We depend on certain technologies that are licensed to us. We do not control these technologies and any loss of our rights to them could prevent us from selling our products.

We are dependent on intellectual property license agreements for certain key technology for which we pay royalty fees. We do not own the patents that underlie our licenses. Our rights to use the technology we license are subject to the negotiation of, continuation of and compliance with the terms of those licenses. In some cases, we do not control the prosecution, maintenance, or filing of the patents to which we hold licenses, or the enforcement of these patents against third parties. These patents and patent applications are not written by us or our advisors, and we did not have control over the drafting and prosecution. Our licensors might not have given the same attention to the drafting and prosecution of these patents and applications as we would have if we had been the owners of the patents and applications and had control over the drafting and prosecution. We cannot be certain that drafting and/or prosecution of the licensed patents and patent applications by the licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights.

Our intellectual property agreements with third parties may be subject to disagreements over contract interpretation, which could narrow the scope of our rights to the relevant intellectual property or technology or increase our financial or other obligations to our licensors.

Certain provisions in our intellectual property agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could affect the scope of our rights to the relevant intellectual property or technology or affect financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact conceives or develops intellectual property that we regard as our own. Our assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our competitors or are in breach of non-competition or non-solicitation agreements with our competitors.

We could in the future be subject to claims that we or our employees have inadvertently or otherwise used or disclosed alleged trade secrets or other proprietary information of former employers or competitors. Although we have procedures in place that seek to prevent our employees and consultants from using the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may in the future be subjected to claims that we caused an employee to breach the terms of his or her non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a former employer or competitor. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and could be a distraction to management. If our defense to those claims fails, in addition to paying monetary damages, a court could prohibit us from using technologies or functionalities that are essential to our products, if such technologies or functionalities are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate technologies or functionalities that are important or essential to our products would have a material adverse effect on our business and may prevent us from selling our products or from practicing our processes. In addition, we may lose valuable intellectual property rights or personnel. Moreover, any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent sales representatives. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products, which could have an adverse effect on our business, results of operations and financial condition.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We have trademark registrations and applications in the U.S. and also in certain foreign countries for Venus Concept, Venus Viva®, Venus Versa®, Venus Freeze®, Venus Legacy®, Venus Bliss™, NeoGraft®, (MP)²®, Restoration Robotics, ARTAS®, and ARTAS® iX. Actions taken by us to establish and protect our trademarks might not prevent imitation of our products or services, infringement of our trademark rights by unauthorized parties or other challenges to our ownership or validity of our trademarks. If any of these events occur, we may not be able to protect and enforce our rights in these trademarks, which we need in order to build name recognition with potential partners or customers in our markets of interest. In addition, unauthorized third parties may have registered trademarks similar and identical to our trademarks in foreign jurisdictions or may in the future file for registration of such trademarks. If they succeed in registering or developing common law rights in such trademarks, and if we were not successful in challenging such third-party rights, we may not be able to use such trademarks to market our products and services in those countries. If we are unable to register our trademarks, enforce our trademarks, or bar a third-party from registering or using a trademark, our ability to establish name recognition based on our trademarks and compete effectively in our markets of interest may be adversely affected. In addition, our enforcement against third-party infringers or violators may be expensive and time-consuming, and the outcome is unpredictable and may not provide an adequate remedy.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

We rely on trade secret protection to protect our interests in proprietary know-how and processes for which, for example, patents are difficult or impossible to obtain or enforce, or which we believe would be best protected by means that do not result in public disclosure. We may not be able to protect our trade secrets adequately. We have limited control over the protection of trade secrets used by our third-party manufacturers and suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors and outside scientific advisors may unintentionally or willfully disclose our proprietary information to competitors. Litigating a claim that a third-party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the U.S. are sometimes less willing to protect trade secrets. We rely, in part, on non-disclosure and confidentiality agreements with our employees, consultants and other parties to protect our trade secrets and other proprietary technology. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not be disclosed to third parties. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be of limited duration or may be breached and we may not have adequate remedies for any unauthorized use or disclosure of our confidential information. Moreover, others may independently and legitimately develop equivalent trade secrets or other proprietary information. In addition, if third parties are able to establish that we are using their proprietary information without their permission, we may be required to obtain a license to that information, or if such a license is not available, re-design our products to avoid any such unauthorized use or permanently stop manufacturing and selling the related products.

We could in the future be subject to claims that we or our employees have intentionally or inadvertently used or disclosed alleged trade secrets or other proprietary information of former employers or competitors. Although we have procedures in place that seek to prevent our employees and consultants from using the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may in the future be subject to claims that we caused an employee to breach the terms of his or her non-disclosure obligations under one or more agreements, or that we or these individuals have, inadvertently or intentionally used or disclosed the alleged trade secrets or other proprietary information of a former employer or competitor. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, any such litigation could result in substantial costs and could be a distraction to management. If our defense to those claims fails, in addition to paying monetary damages, a court could prohibit it from using technologies or functionalities that are essential to our systems. An inability to incorporate technologies or functionalities that are important or essential to our systems could have a material adverse effect on our business and may prevent us from selling our products or from practicing our processes. In addition, we may lose valuable intellectual property rights or personnel. Moreover, any such litigation or corresponding threat may adversely affect our ability to retain or hire employees or contract with independent sales representatives. A loss of key personnel could hamper or prevent our ability to commercialize our products, which could have an adverse effect on our business, results of operations and financial condition.

We also rely on physical and electronic security measures to protect our proprietary information, but these security measures may be breached or may not provide adequate protection for our property. There is a risk that third parties may obtain and improperly utilize our proprietary trade secrets or other proprietary information to our competitive disadvantage. We may not be able to detect or prevent the unauthorized access or use of such information or take appropriate and timely steps to enforce our intellectual property rights.

We may become subject to claims for remuneration for service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees based in Israel in the course of their employment for Venus Concept Ltd. Under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by employees during and within the scope of employment with an employer are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no agreement between an employer and an employee with respect to the employee's right to receive compensation for such "service inventions," the Israeli Compensation and Royalties Committee, a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his or her service inventions and the scope and conditions for remuneration. While Venus Concept Ltd.'s employees have generally explicitly waived their right to any additional compensation for their contribution to service invention rights, certain current or former employees may not have signed such waivers, and we may face claims from current or former employees demanding remuneration in consideration for Venus Concept Ltd.'s employees' contribution to service invention rights, which may lead to future litigation, which could be costly and could divert management's attention and we could be required to pay such remuneration.

Indemnification obligations for third party intellectual property claims may increase our costs or require it to cease selling certain products, which could adversely affect our financial condition and results of operations.

We may be subject to indemnification claim obligations with respect to our intellectual property rights pursuant to its agreements with our customers. Such indemnification provisions are customary in the industry. Successful claims of infringement or misappropriation by a third-party against us or a customer or other third-party that we indemnify could not only prevent us from distributing certain products or performing certain services, but could also require us to pay substantial damages, royalties, legal fees or other fees.

Risks Related to Government Regulation

Our devices and our operations are subject to extensive government regulation and oversight both in the U.S. and abroad, and our failure to comply with applicable requirements could harm our business.

Certain of our systems are regulated as medical devices subject to extensive regulation in the U.S. and elsewhere, including by FDA and its foreign counterparts. FDA and foreign regulatory agencies regulate, among other things, with respect to medical devices:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- clinical trials;
- product safety;
- marketing, sales and distribution;
- premarket clearance and approval;
- record keeping procedures;
- advertising and promotion;
- recalls and field safety corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- post-market approval studies; and
- product import and export.

The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated sales.

In the U.S., before we can market a new medical device, or a new use of, new claim for or significant modification to an existing product, we must first receive either clearance under Section 510(k) of the FDCA or approval of a PMA application from FDA, unless an exemption applies. We consider our Venus Glow™ and NeoGraft® systems exempt from FDA's 510(k) clearance requirement. We have obtained 510(k) clearance from FDA for Venus Concept's Freeze® and Venus Freeze Plus, Venus Viva® SR, Venus Legacy® BX and Legacy CX, Venus Versa®, Venus Velocity™, Venus Heal™, Venus Bliss™ systems, ARTAS® and ARTAS® iX Systems.

In the 510(k) clearance process, before a device may be marketed, FDA must determine that a proposed device is "substantially equivalent" to a legally-marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a device that was legally marketed prior to May 28, 1976 (pre-amendments device), a device that was originally on the U.S. market pursuant to a PMA application and later down-classified, or a 510(k)-exempt device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data are sometimes required to support substantial equivalence. If a product is not eligible for 510(k) clearance it may require approval of a *de novo* reclassification petition or a PMA. If there is no known predicate for a device, a company can request a *de novo* reclassification of the product. FDA's *de novo* process allows a company to request for certain new devices marketing authorization as class I or class II devices, rather than being subject to PMA requirements as class III devices. In the PMA process, FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, preclinical, human clinical studies conducted under an IDE, and manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life- sustaining, life-supporting or implantable devices. Modifications to products that are approved through a PMA application generally require FDA approval. Similarly, certain modifications made to products cleared through a 510(k) may require a new 510(k) clearance. Both the PMA approval and the 510(k) clearance process can be expensive, lengthy and uncertain. FDA's 510(k) clearance process usually takes from three to 12 months, but can take longer. For products subject to PMA, the regulatory process generally takes from one to three years or even longer, from the time the application is filed with FDA and involves substantially greater risks and commitment of resources than either the 510(k) clearance or *de novo* processes. We may not be able to obtain necessary regulatory approvals or clearances on a timely basis, if at all, for any of our products under development, and delays in receipt of, or failure to receive such approvals or clearances could have a material adverse effect on our business. In addition, FDA may disagree with certain of our device classifications. Such a misclassification could render the devices as misbranded and/or adulterated.

FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to FDA's satisfaction that the product or modification is substantially equivalent to the proposed predicate device or safe and effective for its intended use;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required; and
- the manufacturing process or facilities we use may not meet applicable requirements.

FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our products. For example, in December 2016, the 21st Century Cures Act, or Cures Act, was signed into law. The Cures Act, among other things, is intended to modernize the regulation of medical devices and spur innovation, but its ultimate implementation remains unclear. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may fail to obtain any marketing clearances or approvals, lose any marketing clearance or approval that we may have obtained, and we may not achieve or sustain profitability.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the U.S. or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of several Executive Orders, that could impose significant burdens on, or otherwise materially delay, FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. Notably, on January 30, 2017, President Trump issued an Executive Order, applicable to all executive agencies including FDA, requiring that for each notice of proposed rulemaking or final regulation issued in fiscal year 2017, the agency had to identify at least two existing regulations to be repealed, unless prohibited by law. These requirements are referred to as the "two-for-one" provisions. This Executive Order includes a budget neutrality provision that required the total incremental cost of all new regulations in the 2017 fiscal year, including repealed regulations, to be no greater than zero, except in limited circumstances. For fiscal years 2018 and beyond, the Executive Order requires agencies to identify regulations to offset any incremental cost of a new regulation and approximate the total costs or savings associated with each new regulation or repealed regulation. In interim guidance issued by the Office of Information and Regulatory Affairs within OMB on February 2, 2017, the administration indicates that the "two-for-one" provisions may apply not only to agency regulations, but also to significant agency guidance documents. In addition, on February 24, 2017, President Trump issued an executive order directing each affected agency to designate an agency official as a "Regulatory Reform Officer" and establish a "Regulatory Reform Task Force" to implement the two-for-one provisions and other previously issued executive orders relating to the review of federal regulations, however it is difficult to predict how these requirements will be implemented, and the extent to which they will impact FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Even after we have obtained the proper regulatory clearance or approval to market a product, we have ongoing responsibilities under FDA regulations. The failure to comply with applicable regulations could jeopardize our ability to sell our systems and result in enforcement actions such as:

- warning letters;
- fines;
- injunctions;
- civil penalties;
- debarment;
- termination of distribution;
- recalls or seizures of products;
- delays in the introduction of products into the market;
- total or partial suspension of production;
- refusal to grant future clearances or approvals;
- withdrawals or suspensions of current clearances or approvals, resulting in prohibitions on sales of our product or products; and
- in the most serious cases, criminal penalties.

Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and harm our reputation, business, financial condition and results of operations.

We are subject to extensive governmental regulation in foreign jurisdictions, such as Europe, and our failure to comply with applicable requirements could cause our business to suffer.

We must maintain regulatory approval in foreign jurisdictions in which we plan to market and sell our systems. In the European Economic Area or the EEA, manufacturers of medical devices need to comply with the Essential Requirements laid down in Annex II to the EU Medical Devices Directive (Council Directive 93/42/EEC). Compliance with these requirements is a prerequisite to be able to affix the CE mark to medical devices, without which they cannot be marketed or sold in the EEA. To demonstrate compliance with the Essential Requirements and obtain the right to affix the CE Mark, manufacturers of medical devices must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Except for low risk medical devices (Class I with no measuring function and which are not sterile), where the manufacturer can issue an EC Declaration of Conformity based on a self-assessment of the conformity of its products with the Essential Requirements, a conformity assessment procedure requires the intervention of a Notified Body, which is an organization designated by a competent authority of an EEA country to conduct conformity assessments.

Depending on the relevant conformity assessment procedure, the Notified Body would audit and examine the Technical File and the quality system for the manufacture, design and final inspection of our devices. The Notified Body issues a CE Certificate of Conformity following successful completion of a conformity assessment procedure conducted in relation to the medical device and its manufacturer and their conformity with the Essential Requirements. This Certificate entitles the manufacturer to affix the CE mark to its medical devices after having prepared and signed a related EC Declaration of Conformity.

As a rule, demonstration of conformity of medical devices and their manufacturers with the Essential Requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use and that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device (e.g., product labeling and instructions for use) are supported by suitable evidence. This assessment must be based on clinical data, which can be obtained from (1) clinical studies conducted on the devices being assessed, (2) scientific literature from similar devices whose equivalence with the assessed device can be demonstrated or (3) both clinical studies and scientific literature. With respect to active implantable medical devices or Class III devices, the manufacturer must conduct clinical studies to obtain the required clinical data, unless reliance on existing clinical data from equivalent devices can be justified. The conduct of clinical studies in the EEA is governed by detailed regulatory obligations. These may include the requirement of prior authorization by the competent authorities of the country in which the study takes place and the requirement to obtain a positive opinion from a competent Ethics Committee. This process can be expensive and time-consuming.

On April 5, 2017, the European Parliament passed the Medical Devices Regulation, which repeals and replaces the EU Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member States, the regulations would be directly applicable, i.e., without the need for adoption of EEA member State laws implementing them, in all EEA member States and are intended to eliminate current differences in the regulation of medical devices among EEA member States. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and in vitro diagnostic devices and ensure a high level of safety and health while supporting innovation.

The Medical Devices Regulation will however only become applicable three years after publication. Once applicable, the new regulations will among other things:

- strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- establish explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance and safety of devices placed on the market;
- improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- set up a central database to provide patients, healthcare professionals and the public with comprehensive information on products available in the EU; and
- strengthen rules for the assessment of certain high-risk devices, such as implants, which may have to undergo an additional check by experts before they are placed on the market.

These modifications may have an impact on the way we conduct our business in the EEA.

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security, which are complex and rapidly changing. Our actual or perceived failure to comply with such obligations could harm our business.

We are subject to diverse laws and regulations relating to data privacy and security, including, in the U.S., the HIPAA, and, in the EU and shortly in the EEA, GDPR. New global privacy rules are being enacted and existing ones are being updated and strengthened. Complying with these numerous, complex and often changing regulations is expensive and difficult, and failure to comply with any privacy laws or data security laws or any security incident or breach involving the misappropriation, loss or other unauthorized use or disclosure of sensitive or confidential patient or consumer information, whether by us, one of our business associates or another third-party, could have a material adverse effect on our business, reputation, financial condition and results of operations, including but not limited to: material fines and penalties; damages; litigation; consent orders; and injunctive relief.

The regulation of data privacy and security, and the protection of the confidentiality of personal information, is increasing and continues to evolve. For example, the GDPR came into effect in May 2018 reforming the European regime. The GDPR implements more stringent operational requirements than its predecessor legislation. For example, the GDPR requires us to make more detailed disclosures to data subjects, requires disclosure of the legal basis on which we can process personal data, makes it harder for us to obtain valid consent for processing, provides more robust rights for data subjects, introduces mandatory data breach notification through the EU, imposes additional obligations on us when contracting with service providers and requires us to adopt appropriate privacy governance including policies, procedures, training and data audit. If we do not comply with our obligations under the GDPR, we could be exposed to fines of up to the higher of 20,000,000 Euros or up to 4% of our total worldwide annual turnover in the event of a significant breach. In addition, we may be the subject of litigation and/or adverse publicity, which could have material adverse effect on our reputation and business.

We are also subject to evolving European laws on data export and electronic marketing. The rules on data export will apply when we transfer personal data to group companies or third parties outside of the EEA. For example, in 2015, the Court of Justice of the EU ruled that the U.S.-EU Safe Harbor framework, one compliance method by which companies could transfer personal data regarding citizens of the EU to the U.S., was invalid and could no longer be relied upon. The U.S.-EU Safe Harbor framework was replaced with the U.S.-EU Privacy Shield framework, which is now under review and there is currently litigation challenging another EU mechanism for adequate data transfers, the standard contractual clauses. It is uncertain whether the Privacy Shield framework and/or the standard contractual clauses will be similarly invalidated by the European courts. These changes may require us to find alternative bases for the compliant transfer of personal data from the EEA to the U.S. and we are monitoring developments in this area. The EU is also in the process of replacing the e-Privacy Directive with a new set of rules taking the form of a regulation, which will be directly implemented in the laws of each European member state, without the need for further enactment. The current draft of the e-Privacy Regulation retains strict opt-in for electronic marketing and the penalties for contravention have significantly increased with fining powers to the same levels as the GDPR (i.e. the greater of 20,000,000 Euros or 4% of total global annual revenue).

Modifications to our products may require new regulatory clearances or approvals or expansion of the scope of our CE Certificates of Conformity with our notified body.

Modifications to our products may require new regulatory clearances or approvals from FDA or other regulatory authorities or expansion of the scope of our CE Certificates of Conformity with our notified body. Even after achieving the initial market clearance, or approval from FDA or other regulatory authorities or having affixed the CE marked to a product, modifications to our systems during their life cycles may require new regulatory approvals or clearances, including 510(k) clearances, premarket approvals, the conduct of a new conformity assessment with our notified body, or foreign regulatory approvals. If we make changes or modifications to an FDA cleared or approved device, FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance. A manufacturer may determine that a modification does not significantly affect safety or efficacy, and that the modification does not represent a major change in its intended use, so that no new 510(k) clearance is necessary, but rather a Letter to File is necessary. However, FDA can review a manufacturer's decision and may disagree. FDA may determine that a traditional 510(k), an abbreviated 510(k), a special 510(k) clearance, or device approval is required for the device as modified. For products sold in the EU, we must notify our notified body if significant changes are made to the products or if there are substantial changes to the quality assurance systems affecting those products. We have similar obligations with Health Canada. Obtaining a new 510(k), other regulatory clearances and approvals, or a revised or new CE Certificate of Conformity can be a time-consuming process, and we may not be able to obtain such clearances or approvals in a timely manner, or at all.

We have made modifications to our products in the past and have determined based on our review of the applicable FDA regulations and guidance that in certain instances new 510(k) clearances or PMA approvals were not required. We may make similar modifications or add additional functionalities in the future that we believe do not require a new 510(k) clearance or approval of a PMA. FDA has issued a guidance document intended to assist manufacturers in determining whether modifications to cleared devices require the submission of a new 510(k), and such guidance has come under scrutiny in recent years, the practical impact of which is unclear. If FDA disagrees with our determination and requires us to submit new 510(k) notifications or PMA applications for modifications to our previously cleared products for which we have concluded that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, which could require us to redesign our products, conduct clinical trials to support any modifications, and pay significant regulatory fines or penalties. In addition, FDA may not approve or clear our products for the indications that are necessary or desirable for successful commercialization or could require clinical trials to support any modifications. Any delay or failure in obtaining required clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth. Any of these actions would harm our operating results.

As part of an internal review of our regulatory clearances in the U.S., we determined that Special 510(k) applications were necessary related to an earlier modification to two of our FDA-cleared devices. Specifically, because we added to two of our FDA-cleared devices additional FDA-cleared applicators not initially considered in the device clearance submissions, we believed that Special 510(k) applications should have been filed to allow FDA to review the incorporation into the cleared devices of the separately-cleared applicators. We filed one of the Special 510(k) submissions with FDA. FDA requested that we instead submit a Traditional 510(k) and provide additional information. We have accordingly modified the Special 510(k) submitted to FDA to a Traditional 510(k) application for this device, related to these modifications. Generally the 510(k) initial response process is 90 days, however, the overall process may extend to 180 days or more. We cannot be certain that FDA will respond to our submission in a timely manner or that clearance will be obtained. We also submitted a Traditional 510(k) for the second device and, on September 6, 2019, received 510(k) clearance from FDA. We believe that the modifications do not affect safety or efficacy, do not affect the intended use of the device, and do not alter the fundamental scientific technology of the device, however, we cannot be certain that FDA will agree with our assessment. FDA may not clear the device or may take other action against us as described above, which could have a material adverse effect on our business.

We are subject to restrictions on the indications for which we are permitted to market our products, and any violation of those restrictions, or marketing of systems for off-label uses, could subject us to enforcement action.

Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of off-label use in both the U.S. and in foreign countries. We train our marketing and direct sales force to not promote our systems for uses outside of FDA-cleared indications for use, known as "off-label uses." We cannot, however, prevent a physician from using one of our systems off-label when, in the physician's independent professional medical judgment, he or she deems it appropriate. There may be increased risk of injury to patients if physicians attempt to use one of our systems off-label. Furthermore, the use of one of our systems for indications other than those cleared by FDA or approved by any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

If FDA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including, among other things, the issuance or imposition of an untitled letter, a warning letter, injunction, seizure, refusal to issue new 510(k)s or PMAs, withdrawal of existing 510(k)s or PMAs, refusal to grant export approvals, and civil fines or criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action under other regulatory authority, such as false claims laws, if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations.

FDA regulates the labeling of 510(k)-cleared devices to make sure that the labeling complies with the cleared indications for use and no off-label indication or claim is being promoted by the manufacturer. FDA also engages in market surveys to identify any devices whose intended uses include unapproved uses of the products. Devices are considered adulterated or misbranded when advertising or labeling creates a new intended use, indications for use or even a new claim. Federal laws prohibit the introduction into interstate commerce of adulterated or misbranded devices, and adulteration or misbranding violations can lead to a variety of enforcement activities in the U.S. and in foreign countries, including but not limited to large civil and criminal fines, oversight of sales and marketing practices and modifications of promotional conduct.

We previously received an inquiry from FDA regarding off-label or unapproved uses of the Venus Fiore® on August 1, 2018. Venus Fiore® is not cleared or approved in the U.S. or in jurisdictions outside of the U.S., other than Israel. Venus Fiore® is marketed in Israel for aesthetic and functional treatment of the vagina, labia and mons pubis. However, we have not marketed or promoted Venus Fiore® in the U.S. and explained this to the agency. We added geoblocker functionality to our website, to portray accurately what devices it is marketing in the U.S. Although we have not received subsequent inquiries regarding off-label promotion, FDA may conclude that we are inappropriately promoting off-label or unapproved uses for our products. If the agency brings enforcement actions, we may become subject to significant liability including criminal and civil liabilities. Off-label promotion may also be treated as racketeering in civil litigation or result in expensive and time-consuming lawsuits from physicians or their patients if a patient is injured by the off-label use.

Our systems may cause or contribute to adverse medical events that we are required to report to FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations.

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

FDA, state regulating agencies at times, and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or if a product poses an unacceptable risk to health. FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur because of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. We cannot assure you that product defects or other errors will not occur in the future. Recalls involving any of our systems could be particularly harmful to our business, financial condition and results of operations because it is our only product.

Prior to the Merger, we received a letter from FDA's Center for Devices and Radiological Health (CDRH) requesting our assistance to complete an evaluation of a potential post-market safety concern regarding devices used for hair restoration surgery. The letter stated that the potential safety concern is related to adverse events and possible allergic reaction after hair restoration surgery. We are fully cooperating with FDA in its evaluation and have responded to FDA's questions.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to FDA. We may initiate voluntary withdrawals or corrections for any of our systems in the future that we determine do not require notification of FDA. If FDA disagrees with our determinations, it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales.

If we or our distributors do not obtain and maintain international regulatory registrations or approvals for our systems, our ability to market and sell our systems outside of the U.S. will be diminished.

Sale of our systems, outside the U.S. are subject to foreign regulatory requirements that vary widely from country to country. In addition, FDA regulates exports of medical devices from the U.S. While the regulations of some countries may not impose barriers to marketing and selling certain of our systems or only require notification, others require that we or our distributors obtain the approval of a specified regulatory body. Complying with foreign regulatory requirements, including obtaining registrations or approvals, can be expensive and time-consuming, and we cannot be certain that we or our distributors will receive regulatory approvals in each country in which we plan to market a particular system or that we will be able to do so on a timely basis. The time required to obtain registrations or approvals, if required by other countries, may be longer than that required for FDA clearance, and requirements for such registrations, clearances, or approvals may significantly differ from FDA requirements. If we modify our systems, we or our distributors may need to apply for additional regulatory approvals or other authorizations before we are permitted to sell the modified product. In addition, we may not continue to meet the quality and safety standards required to maintain the authorizations that we or our distributors have received. If we or our distributors are unable to maintain our authorizations in a particular country, we will no longer be able to sell the applicable product in that country, which could harm our business.

Regulatory clearance or approval by FDA does not ensure clearance or approval by regulatory authorities in other countries, and clearance or approval by one or more foreign regulatory authorities does not ensure clearance or approval by regulatory authorities in other foreign countries or by FDA. However, a failure or delay in obtaining regulatory clearance or approval in one country may have a negative effect on the regulatory process in others.

Our ability to continue manufacturing and supplying our products depends on our continued adherence to ongoing FDA and other foreign regulatory authority manufacturing requirements.

Our manufacturing processes and facilities are required to comply with the quality management system regulations of its target markets (i.e., FDA's Quality System Regulations, or QSR, ISO 13485:2016, and the MDSAP). Adherence to quality management system regulations and the effectiveness of our quality management control systems are periodically assessed through internal audits and inspections of manufacturing facilities by regulatory authorities. Failure to comply with applicable quality management system requirements, or later discovery of previously unknown problems with our products or manufacturing processes, including our failure or the failure of our third-party manufacturer to take satisfactory corrective action in response to an adverse quality system inspection, can result in enforcement action, which could have an adverse effect on our business. Our manufacturing process and facilities are audited annually for compliance with the last editions of QSR, ISO13485 and MDSAP requirements. FDA inspected our San Jose facility in January 2020, which audit resulted in two observations. We are in the process of mitigating these issues. On November 20, 2019, the Texas Department of State Health Services, or the DSHS, conducted an inspection of our Lewisville, Texas facility and identified alleged misstatements on the packaging of our Venus Skin® products in violation of the Texas Health and Safety Code (Texas Food, Drug, and Cosmetic Act). The DSHS issued a blanket detention of the Venus Skin® inventory at the Lewisville facility until the matter is resolved. On February 12, 2020, the DSHS accepted our product re-labelling proposal and agreed to release the detained inventory. FDA has not inspected our other facilities, although we expect an FDA inspection in the future. Regulating agencies, including FDA, foreign regulatory authorities, and our notified body can institute a wide variety of enforcement actions, ranging from inspectional observations to more severe sanctions such as:

- untitled letters or warning letters;
- clinical holds;
- administrative or judicially-imposed sanctions;
- injunctions, fines, consent decrees, or the imposition of civil penalties;
- customer notifications for repair, replacement, or refunds;
- recall, detention, or seizure of products;
- operating restrictions, or total or partial suspension of production or distribution;
- refusal by FDA, a foreign regulatory authority or the notified body to grant pending future clearance or pre-market approval, or to issue CE Certificates of Conformity for our devices;
- debarment of us or our employees;
- withdrawal or suspension of marketing clearances, approvals, and CE Certificates of Conformity;
- refusal to permit the import or export of our products; and
- criminal prosecution of us or our employees.

If any of these actions were to occur, it would harm our reputation and cause our system sales and profitability to suffer and may prevent us from generating revenue. Furthermore, our key component suppliers may not currently be or may not continue to be in compliance with all applicable regulatory requirements, which could result in the failure to produce our devices on a timely basis and in the required quantities, if at all.

We may be subject to various federal and state laws pertaining to healthcare fraud and abuse, and any violations by us of such laws could result in fines or other penalties.

While procedures utilizing our systems are not currently covered or reimbursed by any third-party payor, our commercial, research and other financial relationships with healthcare providers and others may be subject to various federal and state laws intended to prevent healthcare fraud and abuse. Such laws include the U.S. federal Anti-Kickback Statute and similar laws that apply to state healthcare programs, private payors and self-pay patients; the U.S. federal civil and criminal false claims laws, such as the civil False Claims Act, and civil monetary penalties laws; state and federal data privacy and security laws and regulations; state and federal physician payment transparency laws; and state and federal consumer protection and unfair competition laws.

Further, these laws may impact any sales, marketing and education programs we currently have or may develop in the future and the way we implement any of those programs. Penalties for violations of these laws can include exclusion from federal healthcare programs and substantial civil and criminal penalties.

We may be affected by healthcare policy changes and evolving regulations.

Our global regulatory environment is becoming increasingly stringent and unpredictable, which could increase the time, cost and complexity of obtaining regulatory approvals for our products, as well as the clinical and regulatory costs of supporting those approvals. Several countries that did not have regulatory requirements for medical devices have established such requirements in recent years and other countries have expanded on existing regulations. Certain regulators are exhibiting less flexibility and are requiring local preclinical and clinical data in addition to global data. While harmonization of global regulations has been pursued, requirements continue to differ significantly among countries. We expect this global regulatory environment will continue to evolve, which could impact our ability to obtain future approvals for our products or could increase the cost and time to obtain such approvals in the future.

In the U.S., the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, to which we refer collectively as the Affordable Care Act, or ACA, was enacted into law in 2010. Although most of the provisions of the ACA are now in effect, in December 2018 a federal court judge in the Northern District of Texas ruled in *Texas v. Azar*, or the Texas Case, that the ACA's individual mandate is unconstitutional, and that the remainder of the ACA was inseverable from the individual mandate and therefore invalid. This case was appealed to the Fifth Circuit in January 2019. Because the Texas judge issued a stay of his ruling pending the appeal, the ACA continues to be in effect at this time.

As a result of the passage of the ACA, an excise tax is imposed on the sale of certain medical devices by the U.S. manufacturer, producer, or importer of the device. This excise tax applies to sales of taxable medical devices beginning January 1, 2013. The excise tax equals 2.3% of the "constructive sale price" of the applicable medical device. As a U.S.-based manufacturer and importer of taxable medical devices, are responsible for remitting to the federal government the excise tax on the sales of medical devices it manufactures in, or imports into, the U.S. Although this excise tax was in effect during the years 2013-2015, there was in effect a moratorium on the medical device excise tax through the end of 2019. The excise tax was repealed effective January 1, 2020.

In a referendum on June 23, 2016, voters approved for the United Kingdom, or the UK, to exit the EU. On January 31, 2020, the UK departed the EU, however, there is a transition period until the end of 2020 while the UK and the EU negotiate additional arrangements. During the transition period, the current rules on trade, travel and business for the UK and the EU will continue to apply. New rules will take effect on January 1, 2021. The UK's exit from the EU will have numerous consequences in all areas of the business, including, economic, regulatory, operational, and the actual impact depends on the ultimate deal reached and is very difficult to assess at this time. Changes in the industry regulations could have an effect on existing CE certificates being renewed and new certificates being issued which would impact the ability to trade; however, it is impossible to assess the full impact at this point.

We are subject to environmental, health and safety laws and regulations, and must maintain licenses or permits, and non-compliance with these laws, regulations, licenses, or permits may expose us to significant costs or liabilities.

We are subject to numerous foreign, federal, state, and local environmental, health and safety laws and regulations relating to, among other matters, safe working conditions and environmental protection, including those governing the generation, storage, handling, use, transportation, and disposal of hazardous or potentially hazardous materials. Some of these laws and regulations require us to obtain licenses or permits to conduct its operations. Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. If we violate or fail to comply with these laws, regulations, licenses, or permits, we could be fined or otherwise sanctioned by regulators. We cannot predict the impact on its business of new or amended laws or regulations or any changes in the way existing and future laws and regulations are interpreted or enforced, nor can we ensure we will be able to obtain or maintain any required licenses or permits.

Recent U.S. tax legislation and future changes to applicable U.S. or foreign tax laws and regulations may have a material adverse effect on our business, financial condition and results of operations.

We are subject to income and other taxes in the U.S. and foreign jurisdictions. Changes in laws and policy relating to taxes or trade may have an adverse effect on our business, financial condition and results of operations. For example, the U.S. government recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. Changes include, but are not limited to, a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a more generally territorial system, and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections and will be subject to interpretations and implementing regulations by the Treasury and Internal Revenue Service, any of which could mitigate or increase certain adverse effects of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation. Generally, future changes in applicable U.S. or foreign tax laws and regulations, or their interpretation and application could have an adverse effect on our business, financial conditions and results of operations.

Risks Related to Our Operations in Israel

We conduct a significant portion of our operations in Israel and therefore our business, financial condition and results of operations may be adversely affected by political, economic and military conditions in Israel.

Our research and development facilities and key third-party suppliers are located in northern Israel, and some of our key employees are residents of Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business.

Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. Any hostilities, armed conflicts, terrorist activities or political instability involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect business conditions and have a material adverse effect on our business, financial condition and results of operations and could make it more difficult for us to raise capital. In recent years, these have included hostilities between Israel and Hezbollah in Lebanon, and Israel and Hamas in the Gaza Strip, both of which resulted in rockets being fired into Israel causing casualties and disruption of economic activities. In addition, Israel faces threats from more distant neighbors, in particular, Iran.

In addition, hostilities, armed conflicts, terrorist activities or political instability involving Israel could have a material adverse effect on our facilities including our corporate administrative office or on the facilities of our local suppliers, in which event all or a portion of our inventory may be damaged and our ability to deliver products to customers could be significantly delayed. Certain of our executive officers and key employees reside in Israel and some may be required to perform annual military reserve duty and may be called for active duty under emergency circumstances at any time. Our operations could be disrupted by an absence for a significant period of time of one or more of these officers or key employees due to military service, which could adversely affect our business, results of operations and financial condition.

Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. Similarly, Israeli companies are limited in conducting business with entities from several countries. Such restrictions may seriously limit our revenues.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East, such as damages to our facilities resulting in disruption of our operations. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, there can be no assurance that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business, financial condition and results of operations. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our business, financial condition and results of operations.

Our operations may be affected by negative labor conditions in Israel.

Strikes and work-stoppages occur relatively frequently in Israel. If Israeli trade unions threaten additional strikes or work-stoppages and such strikes or work-stoppages occur, those may, if prolonged, have a material adverse effect on the Israeli economy and on our business, including our ability to deliver products to our customers and to receive raw materials from our suppliers in a timely manner.

Risks Related to Our Common Stock

Following completion of the Merger, the market price of our stock price may be volatile, and you may not be able to resell shares of our Common Stock at or above the price you paid.

The market price of our Common Stock following the Merger could be subject to significant fluctuations. Some of the factors that may cause the market price of the combined company's Common Stock to fluctuate include:

- introduction of new products, services or technologies, significant contracts, commercial relationships or capital commitments by competitors;
- failure to meet or exceed financial and development projections the combined company may provide to the public;
- failure to meet or exceed the financial and development projections of the investment community;
- announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by the combined company or its competitors;
- disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- additions or departures of key personnel;
- significant lawsuits or government investigations, including patent or stockholder litigation;
- if securities or industry analysts do not publish research or reports about the company's business, or if they issue adverse or misleading opinions regarding our business and stock;
- changes in the market valuations of similar companies;
- general market or macroeconomic conditions;
- sales of Common Stock by us or our stockholders in the future;
- trading volume of our Common Stock;
- adverse publicity relating to hair restoration or other minimally invasive or non-invasive medical aesthetic procedures generally, including with respect to other products in such markets;
- the introduction of technological innovations that compete with the products and services of the combined company; and
- period-to-period fluctuations in the combined company's financial results.

In addition, the stock markets in general, and the markets for medical device and aesthetic stocks in particular, have experienced extreme volatility that may have been unrelated to the operating performance of the issuer. These broad market fluctuations may adversely affect the market price or liquidity of our Common Stock. In the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the issuer. Recently, several securities class action complaints have been filed against us, certain of our current and former executive officers and directors, certain of our investors and certain underwriters in our IPO. These complaints allege violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, or the Securities Act, due to allegedly false and misleading statements made in connection with our IPO. While we believe that these lawsuits are without merit and we intend to vigorously defend against these claims, we could incur substantial costs in defending these lawsuits and the attention of our management could be diverted from the operation of our business. Further, if more of our stockholders were to bring additional lawsuits on similar or unrelated grounds, we could incur substantial costs defending these additional lawsuits and the attention of our management would be further diverted from the operation of our business.

An active market for our Common Stock may not be maintained.

Our stock began trading on the Nasdaq Global Market in July 2017, but we can provide no assurance that we will be able to maintain an active trading market on the Nasdaq Global Market or any other exchange in the future. If an active market for our Common Stock does not develop or is not maintained, it may be difficult for our stockholders to sell shares without depressing the market price for the shares or at all. An inactive trading market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses, applications, or technologies using our shares as consideration.

If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about the Company, our business or our market, the Company's stock price and trading volume could decline.

The trading market for the Company's Common Stock will be influenced by the research and reports that equity research analysts publish about us and our business. Equity research analysts may elect not to provide research coverage of our Common Stock, and such lack of research coverage may adversely affect the market price of our Common Stock. In the event that equity research analysts initiate coverage, we will not have any control over the analysts or the content and opinions included in their reports. The price of our Common Stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of us or fails to publish reports on us regularly, demand for our Common Stock could decrease, which in turn could cause our stock price or trading volume to decline.

We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act and we have taken advantage of certain exemptions from disclosure requirements available to emerging growth companies and smaller reporting companies; this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

Following the Merger, we will continue to qualify as, an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act. We have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies or smaller reporting companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on certain executive compensation matters and reduced reporting periods. As a result, stockholders may not have access to certain information they may deem important. We cannot predict whether investors will find our securities less attractive because we rely on these exemptions. If some investors find the securities less attractive as a result of reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from complying with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period. Accordingly, when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, could adopt the new or revised standard at the time private companies adopt the new or revised standard, unless early adoption is permitted by the standard. We intend to continue to use private company adoption dates for ASC 842, Leases. This may make comparison of us with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

If we sell shares of our Common Stock in future financings, stockholders may experience immediate dilution and, as a result, our stock price may decline.

We may from time to time issue additional shares of Common Stock at a discount from the current market price of our Common Stock. As a result, our stockholders would experience immediate dilution upon the purchase of any shares of our Common Stock sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preferred stock or Common Stock. If we issue Common Stock or securities convertible into Common Stock, our common stockholders would experience additional dilution and, as a result, our stock price may decline.

Because the Merger resulted in an ownership change under Section 382 of the Code for Restoration Robotics, Restoration Robotics' pre-merger net operating loss carryforwards and certain other tax attributes will be subject to limitation or elimination. The net operating loss carryforwards and certain other tax attributes of Venus Concept Ltd. and of the combined company may also be subject to limitations as a result of ownership changes.

Restoration Robotics incurred substantial losses during its history and carried forward significant net operating losses, or NOLs, to offset future taxable income, if any, until such unused losses expire. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. If a corporation undergoes an "ownership change" within the meaning of Section 382 of the Code, the corporation's net operating loss carryforwards and certain other tax attributes arising before the ownership change are subject to limitations on use after the ownership change. In general, an ownership change occurs if there is a cumulative change in the corporation's equity ownership by certain stockholders that exceeds 50 percentage points by value over a rolling three-year period. Similar rules may apply under applicable state income tax laws. The Merger resulted in an ownership change for Restoration Robotics and, accordingly, Restoration Robotics' net operating loss carryforwards and certain other tax attributes will be subject to limitation and possibly elimination after the Merger. The Merger may limit our net operating loss carryforwards and certain other tax attributes. Additional ownership changes in the future could result in additional limitations on our net operating loss carryforwards and certain other tax attributes. Consequently, even if the combined company achieves profitability, it may not be able to utilize a material portion of the predecessor companies' or the combined company's net operating loss carryforwards and certain other tax attributes, which could have a material adverse effect on cash flow and results of operations.

We do not intend to pay dividends on our Common Stock, and, consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our Common Stock.

We do not intend to pay any cash dividends on our Common Stock for the foreseeable future. We intend to invest our future earnings, if any, to fund our growth. Payment of future cash dividends, if any, will be at the discretion of the board of directors, subject to applicable law and will depend on various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements of current or then-existing debt instruments and other factors the board of directors deems relevant. Therefore, our stockholders are not likely to receive any dividends on their Common Stock for the foreseeable future. Since we do not intend to pay dividends, our stockholders' ability to receive a return on their investment will depend on any future appreciation in the market value of our Common Stock. There is no guarantee that our Common Stock will appreciate or even maintain the price at which our stockholders have purchased it. The terms of our credit facilities limit our ability to pay dividends.

Provisions in our charter documents and under Delaware law could make an acquisition us more difficult and may discourage any takeover attempts the company stockholders may consider favorable, and may lead to entrenchment of management.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws could delay or prevent changes in control or changes in management without the consent of the board of directors. These provisions will include the following:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of the board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on the board of directors;
- the ability of the board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the ability of the board of directors to alter its bylaws without obtaining stockholder approval;
- the required approval of at least 66⅔% of the shares entitled to vote at an election of directors to adopt, amend or repeal its bylaws or repeal the provisions of the amended and restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of the stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, the president or the board of directors, which may delay the ability of the stockholders to force consideration of a proposal or to act, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to the board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the combined company.

These provisions would apply even we were to receive an offer that some stockholders may consider beneficial.

We are also be subject to the anti-takeover provisions contained in Section 203 of the Delaware General Corporation Law, or the DGCL, or Section 203. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us or ours stockholders, any action asserting a claim against us arising pursuant to any provisions of the DGCL, our certificate of incorporation or our bylaws, or any action asserting a claim against we that are governed by the internal affairs doctrine; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation also provides that the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, the enforceability of similar federal court choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the combined company or its directors, officers or other employees, which may discourage such lawsuits against the combined company and its directors, officers and other employees.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the DGCL, our amended and restated bylaws and our indemnification agreements that we have entered into with our directors and officers provide that:

- we will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- we may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law;
- we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- we will not be obligated pursuant to our amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our board of directors or brought to enforce a right to indemnification;

- the rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons; and

- we may not retroactively amend our amended and restated bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

Our executive officers, directors and certain of our shareholders who are affiliated with our directors will have the ability to control or significantly influence all matters submitted to our stockholders for approval.

As of December 31, 2019, our executive officers, directors and certain of our shareholders who are affiliated with our directors, in the aggregate, beneficially own approximately 62.1% of our outstanding shares of Common Stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, if they choose to act together, these persons would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. Within this group, EW Healthcare and its affiliates own approximately 23.5%, HealthQuest and its affiliates own approximately 13.4% and Longitude Venture Partners II, L.P and its affiliates own approximately 12.3% and respectively, of our outstanding shares. This concentration of voting power could delay or prevent an acquisition of the Company on terms that other stockholders may desire.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive offices are located at 235 Yorkland Blvd, Suite 900, Toronto, Ontario, Canada. We lease these facilities pursuant to a lease agreement that expires on August 31, 2030. These facilities consist of 15,678 square feet of office space, and 2,134 square feet of storage space.

We also have office space in San Jose, California, where we occupy approximately 23,000 square feet of space under a lease that expires in April 2022. In addition, we lease a manufacturing facility for approximately 2,500 square feet in San Jose, California under a lease that expires in June 2020.

We also have offices and a research and development center located at 6 Hayozma Street, Yokne'am Illit 2069203, Israel. We lease these facilities pursuant to a lease agreement that expires on September 30, 2023, with an option to extend the term for an additional 60 months. These facilities consist of approximately 12,580 square feet of space.
We believe that our existing facilities are sufficient to meet our current needs.

Item 3. Legal Proceedings.

Between May 23, 2018 and June 11, 2019, four putative shareholder class actions complaints were filed against us, certain of our former officers and directors, certain of our venture capital investors, and the underwriters of our IPO. Two of these complaints, Wong v. Restoration Robotics, Inc., et al., No. 18CIV02609, and Li v. Restoration Robotics, Inc., et al., No. 19CIV08173 (together, the "State Actions"), were filed in the Superior Court of the State of California, County of San Mateo, and assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, or the Securities Act. The other two complaints, Guerrini v. Restoration Robotics, Inc., et al., No. 5:18-cv-03712-EJD and Yzeiraj v. Restoration Robotics, Inc., et al., No. 5:18-cv-03883-BLF (together, the "Federal Actions"), were filed in the United States District Court for the Northern District of California, and assert claims under Sections 11 and 15 of the Securities Act. The complaints all allege, among other things, that our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaints seek unspecified monetary damages, other equitable relief and attorneys' fees and costs.

In the State Actions, we, along with the other defendants, successfully demurred to the initial Wong complaint for failure to state a claim, and secured a stay of both cases based on the forum selection clause contained in our Amended and Restated Certificate of Incorporation, which designates the federal district courts as the exclusive forums for claims arising under the Securities Act. However, on December 19, 2018, the Delaware Court of Chancery in Sciabacucchi v. Salzberg held that exclusive federal forum provisions are invalid under Delaware law. Under this ruling, the San Mateo Superior Court lifted its stay of State Actions on December 10, 2019. On January 17, 2020, Plaintiffs in the State Actions filed a consolidated amended complaint for violations of federal securities laws, alleging again that, among other things, our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaint seeks unspecified monetary damages, other equitable relief and attorneys' fees and costs. On February 24, 2020, we demurred to the consolidated amended complaint for failure to state a claim. A hearing on our demurrer is currently scheduled for May 8, 2020. On March 18, 2020, the Delaware Supreme Court reversed the Chancery Court's decision in Sciabacucchi v. Salzberg and held that exclusive federal forum provisions are valid under Delaware law. The Company intends to seek appropriate relief based on the Sciabacucchi decision.

In the Federal Actions, which have been consolidated under the caption In re Restoration Robotics, Inc. Securities Litigation, Case No. 5:18-cv-03712-EJD, Lead Plaintiff Eduardo Guerrini filed his consolidated amended complaint for violations of federal securities laws on November 30, 2018. The consolidated amended complaint alleges again that, among other things, our Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with our IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. On January 29, 2019, we, along with certain of our former officers and directors, filed a motion to dismiss the consolidated amended complaint for failure to state a claim. On October 18, 2019, the District Court granted our motion to dismiss as to all but two allegedly false or misleading statements contained in our Prospectus. On December 9, 2019, we filed our answer to the consolidated amended complaint denying the falsity of these statements, and discovery is underway.

In addition to the State and Federal Actions, on July 11, 2019, a verified shareholder derivative complaint was filed in the United States District Court for the Northern District of California, captioned Mason v. Rhodes, No. 5:19-cv-03997-NC. The complaint alleges that certain of our former officers and directors breached their fiduciary duties, have been unjustly enriched and violated Section 14(a) of the Securities Exchange Act of 1934, or the Exchange Act, in connection with our IPO and our 2018 proxy statement. The complaint seeks unspecified damages, declaratory relief, other equitable relief and attorneys' fees and costs. On August 21, 2019, the District Court granted the parties' joint stipulation to stay the Mason action during the pendency of the Federal Actions, and the case remains stayed.

In addition to the actions described above relating to our IPO, two lawsuits purporting to challenge disclosures made in connection with our merger have also been filed. The first, captioned Bushansky v. Restoration Robotics, Inc., et al., No. 5:19-cv-06004-MMC, alleged, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleged that the proxy statement filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger omitted or misrepresented material information. The complaint sought, among other things, injunctive relief, unspecified damages, and attorneys' fees and costs. On November 6, 2019, the plaintiff voluntarily dismissed the Bushansky action with prejudice as to his individual claims and without prejudice as to the claims of the putative class.

The second, a putative shareholder class action complaint captioned Pak v. Restoration Robotics, Inc., et al., No. 1:19-cv-02237, was filed in the United States District Court for the District of Delaware on December 6, 2019. The complaint alleges, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleges that the proxy statement filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger contained false or misleading information. The complaint seeks, among other things, compensatory and/or rescissory damages, and attorneys' fees and costs. On February 26, 2020, the District Court appointed Joon Pak as Lead Plaintiff in the Pak action, and approved his selection of Lead Counsel. We believe that these lawsuits are without merit and we intend to vigorously defend against these claims.

Our Chinese subsidiary, or Venus Concept China, imports and sells registered medical devices and unregistered non-medical devices in the PRC. One of its unregistered products has been the subject of inquiries from two district level branches of the SAMR, Xuhui MSA and Huangpu MSA, as to whether the product was properly sold as a non-medical device. In January 2019, Venus Concept China had applied to register a version of this non-medical device as a medical device with the National Medical Products Administration of PRC, or NMPA. On June 12, 2019, Venus Concept China was informed that Xuhui MSA had opened an administrative investigation case related to whether the device is an unregistered medical device, as a result of a complaint that Xuhui MSA received from a former distributor of Venus Concept China. Huangpu MSA notified Venus Concept China that it would be suspending its separate investigation against Venus Concept China, pending the results of the Xuhui MSA investigation. We and Venus Concept China have voluntarily stopped sales in China of this product. On December 11, 2019, Xuhui MSA informed Venus Concept China that a determination had been made by the Shanghai Medical Products Administration that Versa's IPL function should be administered as a Class II medical device. Xuhui MSA also suggested that Venus Concept China consider a voluntary recall of all Versa units sold in China. Venus Concept China is currently contemplating a recall plan. In late January 2020, Venus Concept China received a copy of the Shanghai Medical Products Administration's determination that because of the intended uses for Versa's IPL function comprise medical treatment functions such as "treatment of benign pigmented epidermis and skin lesions," Versa's IPL function should be administered as a Class II medical device. Venus Concept China has not yet received a notice of proposed penalty decision from Xuhui MSA. Venus Concept China has not yet received a determination from NMPA on its application for registering Versa's IPL function as a medical device. Although the revenue generated from the product that is the subject of the investigation did not represent a material amount of our total revenues for the years ended December 31, 2019 or 2018, monetary penalties nonetheless could be material. Venus Concept and Venus Concept China are cooperating with the relevant authorities, however, Venus Concept China cannot predict the outcome of this matter.

Further, we may from time to time continue to be involved in various legal proceedings of a character normally incident to the ordinary course of our business, which we do not deem to be material to our business and results of operations.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock has been listed on the Nasdaq Global Market since October 12, 2017. Prior to the merger with Venus Concept Ltd., our common stock traded under the symbol "HAIR" and following the merger, our common stock trades under the symbol "VERO".

Holders

As of March 25, 2020, there were 173 holders of record of our common stock. 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.

Dividends

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available earnings, if any, for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Performance Graph

As a smaller reporting company, we are not required to provide disclosure for this Item.

Recent Sale of Unregistered Securities

None.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. Selected Consolidated Financial Data.

As a smaller reporting company, we are not required to provide disclosure for this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with the historical consolidated financial statements and the notes thereto included in Part II, Item 8 "Consolidated Financial Statements and Supplementary Data." This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including but not limited to those described in Part I, Item 1A "Risk Factors" of this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" and Part I, Item 1A, "Risk Factors."

Overview

We are an innovative global medical technology company that develops, commercializes, and delivers minimally invasive and non-invasive medical aesthetic and hair restoration technologies and related practice enhancement services. Our aesthetic systems have been designed on a cost-effective, proprietary and flexible platform that enables us to expand beyond the aesthetic industry's traditional markets of dermatology and plastic surgery, and into non-traditional markets, including family and general practitioners and aesthetic medical spas. In 2019 and 2018, a substantial majority of Venus Concept Ltd.'s systems delivered in North America were in non-traditional markets.

In November 2019, we completed our business combination with Venus Concept Ltd. and the business of Venus Concept Ltd. became the primary business of the company, as described in more detail below under the heading "Merger with Venus Concept Ltd." The combination with Restoration Robotics, a global leader in hair restoration, significantly expanded our presence and capability in the hair restoration market. We have developed and commercialized a robotic device, the ARTAS® System, that assists physicians in performing many of the repetitive tasks that are part of a follicular unit extraction surgery, or FUE, a type of hair restoration surgery. In July 2018, we introduced the ARTAS® iX Robotic Hair Restoration System, which we believe is the first and only robotic intelligent solution to offer precise, minimally invasive, repeatable harvesting and implantation functionality in one platform. The system delivers procedural analysis, precision, repeatability, and clinical workflow efficiency for hair restoration. Through our NeoGraft division, which we acquired in 2018, we offer an automated hair restoration system that facilitates the harvesting of follicles during an FUE process, improving the accuracy and speed over commonly used manual extraction instruments. Our hair restoration systems are sold primarily to plastic surgeons and dermatologists, and in the United States we offer doctors using the NeoGraft® system the services of a group of independently contracted technicians, whom we market as "VeroGrafters". This group of approximately 50 technicians is available to assist the physician during a NeoGraft® hair restoration procedure. The ARTAS® iX System complements our NeoGraft® hair restoration system and allows us to penetrate a broader segment of the hair restoration market. We expect to make the VeroGrafters™ service available in 2020 to physicians using the ARTAS® System.

We have had recurring net operating losses and negative cash flows from operations. As of December 31, 2019 and 2018, we had an accumulated deficit of $75.7 million and $35.1 million, respectively. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future in connection with our ongoing activities. As of December 31, 2019 and 2018, we had cash and cash equivalents of $15.7 million and $6.8 million, respectively. In order to continue our operations, we must achieve profitable operations and/or obtain additional equity investment or debt financing. We completed convertible notes offerings in June 2019 and August 2019 as described in the following paragraph and in more detail below under the heading "Convertible Note Financings" and a private placement financing in November 2019 as described in the following paragraph and in more detail below under the heading "Concurrent Financing". Until we generate revenue at a level to support our cost structure, we expect to continue to incur substantial operating losses and net cash outflows.

On June 25, 2019, Venus Concept Ltd. sold $7.8 million of convertible notes. On August 14, 2019, Venus Concept Ltd. sold an additional $7.2 million of Venus Concept Ltd.'s convertible notes to certain investors. On August 21, 2019, Venus Concept Ltd. sold an additional $14.05 million to certain of the equity commitment letter investors. Immediately after the Merger (as defined below) we issued and sold securities in a private placement for approximately $28.1 million. See "*—Concurrent Financing*". On March 18, 2020 we issued and sold securities in a private placement for approximately $22.3 million. See "*—2020 Private Placement*" below. We believe that the net proceeds from the issuance of the securities issued in the 2020 private placement, together with our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements for at least 12 months. We based this estimate on our current assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See "*—Liquidity and Capital Resources*".

Merger with Venus Concept Ltd.

In accordance with the terms of the Agreement and Plan of Merger and Reorganization, or the Merger Agreement, dated March 15, 2019, as amended, by and among Venus Concept Ltd., Restoration Robotics and Radiant Merger Sub Ltd., a company organized under the laws of Israel and a direct, wholly-owned subsidiary of Restoration Robotics, or Merger Sub, Merger Sub merged with and into Venus Concept Ltd., with Venus Concept Ltd. surviving as a wholly-owned subsidiary of Restoration Robotics, or the Merger. Following the completion of the Merger, Restoration Robotics changed its corporate name to "Venus Concept Inc." and the business conducted by Venus Concept Ltd. became the primary business conducted by the company.

At the effective time of the Merger, each outstanding ordinary and preferred share of Venus Concept Ltd., other than shares held by Venus Concept Ltd. as treasury stock or held by the Company or Merger Sub, were converted into the right to receive 8.6506 (the "Exchange Ratio") validly issued, fully paid and non-assessable shares of Common Stock of the Company, par value $0.0001 per share ("Common Stock"), and each outstanding stock option and warrant issued and outstanding by Venus Concept Ltd. was assumed by Restoration Robotics and converted into and became an option or warrant (as applicable) exercisable for shares of Common Stock with the number and exercise price adjusted by the Exchange Ratio.

The Merger was accounted for as a reverse acquisition with Venus Concept Ltd. as the acquiring company for accounting purposes, and Venus Concept as the legal acquirer. As a result, upon consummation of the Merger, the historical financial statements of Venus Concept Ltd. became the historical financial statements of Venus Concept Inc.

Concurrent Financing

Immediately following the closing of the Merger, we issued and sold in a private placement to certain investors an aggregate of approximately 7.5 million shares of our common stock and warrants to purchase up to an aggregate of approximately 3.7 million shares of our common stock at an exercise price of $6.00 per share, which we refer to as the Concurrent Financing. The aggregate purchase price for the securities sold in the Concurrent Financing was approximately $28.1 million. We filed the registration statement on Form S-3 (333-236207) registering the resale of the shares sold in the Concurrent Financing and shares issuable upon exercise of the warrants which became effective on February 12, 2020. The warrants issued in the Concurrent Financing are exercisable beginning on May 7, 2020.

Reverse Stock Split

Immediately following completion of the Merger, we effected a 15-for-1 reverse stock split, or Reverse Stock Split, of all outstanding shares of our common stock. All share and per share amounts shown in this Annual Report on Form 10-K have been adjusted to reflect the Reverse Stock Split, unless otherwise noted.

2020 Private Placement

On March 18, 2020, we entered into a securities purchase agreement with certain investors pursuant to which we agreed to sell and they agreed to purchase an aggregate of approximately 2.3 million shares of our common stock, 0.7 million shares of Series A convertible preferred stock, par value $0.0001 per share, which is convertible into 6.6 million shares of our common stock and warrants to purchase up to an aggregate of approximately 6.7 million shares of our common stock at an exercise price of $3.50 per share, which we refer to as the 2020 Private Placement. The warrants have a five-year term and are exercisable beginning 181 days after their issue date. The Series A preferred stock will automatically convert into shares of common stock upon receipt of stockholder approval. The Series A preferred stock has no voting rights other than as required by law. The aggregate purchase price for the securities sold in the 2020 Private Placement was approximately $22.3 million. The transaction was completed on March 19, 2020.

Products and Services

We derive revenue from the sale of products and services. Product revenue includes revenue from the following:

- the sale of systems, which includes the main console and is inclusive of control software and applicators (referred to as system revenue);
- marketing supplies and kits;
- consumables and disposables;
- replacement applicators/handpieces; and
- Venus Concept skincare and hair products.

Service revenue includes revenue derived from our VeroGrafters™ technician services, practice enhancement services, our 2two5 internal advertising agency, and our extended warranty service contracts provided to our existing customers.

Systems are sold through our subscription model, or through traditional sales contracts directly and through distributors.

We generate recurring monthly revenue under our subscription-based business model and from traditional system sales. Venus Concept Ltd. commenced a subscription-based model in North America in 2011 and, for the years ended December 31, 2019 and 2018, approximately 51% and 55%, respectively, of aesthetic systems Venus Concept Ltd. delivered were sold under the subscription model. We have launched our subscription model in targeted international markets in which we operate directly. We currently do not offer the ARTAS® iX System under the subscription model.

Our subscription model includes an up-front fee and a monthly payment schedule, typically over a period of 36 months, with approximately 40% of total contract payments collected in the first year. To ensure that each monthly product payment is made on time and that the customer’s system is serviced in accordance with the terms of the warranty, every product purchased under a subscription agreement requires a monthly activation code, which we provide to the customer upon receipt of the monthly payment. These recurring monthly payments provide our customers with enhanced financial transparency and predictability. If economic circumstances are appropriate, we provide customers in good standing with the opportunity to “upgrade” to new agreements for the newest available or alternative Venus Concept’s technology throughout the subscription period. This structure can provide greater flexibility than traditional equipment leases secured through financing companies. Through our practice enhancement services, we work closely with our customers and physicians to provide business recommendations that improve the quality of service outcomes, build patient traffic and improve financial returns for the customer’s business.

We have developed and commercialized twelve technology platforms, including our ARTAS® and NeoGraft® systems. Our medical aesthetic technology platforms have received regulatory clearance for indications such as treatment of facial wrinkles in certain skin types, temporary reduction of appearance of cellulite, non-invasive fat reduction (lipolysis) in the abdomen and flanks for certain body types and relief of minor muscle aches and pains, as well as other indications, that are cleared for marketing in overseas markets but not in the United States, including treatment of certain soft tissue injuries, temporary increase of skin tightening, temporary body contouring, and vaginal treatments in the Israeli market only. In 2018, we acquired NeoGraft® and in November 2019, we completed our business combination with Restoration Robotics, which significantly expanded our hair restoration product offerings and capabilities to include the ARTAS® iX System, a robotic device that assists physicians in a FUE hair restoration procedure. We believe these two systems are complementary and give us a hair restoration product offering that can serve a broad segment of the market.

In the United States, we have obtained 510(k) clearance from FDA for our Venus Freeze and Freeze Plus systems, Venus Viva, Venus Legacy, Venus Versa, Venus Velocity, Venus Heal, Venus Bliss and ARTAS® systems. The Venus Glow and NeoGraft® systems are listed as class I devices under FDA classification system. Outside the United States, we market our technologies in over 60 countries across Europe, Asia-Pacific and Latin America. Because each country has its own regulatory scheme and clearance process, not every device is cleared or authorized for the same indications in each market in which a particular system is marketed. See “Venus Concept Business—Venus Concept’s Products” in this Annual Report on Form 10-K for a summary of FDA, EU and Health Canada cleared indications for our systems.

As of December 31, 2019, we operated directly in 29 international markets through our 24 direct offices in the United States, Canada, United Kingdom, Japan, South Korea, Mexico, Argentina, Colombia, Spain, France, Germany, Australia, China, Hong Kong, Singapore, Indonesia, Vietnam, India, Israel, Italy, Bulgaria, Russia, Kazakhstan and South Africa.

Our revenues increased from $102.6 million in 2018 to $110.4 million in 2019. Our company had a net loss attributable to Venus Concept of $40.6 million and $15.0 million in the years ended December 31, 2019 and 2018, respectively. We had Adjusted EBITDA loss of $12.5 million and $9.8 million in 2019 and 2018, respectively.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP measure defined as net loss income before foreign exchange loss, financial expenses, income tax expense, depreciation and amortization, stock-based compensation and non-recurring items for a given period. Adjusted EBITDA is not a measure of our financial performance under U.S. GAAP and should not be considered an alternative to net income or any other performance measures derived in accordance with U.S. GAAP. Accordingly, you should consider Adjusted EBITDA along with other financial performance measures, including net income, and our financial results presented in accordance with U.S. GAAP. Other companies, including companies in our industry, may calculate Adjusted EBITDA differently or not at all, which reduces its usefulness as a comparative measure. We understand that although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are: Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; and although depreciation and amortization are a non-cash charges, the assets being depreciated will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

We believe that Adjusted EBITDA is a useful measure for analyzing the performance of our core business because it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by changes in foreign exchange rates that impact financial assets and liabilities denominated in currencies other than the U.S. dollar, tax positions (such as the impact on periods or companies of changes in effective tax rates), the age and book depreciation of fixed assets (affecting relative depreciation expense), amortization of intangible assets, stock-based compensation expense (because it is a non-cash expense) and non-recurring items as explained below.

The following reconciliation of net loss to Adjusted EBITDA for the years presented:

Venus Concept Inc.

Reconciliation of Net loss to Non-GAAP Adjusted EBITDA

	Year Ended, December 31,	
	2019	2018
Reconciliation of net loss to adjusted EBITDA	(in thousands)	
Net loss	$ (42,295)	$ (14,209)
Foreign exchange loss	2,611	3,266
Finance expenses	7,549	5,361
Income tax expense	1,857	2,215
Depreciation and amortization	2,040	1,340
Stock-based compensation expense	2,158	1,257
Customer bankruptcy recorded in provision for bad debt	—	8,256
Other adjustments (1)	13,553	2,283
Adjusted EBITDA	$ (12,527)	$ 9,769

(1) For the year ended December 31, 2019, the other adjustments are mainly represented by professional fees related to the Merger and a patent infringement case. For the year ended December 31, 2018, the other adjustments are mainly represented by professional fees incurred in 2018 related to a transaction that was not completed.

Key Factors Impacting Our Results of Operations

Our results of operations are impacted by several factors, but we consider the following to be particularly significant to our business:

Number of systems delivered. The majority of our revenue is generated from the delivery of systems, both under traditional sale contract and under subscription agreements. The following table set forth the number of systems we have delivered in the geographic regions indicated:

	Year Ended December 31,	
	2019	2018
United States	647	538
International	1,817	1,542
Total systems delivered	2,464	2,080

Mix between traditional sales, subscription model sales and distributor sales. We deliver systems through (1) traditional direct system sales contracts to customers, (2) our subscription model, and (3) system sales through distributor agreements. Unit deliveries under direct system sales contracts and subscription agreements have the higher per unit revenues and gross margins, while revenues and gross margins on systems sold through distributors are lower. However, distributor sales do not require significant sales and marketing support as these expenses are borne by the distributors. In addition, while traditional system sales contracts and subscription contracts have similar gross margins, cash collections on subscription contracts generally occur over a three-year period, with approximately 40% collected in the first year and the balance collected evenly over the remaining two years of the subscription agreement.

Significant Investment in Sales, Marketing and Operations. We have made a strategic decision to continue to penetrate the global market by investing in sales and marketing expenses across all geographic segments. This includes reducing our reliance on distributor arrangements, opening more direct offices and hiring experienced sales, marketing and operational staff. While we will generate incremental product sales in these new markets, these revenues and the related margins may not fully offset the startup investments in the initial years. In 2019, we did not open any direct sales offices. In 2018, we opened direct sales offices in Argentina and South Korea and relaunched our direct operations in Germany.

Bad Debt Expense. We maintain an allowance for doubtful accounts for estimated losses that may primarily arise from subscription customers that are unable to make the remaining required payments under the subscription contracts. In 2019, we performed a market by market re-evaluation of our bad debt experience across our operations and determined that the allowance for doubtful accounts was insufficient to cover the non-performing accounts and anticipated write-offs under our subscription contracts. This resulted in an incremental charge to bad debt expense in the fourth quarter and a full year bad debt expense of approximately $10.0 million in 2019. Bad debt expense in 2018 reflects an $8.3 million provision against the receivable of a large U.S. national account customer that filed for Chapter 11 bankruptcy in February 2019. To the extent that we conduct a significant amount of business with one customer or distributor, the potential impact on the business, both positive and negative, can significantly impact our results.

Outlook

The global pandemic caused by the novel coronavirus (COVID-19) has significantly impacted our growth trends during the first three months of 2020, which, while difficult to predict, we expect will continue to impact our results in the second quarter of 2020 and possibly beyond. We are a global business, having established a commercial presence in more than 60 countries over the course of our ten-year history. Approximately 30% of our 2019 sales came from the APAC and European regions which were impacted by the pandemic throughout the first quarter, and we have also seen a pronounced decline in both procedures and system adoption in the U.S. beginning in March 2020.

As a result of the global economic turmoil that has resulted from COVID-19, we also expect that some of our customers may experience difficulty in making timely payments or payments at all during this pandemic under their subscription agreements which could result in higher than anticipated bad debt expense over the course of the 2020 fiscal year.

After the Merger, we focused on improving the profitability of the combined businesses and have identified approximately $18.0 million of synergies and cost reductions related to the Merger that we expect to realize over the course of fiscal 2020. In addition, and in response to the challenging trends in recent months related to COVID-19, we also conducted a full review of our 2020 operating budget. In this review, we identified additional operating expense reduction opportunities of at least $20 million, which we expect to implement beginning in the second quarter. We also continue to identify additional expense cuts that will be made if we experience a prolonged recovery from this pandemic. We expect to begin implementing this expense reduction program in the second quarter of 2020. We cannot assure you that we will be successful in fully realizing synergies and cost reductions related to the Merger or that we will realize additional operating expense reductions in the range of our estimates.

We cannot anticipate all of the ways in which the current economic conditions, resulting from the COVID-19 pandemic, could adversely impact our business. We may need additional capital to fund our future operations.

Basis of Presentation

Revenues

We generate revenue from (1) sales of systems through our subscription model, traditional system sales to customers and distributors, (2) other product revenues from the sale of marketing supplies and kits, consumables and our skincare and hair products and (3) service revenue from the sale of our VeroGrafters™ technician services, our 2two5 internal advertising agency and our extended warranty service contracts provided to existing customers.

System Revenue

For the years ended December 31, 2019 and 2018, approximately 67% and 75%, respectively, of our system revenues were derived from subscription contracts. Our subscription model is designed to provide a low barrier to ownership of our systems and includes an up-front fee followed by monthly payments, typically over a 36-month period. The up-front fee serves as a deposit. The significantly reduced up-front financial commitment, coupled with less onerous credit and disclosure requirements, is intended to make our subscription-based sales program more appealing and affordable to physicians, including non-traditional providers of aesthetic services such as family practice, general practice, and medical spas. For accounting purposes, these arrangements are considered to be sales-type finance leases, where the present value of all cash flows to be received under the subscription agreement is recognized as revenue upon shipment to the customer and achievement of the required revenue recognition criteria.

For the years ended December 31, 2019 and 2018, approximately 27% and 20%, respectively, of our system revenues were derived from traditional sales. Customers generally demand higher discounts in connection with these types of sales. We recognize revenues from products sold to end customers based on the following five steps: (1) identification of the contract(s) with the customer; (2) identification of the performance obligations in the contract; (3) determine the transaction price; and (4) allocate the transaction price to the separate performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. We do not generally grant rights of return or early termination rights to its end customers. These traditional sales are generally made through our sales team in the countries in which the team operates.

For the years ended December 31, 2019 and 2018, approximately 6% and 5%, respectively, of our system revenues were derived from distributor sales. Under the traditional distributor relationship, we do not sell directly to the end customer and, accordingly, achieve a lower overall margin on each system sold compared to our direct sales. These sales are non-refundable, non-returnable and without any rights of price protection or stock rotation. Accordingly, we consider distributors as end customers, or the sell-in method.

Procedure Based Revenue

We generate revenue from our harvesting and site making procedures in hair restoration procedures. The harvesting procedure is an act of activating the needle mechanism of the ARTAS® System and it consists of multiple harvests (each harvested hair follicle is one harvest), which direct customers can purchase at fixed price per harvest (with a minimum of 750 harvests) or a set price per procedure, as agreed upon at the time of system purchase. We also provide one sterile and one non-sterile disposable clinical kit per procedure. On average, each procedure consists of approximately 1,500 harvests. The customer must place an online order with us for the number of procedures desired and make a payment. Upon receipt of the order and the related payment, we release an electronic key that enables the ARTAS® System to perform the number of procedures purchased. Once the procedures are exhausted (or "consumed"), the customer must purchase additional procedures. Harvesting procedures can also be purchased in bulk orders. The site making procedure is use of the ARTAS® System to create a recipient site (i.e. site making) in the patient's scalp affected by androgenic alopecia or AGA (or male pattern baldness). The site making procedures generally include one disposable site making kit. The site making procedures are sold to customers in the same manner as the harvesting procedures.

Other Product Revenue

We also generate revenue from our customer base by selling Glide (a cooling/conductive gel which is required for use with many of our systems), marketing supplies and kits, consumables and disposables, replacement applicators and handpieces, our skincare products (Venus Skin) and hair products, and ARTAS® System training.

Service Revenue

We generate ancillary revenue from our existing customers by selling additional services including VeroGrafters™ technician services for hair restoration using our NeoGraft® system, extended warranty service contracts, and services provided by our 2two5 internal advertising agency.

Cost of Goods Sold and Gross Profit

Cost of goods sold consists primarily of costs associated with manufacturing our different systems, including direct product costs from third-party manufacturers, warehousing and storage costs and fulfillment and supply chain costs inclusive of personnel-related costs (primarily salaries, benefits, incentive compensation and stock-based compensation). Cost of goods sold also includes the cost of upgrades, technology amortization, royalty fees, parts, supplies, and cost of product warranties.

Operating Expenses

Selling and Marketing. We currently sell our products and services using direct sales representatives in North America and in select international markets. Our sales costs primarily consist of salaries, commissions, benefits, incentive compensation and stock-based compensation. Costs also include expenses for travel and other promotional and sales-related activities. We continue to invest in new sales and marketing programs, and we expect that selling costs will continue to increase as we expand our direct operations across all geographic segments. However, we expect that selling expenses as a percentage of revenue will decline over time.

Our marketing costs primarily consist of salaries, benefits, incentive compensation and stock-based compensation. They also include expenses for travel, trade shows, and other promotional and marketing activities, including direct and online marketing. Our marketing expenses have increased as we continue to scale up our direct operations across all geographic segments. However, given the fixed cost nature of many of these expenses, we expect that marketing expenses as a percentage of revenue will decline over time.

General and Administrative. Our general and administrative costs primarily consist of expenses associated with our executive, accounting and finance, legal, intellectual property and human resource departments. These expenses consist of personnel-related expenses (primarily salaries, benefits, incentive compensation and stock-based compensation) and allocated facilities costs, audit fees, legal fees, consultants, travel, insurance and bad debt expense. During the normal course of operations, we may incur bad debt expense on accounts receivable balances that are deemed to be uncollectible. We expect our general and administrative expenses to increase due to the anticipated growth of our business and infrastructure.

Research and Development. Our research and development costs primarily consist of personnel-related costs (primarily salaries, benefits, incentive compensation, and stock-based compensation), material costs, amortization of intangible assets, regulatory affairs, and clinical costs, and facilities costs in our Yokneam, Israel research center. Our ongoing research and development activities are primarily focused on improving and enhancing our current technologies, products, and services, and on expanding our current product offering with the introduction of new products and expanded indications.

Our expenses all research and development costs in the periods in which they are incurred. We expect our research and development expenses to increase in absolute dollars as we continue to invest in research, clinical studies, regulatory affairs, and development activities, but to decline as a percentage of revenue as our revenue increases over time.

Finance Expenses

Finance expenses consists of interest income, interest expense and other banking charges. Interest income consists of interest earned on our cash, cash equivalents and short-term bank deposits. We expect interest income to vary depending on our average investment balances and market interest rates during each reporting period. Interest expense consists of interest on long-term debt and other borrowings. The interest rate on our long-term debt is fixed at 9% as of December 31, 2019 and 9% as of December 31, 2018.

Foreign Exchange Loss (Income)

Foreign currency exchange loss (income) changes reflect foreign exchange gains or losses related to the change in value of assets and liabilities denominated in currencies other than the U.S. dollar.

Income Taxes Expense

We estimate our current and deferred tax liabilities based on current tax laws in the statutory jurisdictions in which we operate. These estimates include judgments about liabilities resulting from temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. Our most significant temporary difference results from our subscription business. In certain jurisdictions, only the payments invoiced in the current period are subject to tax, but for accounting purposes, the discounted value of the total subscription contract is reported and tax affected. This results in a deferred tax credit which is settled in the future period when the monthly installment payment is issued and settled with the customer. Since our inception, we have not recorded any tax benefits for the net operating losses we have incurred in each year or for the research and development tax credits we generated in the United States. We believe, based upon the weight of available evidence, that it is more likely than not that all of our net operating loss carryforwards and tax credits will not be realized.

As of December 31, 2019, we had U.S. federal net operating loss carryforwards of $228.0 million, which may be available to offset future taxable income and begin to expire in 2022 and 2039 respectively. As of December 31, 2019, we also had U.S. federal and state research and development tax credit carryforwards of $2.3 million and $2.6 million, respectively, which may be available to offset future tax liabilities and begin to expire in 2025. We have recorded a full valuation allowance against our net deferred tax assets at each balance sheet date.

We may recognize the tax benefit from an uncertain tax positions only if 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. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. During the year we determined that $0.6 million of future tax benefits met this criterion.

Non-Controlling Interests

In many countries where we have direct operations, we have minority shareholders. For accounting purposes, these minority partners are referred to as non-controlling interests, and we record the non-controlling interests' share of earnings in our subsidiaries as a separate balance within stockholders' equity in the consolidated balance sheet and consolidated statement of stockholder' equity.

Restatement of Comparative Amounts

For the year ended December 31, 2018, we previously classified the issuance of common stock shares and preferred shares as a credit to common stock. In accordance with U.S. GAAP, amounts issued in excess of par value are required to be accounted for in additional paid in capital (APIC). The error is a reclassification from common stock into APIC and has an immaterial impact on the consolidated statement of stockholders' equity and consolidated balance sheet. Items previously reported have been reclassified to conform to U.S. GAAP and the reclassification did not have any impact on the Company's consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of cash flows and net loss per share calculations.

Results of Operations

The following tables set forth our consolidated results of operations in U.S. dollars and as a percentage of revenues for the years indicated:

	Year Ended December 31,	
	2019	2018
Consolidated Statements of (Loss) Income:	*(dollars in thousands)*	
Revenues:		
Leases	$ 65,170	$ 71,540
Products and services	45,236	31,074
Total revenue	110,406	102,614
Cost of goods sold	33,753	23,259
Gross profit	76,653	79,355
Operating expenses:		
Sales and marketing	41,409	37,315
General and administrative	47,497	27,432
Research and development	8,034	7,047
Provision for bad debts	9,991	10,928
Total operating expenses	106,931	82,722
Loss from operations	(30,278)	(3,367)
Foreign exchange loss	2,611	3,266
Finance expenses	7,549	5,361
Loss before income taxes	(40,438)	(11,994)
Income tax expense	1,857	2,215
Net loss	**$ (42,295)**	**$ (14,209)**
Net loss attributable to the Company	(40,619)	(14,959)
Net (loss) income attributable to noncontrolling interest	(1,676)	750
Net loss	**$ (42,295)**	**$ (14,209)**
As a % of revenue:		
Revenues	100%	100%
Cost of goods sold	30.6	22.7
Gross profit	69.4	77.3
Operating expenses:		
Selling and marketing	37.5	36.4
General and administrative	43.0	26.7
Research and development	7.3	6.9
Provision for bad debts	9.0	10.6
Total operating expenses	96.9	80.6
Loss from operations	(27.4)	(3.3)
Foreign exchange loss	2.4	3.2
Finance expenses	6.8	5.2
Loss before income taxes	(36.6)	(11.7)

The following tables set forth our revenue by region and by product type for the years indicated:

	Year Ended December 31,	
Revenues by region:	2019	2018
United States	$ 47,723	$ 46,311
International	62,683	56,303
Total revenue	$ 110,406	$ 102,614

	Year Ended December 31,	
	2019	2018
Revenues by product:	(in thousands)	
Subscription—Systems	$ 65,170	$ 71,540
Products—Systems	31,730	23,454
Products other (1)	6,030	4,412
Services (2)	7,476	3,208
Total revenue	$ 110,406	$ 102,614

(1) Products other include ARTAS procedure kits, Venus Concept's Venus Skin and hair products, and other consumables.
(2) Services include VeroGrafters™ technician services, 2two5 ad agency services and extended warranty sales.

Comparison of the Years Ended December 31, 2019 and 2018
Revenues

	Year Ended December 31,					
	2019		2018		Change	
(in thousands, except percentages)	**$**	**% of Total**	**$**	**% of Total**	**$**	**%**
Revenues:						
Subscription—Systems	$ 65,170	59.0	$ 71,540	69.7	$ (6,370)	(8.9)
Products—Systems	31,730	28.7	23,454	22.9	8,276	35.3
Products other	6,030	5.5	4,412	4.3	1,618	36.7
Services	7,476	6.8	3,208	3.1	4,268	133.0
Total	$ 110,406	100.0	$ 102,614	100.0	$ 7,792	7.6

Total revenue increased by $7.8 million, or 7.6%, to $110.4 million for the year ended December 31, 2019 from $102.6 million for the year ended December 31, 2018. The increase in revenue was a result of increased revenue in the United States of $1.4 million and increased revenue in international markets of $6.4 million. The increase in revenue in the United States was driven by ARTAS® iX revenue post-Merger. The increase in revenue in international markets is largely due to our expanded direct sales presence in Latin America and Asia.

We sold an aggregate of 2,464 systems in the year ended December 31, 2019 compared to 2,080 in the year ended December 31, 2018. The percentage of systems revenue derived from our subscription model was approximately 67% in the year ended December 31, 2019 compared to 75% in the year ended December 31, 2018.

Other product revenue increased by $1.6 million, or 36.7%, to $6.0 million in the year ended December 31, 2019 from $4.4 million in the year ended December 31, 2018.The increase was driven by sales of ARTAS procedure kits, our expanded direct sales presence in Latin America and Asia and additional consumables sales related to increased systems sales.

Services revenue increased by $4.3 million, or 133.0%, to $7.5 million in the year ended December 31, 2019 from $3.2 million in the year ended December 31, 2018. This increase was driven by an expansion of the VeroGrafters™ technician services, a full year of new 2two5 ad agency services that commenced operation in the second quarter of 2018, and additional warranty revenue on ARTAS® systems.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased by $10.5 million, or 45.1%, to $33.8 million in the year ended December 31, 2019 from $23.3 million in the year ended December 31, 2018. Gross profit decreased by $2.7 million, or 3.4%, to $76.7 million in the year ended December 31, 2019, as compared to $79.4 million in the year ended December 31, 2018. The decrease in gross profit is primarily due to lower average selling prices on the sale of certified pre-owned systems and increased services revenue at lower margins. Gross margin was 69.4% of revenue in the year ended December 31, 2019 compared to 77.3% of revenue in the year ended December 31, 2018.The decrease in gross profit percentage is primarily related to an increase in cost of goods sold mainly due to a large chain account sale in Asia at a lower margin, increased costs of replacement parts under warranty, and lower selling prices on sales of certain certified pre-owned systems, and sales of ARTAS® iX systems, which have a lower margin than other systems.

Operating expenses

	Year Ended December 31,					
	2019		2018		Change	
(in thousands, except percentages)	$	% of Revenues	$	% of Revenues	$	%
Operating expenses:						
Selling and marketing	$ 41,409	37.5	$ 37,315	36.4	$ 4,094	11.0
General and administrative	47,497	43.0	27,432	26.7	20,065	73.1
Research and development	8,034	7.3	7,047	6.9	987	14.0
Provision for bad debts	9,991	9.1	10,928	10.6	(937)	(8.6)
Total operating expenses	$ 106,931	96.9	$ 82,722	80.6	$ 24,209	29.3

Selling and Marketing. Selling and marketing expenses increased by 11.0% in the year ended December 31, 2019 compared to the year ended December 31, 2018. This increase was primarily due to the Merger completed in the fourth quarter of 2019 and costs related to the Bliss launch in the U.S. As a percentage of total revenues, our selling and marketing expenses increased by 1.1%, from 36.4% in the year ended December 31, 2018 to 37.5% in the year ended December 31, 2019. We expect selling and marketing expenses to decrease as a percentage of sales in the future.

General and Administrative. General and administrative expenses increased by 73.1% in the year ended December 31, 2019 compared to the year ended December 31, 2018, reflecting costs related to the Merger and general and administrative expenses of Restoration Robotics post-Merger, continued investment in corporate infrastructure including expanded infrastructure in Asia-Pacific, Latin America and Europe, the related general and administrative expenses resulting from the expansion of the 2two5 internal advertising agency. As a percentage of total revenues, our general and administrative expenses increased by 16.3%, from 26.7% in the year ended December 31, 2018, to 43.0% in the year ended December 31, 2019, primarily due to Merger-related expenses.

Research and Development. Research and development expenses increased by 14.0% in the year ended December 31, 2019 compared to the year ended December 31, 2018. As a percentage of total revenues, our research and development expenses increased by 0.4%, from 6.9% in the year ended December 31, 2018, to 7.3% in the year ended December 31, 2019.

Provision for Bad Debts. The provision for bad debts decreased by 8.6% in the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease related to non-recurrence of a $8.3 million bad debt incurred in 2018 due to a large U.S. national account customer filing for Chapter 11 bankruptcy, partially offset by a charge to bad debt expense in 2019. In 2019, we performed a market by market re-evaluation of our bad debt experience across our operations and determined that the allowance for doubtful accounts was insufficient to cover the non-performing accounts and anticipated write-offs under our subscription contracts. This resulted in an incremental charge to bad debt expense in the fourth quarter and a full year bad debt expense of approximately $10.0 million in 2019. As a percentage of total revenues, our provision for bad debts decreased 1.5%, from 10.6% in the year ended December 31, 2018, to 9.1% in the year ended December 31, 2019.

Foreign exchange loss (income). We had a foreign exchange loss of $2.6 million in the year ended December 31, 2019 and foreign exchange loss of $3.3 million in the year ended December 31, 2018. Changes in foreign exchange in 2019 are driven mainly by foreign exchange effect on accounts receivable balances denominated in currencies other than the US dollar. We generally do not hedge against foreign currency risk.

Finance Expenses. Finance expenses increased by $2.1 million, to $7.5 million in the year ended December 31, 2019 from $5.4 million in the year ended December 31, 2018. This increase is a result of interest expense on increased debt assumed with our primary lender in the years ended December 31, 2019 and 2018. See "—Liquidity and Capital Resources" below.

Income Taxes Expense. Income taxes expense decreased to $1.9 million in the year ended December 31, 2019 from a $2.2 million income tax expense in the year ended December 31, 2018. The tax provision is driven by profitable sales and the actual effective tax rates where the sale took place. In 2019 we had a combination of less profitable sales and an increase in sales in lower rate tax jurisdictions.

Liquidity and Capital Resources

We had $15.7 million and $6.8 million of cash and cash equivalents as of December 31, 2019 and 2018, respectively. We have funded our operations with cash generated from operating activities, through the sale of equity securities to investors in private placements and through debt financing. During the year ended December 31, 2019, we drew an additional $10.0 million on a term loan facility with Madryn Health Partners, LP, $2.1 million on a credit facility with City National Bank of Florida and issued an aggregate principal amount of $29.1 million unsecured senior subordinated convertible promissory notes to certain existing investors, which converted into shares of common stock immediately after consummation of the Merger. We had total debt obligations of approximately $69.0 million as of December 31, 2019, including line of credit borrowings of $7.8 million, compared to total debt obligations of approximately $56.5 million at December 31, 2018, including line of credit borrowings of $5.6 million. The proceeds from the $28.1 million equity financing that closed on November 7, 2019 were used in part to retire Restoration Robotics outstanding senior debt obligations upon closing of the Merger, resulting in combined company indebtedness of approximately $40.9 million. See "—Concurrent Financing" above. In connection with the Merger, all outstanding convertible debt obligations were converted into approximately 4.1 million shares of common stock. See "—Convertible Note Financing" below. During 2018, Venus Concept Ltd. raised $6.9 million from the sale of its preferred shares to existing investors that was used to fund the NeoGraft acquisition, and Venus Concept Ltd. refinanced its long-term debt yielding incremental proceeds of $15.0 million used to fund working capital.

Our working capital requirements reflect the growth of our business, in particular, the shift from a traditional sales model to a subscription model. Working capital is primarily impacted by growth in our subscription sales which also impacts accounts receivable. Our overall growth also requires higher inventory levels to meet demand and to accommodate the increased number of technology platforms offered. We had a split of subscription sales revenue to traditional sales revenue at a ratio of approximately 67:33 in 2019, compared to 75:25 in 2018. In the second half of 2019, we directed more effort to securing traditional sales in order to improve cash flow. We expect this trend will continue in 2020. We expect inventory to continue to increase in the short term, but at a lower rate than the rate of revenue growth.

We also require modest funding for capital expenditures. Our capital expenditures relate primarily to our research and development facilities in Yokneam, Israel. In addition, our capital investments have included improvements and expansion of our subsidiary operations to support our growth.

Madryn Credit Agreement

On October 11, 2016, Venus Concept Ltd. entered into a credit agreement as a guarantor with Madryn Health Partners, LP, as administrative agent, and certain of its affiliates as lenders (collectively, "Madryn"), as amended, (the "Madryn Credit Agreement"), pursuant to which Madryn agreed to make certain loans to certain of Venus Concept Ltd.'s subsidiaries (the "Subsidiary Obligors"). The Madryn Credit Agreement is comprised of four tranches of debt aggregating $70.0 million. As at December 31, 2019, the Subsidiary Obligors had borrowed $60.0 million under the term A-1 and A-2 and B tranches of the Madryn Credit Agreement. Term C borrowings of $10.0 million were undrawn and are no longer available. As of December 31, 2018, we have drawn on the term A-1 and A-2 borrowings for gross debt of $50.0 million. Borrowings under the Madryn Credit Agreement are secured by substantially all of our assets and the assets of the Subsidiary Obligors. On the 24th payment date, which is September 30, 2022, the aggregate outstanding principal amount of the loans, together with any accrued and unpaid interest thereon and all other amounts due and owing under the loan agreement will become due and payable in full.

In connection with the Madryn Credit Agreement, Venus Concept Ltd. issued three types of 10-year warrants ("Madryn Warrants"). Immediately prior to the consummation of the Merger, Madryn held Madryn Warrants to purchase 150,000 ordinary shares of Venus Concept Ltd. at a price of $5.0604 per share, 150,000 Series B preferred shares of Venus Concept Ltd. at a price of $5.0604 per share, and 12,000 Series C preferred shares of Venus Concept Ltd. at a price of $5.0604 per share. At the effective time of the Merger, each outstanding Venus Concept Ltd. warrant, whether or not vested, to purchase ordinary shares or preferred shares, as applicable, of Venus Concept Ltd., that was unexercised immediately prior to the effective time of the Merger was converted into a warrant to purchase shares of our common stock as determined pursuant to the Exchange Ratio as defined above. We had Madryn Warrants exercisable for 179,932 shares of common stock outstanding as of December 31, 2019, after giving effect to the Reverse Stock Split defined above.

Effective August 14, 2018, interest on the Madryn loan is 9%, payable quarterly. Previously, interest was payable quarterly, at Venus Concept Ltd.'s option, as follows: cash interest 9% during the interest only period, which was 3 years or 12 principal payments after closing, plus an additional 4% rate, paid in kind ("PIK"). We have the option of settling the PIK interest in cash or adding the owed interest to the principal amount of the loan.

The loans are collateralized by substantially all the assets of Venus Concept Ltd. and certain of its subsidiaries. In addition, the Madryn Credit Agreement contains certain covenants that require us together with our subsidiaries to achieve certain minimum revenue and liquidity thresholds. The minimum revenue and liquidity covenants require that we and our subsidiaries, on a consolidated basis, achieve (i) minimum reported revenue targets for any four consecutive fiscal quarter period of an amount equal to the greater of (A) $100.0 million and (B) one hundred and fifty percent (150%) of the aggregate outstanding amount of the loans as of the last day of such four consecutive fiscal quarter period, (ii) minimum levels of cash held in deposit accounts controlled by Madryn to be no less than $2.0 million and (iii) minimum levels of cash held in all deposit accounts, plus availability under the CNB Credit Facility (as defined below), to be no less than $5.0 million.

The Madryn Credit Agreement also contains various covenants that limit our ability and the ability of our subsidiaries to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without Madryn's consent, to, among other things:

- sell, lease, transfer, exclusively license or dispose of our assets;
- create, incur, assume or permit to exist additional indebtedness or liens, which may limit our ability to raise additional capital;
- make restricted payments, including paying dividends on, repurchasing or making distributions with respect to our capital stock;
- pay any cash dividend or make any other cash distribution or payment in respect of our capital stock;
- make specified investments (including loans and advances);
- make changes to certain key personnel including our President and Chief Executive Officer;
- merge, consolidate or liquidate; and
- enter into certain transactions with affiliates.

The covenants under the Madryn Credit Agreement require us to achieve minimum reported revenue targets and minimum levels of cash on hand in certain subsidiaries. As of June 30, 2019, we were not in compliance with the minimum liquidity covenant under Madryn Credit Agreement. Additionally, we failed to timely pay an interest payment due June 28, 2019 as required by Madryn Credit Agreement; however, we subsequently made this interest payment on July 10, 2019.

On July 26, 2019, Venus Concept Ltd. and Madryn executed a waiver and amendment to the Madryn Credit Agreement pursuant to which Madryn lowered the liquidity covenant threshold from $2.0 million to $0.2 million through the earlier of August 30, 2019, or the time we raised $21.0 million in additional equity. Madryn also waived the existing events of default. In addition, the amendment to the Madryn Credit Agreement included, among other changes, a requirement that we complete the Concurrent Financing with proceeds of $21.0 million no later than August 30, 2019. This financing was completed as described above.

Pursuant to the terms of the amendment, if all or any portion of the loans under the Madryn Credit Agreement are prepaid, then a prepayment premium must be paid equal to: (i) 8.00% of the loans prepaid if prepaid on or prior to August 31, 2019, (ii) 6.50% if prepaid after August 31, 2019 but on or prior to August 31, 2020, (iii) 5.00% if prepaid after August 31, 2020 but on or prior to February 28, 2021, (iv) 4.00% if prepaid after February 28, 2021, but on or prior to August 31, 2021, (v) 3.00% if prepaid after August 31, 2021, but on or prior to February 28, 2022, and (vi) 2.00% if prepaid after February 28, 2022.

As of September 30, 2019, we were not in compliance with the minimum debt service coverage ratio under the CNB Credit Facility (as defined below). Failure to comply with the covenants under the CNB Credit Facility would result in a default, which would also cause a default in the Madryn Credit Agreement. CNB has provided a waiver for cross defaults arising under the Madryn Credit Agreement through September 30, 2019.

As of December 31, 2019, we were in compliance with all required covenants.

In connection with the Merger, we entered into an amendment to the Madryn Credit Agreement, dated as of November 7, 2019, (the “Amendment”), pursuant to which we joined as (i) a guarantor to the Madryn Credit Agreement and (ii) a grantor to the certain security agreement, dated October 11, 2016, (as amended, restated, supplemented or otherwise modified from time to time), by and among the grantors from time to time party thereto and the administrative agent (the “U.S. Security Agreement”).

As a guarantor under the Madryn Credit Agreement, we are jointly and severally liable for the obligations (as defined in the Madryn Credit Agreement) thereunder and to secure our obligations thereunder, we have granted the administrative agent a lien on all of our assets pursuant to the terms of the U.S. Security Agreement. In the event of default under the Madryn Credit Agreement, Madryn may accelerate the obligations and foreclose on the collateral granted by Venus Concept Ltd. under the U.S. Security Agreement to satisfy the obligations.

CNB Credit Facility

We have an agreement with CNB pursuant to which CNB agreed to provide a revolving credit facility to us and certain of our subsidiaries in the maximum principal amount of $10.0 million ($7.5 million in 2018), to be used to finance working capital requirements (the “Credit Facility”). As of December 31, 2019, there was $7.8 million outstanding ($5.7 million in 2018) under the Credit Facility, which bears interest at LIBOR rate plus 3.25%, which amounted to a weighted average of 5.4% (5.7% in 2018).

In April 2019, the Credit Facility increased from $7.5 million to $10.0 million.

The Credit Facility contains various covenants that limit our ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without CNB’s consent, to, among other things, sell, lease, transfer, exclusively license or dispose of our assets, incur, create or permit to exist additional indebtedness, or liens, to make dividends and certain other restricted payments, and to make certain changes to its management and/or ownership structure. In addition, the Credit Facility contains certain covenants that require our subsidiary obligors to achieve certain minimum account balances, or a minimum debt service coverage ratio and a maximum total liability to tangible net worth ratio. If our subsidiary obligors fail to comply with these covenants, it will result in a default and require us and our subsidiary obligors to repay all outstanding principal amounts and accrued interest.

The Credit Facility is secured by substantially all of our assets and the assets of certain of our subsidiaries requires us to maintain either a minimum cash balance in deposit accounts or a maximum total liability to tangible net worth ratio and a minimum debt service coverage ratio. As of December 31, 2019 and 2018, we were in compliance with maintaining the maximum total liability to tangible net worth ratio. To be in compliance with maintaining the minimum debt service coverage ratio as of December 31, 2018, we received a waiver to exclude write-offs from a large U.S. national account from the ratio as disclosed above. An event of default under this agreement would cause a default under the Madryn Credit Agreement as described above.

In the event of a default, if we and our subsidiary obligors are unable to repay all outstanding amounts, CNB may foreclose on the collateral granted to it to collateralize the indebtedness, which includes the enforcement of the CNB Guaranty, which will significantly affect our ability to operate its business.

As of March 31, 2019, and June 30, 2019, Venus Concept Ltd. was not in compliance with the minimum debt service coverage ratio under the Credit Facility. CNB provided Venus Concept Ltd. with waivers as of March 31, 2019, and June 30, 2019. As of September 30, 2019, we were not in compliance with the minimum debt service coverage ratio under the Credit Facility. On October 30, 2019, CNB amended the minimum debt service coverage ratio covenant calculation, reaffirmed its prior waiver as of June 30, 2019 and provided us with a waiver removing the requirement to meet the minimum debt service coverage ratio as of September 30, 2019.

As of December 31, 2019 we were in compliance with all required covenants.

Convertible Note Financings

Venus Concept Ltd. convertible promissory notes

In June 2019, Venus Concept Ltd. issued unsecured senior subordinated convertible promissory notes in the aggregate principal amount of $7.8 million. In August 2019, Venus Concept Ltd. issued an aggregate of $21.25 million of additional unsecured senior subordinated convertible promissory notes to certain investors.

The convertible notes issued by Venus Concept Ltd. in June 2019 and August 2019 are collectively referred to as the “2019 Notes”.

The 2019 Notes bore interest at a rate of 8.00% per annum, were unsecured and were due and payable, including accrued interest, on the thirtieth day following the termination of the Merger. When the Merger was consummated, all outstanding principal and any accrued and unpaid interest under the 2019 Notes was automatically converted into a number of shares of fully paid and non-assessable shares of the Common Stock, par value $0.0001 per share, of our company, calculated by dividing the outstanding principal amount of the 2019 Notes (and any accrued and unpaid interest under the 2019 Notes) by the conversion price of $6.996 per share.

In connection with the 2019 Notes, we recognized interest expense of $0.6 million during the period from January 1, 2019 through November 6, 2019.

Venus Concept Inc. (formerly Restoration Robotics) convertible promissory notes

On February 28, 2019, the Company entered into a Note Purchase Agreement pursuant to which the Company raised $5.0 million through the issuance of unsecured subordinated convertible promissory notes to two investors (the “Investors”). The Note Purchase Agreement was amended on August 20, 2019 to adjust the conversion price for per share to $6.996 (post-split) and to provide for automatic conversion of the convertible promissory notes upon consummation of the Merger.

In addition, on August 20, 2019, we entered into a Note Purchase Agreement pursuant to which we raised $2.0 million through the issuance of an unsecured subordinated convertible promissory note to one investor. The convertible notes we issued in February 2019 and August 2019 pursuant to the Notes Purchase Agreements are collectively referred to as the “Notes”. The maturity date of the Notes was August 28, 2020. The Notes bore interest on the unpaid principal amount at a rate of eight percent (8.0%) per annum from the date of issuance. The Notes were unsecured and subordinated in priority to our existing obligations under the Solar Agreement.

On November 7, 2019, immediately following the closing of the Merger, all outstanding principal and any accrued and unpaid interest on the 2019 Notes and the Notes in the aggregate amount of $37.0 million were automatically converted into 5.3 million of fully paid and non-assessable shares of Common Stock, of which 1.2 million were issued subsequent to December 31, 2019.

Capital Resources

Since our inception, we have invested a significant portion of our efforts and financial resources in research and development and sales and marketing activities. Research and development, clinical trials, product engineering, ongoing product upgrades and other enhancements and seeking regulatory clearances and approvals to market future products will require substantial funds to complete. As of December 31, 2019, we had capital resources consisting of cash and cash equivalents of approximately $15.7 million. We have financed our operations principally through the issuance and sale of our common stock, secured debt financing, and payments from customers. Subsequent to the December 31, 2019, we completed the 2020 Private Placement (as defined above) and received approximately $22.3 million in gross proceeds.

We believe our existing cash and cash equivalents, including the proceeds from the 2020 Private Placement, along with cash expected to be generated from the sale of our systems and other products and services, and taking into account our cost reduction initiatives we intend to implement, will be sufficient for us to fund our planned operations for the next twelve months. As a result of the COVID-19 pandemic and the economic turmoil that has resulted, we expect that some of our customers may experience difficulty in making timely payments or payments at all under their subscription agreements. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the economic climate and financial market conditions, including the effect of the COVID-19 pandemic, could adversely impact our business. We may need additional capital to fund our future operations. In addition, our operating plans may change as a result of many factors some of which may be unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to stockholders, the issuance of securities may have rights, preferences, or privileges senior to those of holders of our common stock, the imposition of more burdensome debt covenants and repayment obligations, the licensing of rights to our technology or other restrictions that may affect our business. In addition, we may seek additional capital if favorable market conditions or given other strategic considerations even if we believe we have sufficient capital to fund our current or future operating plans.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to:

- delay or curtail our efforts to develop system product enhancements or new products, including any clinical trials that may be required to market such enhancements;
- delay or curtail our plans to increase and expand our sales and marketing efforts; or
- delay or curtail our plans to enhance our customer support and marketing activities.

We are restricted by covenants in the Madryn Credit Agreement and the CNB Credit Facility. These covenants restrict, among other things, our ability to incur additional indebtedness, which may limit our ability to obtain additional debt financing. In addition, the Madryn Credit Agreement contains certain minimum liquidity and minimum revenue covenants, which, if we fail to maintain or achieve, will result in a default under the agreement and the requirement for us to repay all outstanding principal amounts and accrued interest repay all amounts outstanding.

We based our projections on the amount of time through which our financial resources will be adequate to support our operations on assumptions that may prove to be incorrect and we may use all our available capital resources sooner than we expect. Our future funding requirements will depend on many factors, including, but not limited to:

- the cost of growing our ongoing commercialization and sales and marketing activities;
- the costs of manufacturing and maintaining enough inventories of our systems to meet anticipated demand and inventory write-offs related to obsolete products or components;
- the costs of enhancing the existing functionality and development of new functionalities for our systems;
- the costs of preparing, filing, prosecuting, defending, and enforcing patent claims and other patent related costs, including litigation costs and the results of such litigation;

- the variability of ARTAS® procedures being performed between periods if particular high-volume practitioners perform a smaller number of procedures in each period as a result of the concentration of procedures performed by certain practitioners;
- any product liability or other lawsuits and the costs associated with defending them or the results of such lawsuits;
- the costs associated with conducting business and maintaining subsidiaries and other entities in foreign jurisdictions;
- customers in jurisdictions where our systems are not approved delaying their purchase, and not purchasing our systems, until they are approved or cleared for use in their market;
- the costs to attract and retain personnel with the skills required for effective operations;
- costs associated with integration of the Merger;
- the costs associated with being a public company; and
- uncertainties related to the COVID-19 pandemic.

In order to grow our business and increase revenues, we will need to introduce and commercialize new products, grow our sales and marketing force, implement new software systems, as well as identify and penetrate new markets. Such endeavors have in the past increased, and may continue in the future, to increase our expenses, including sales and marketing, and research and development. We will have to continue to increase our revenues while effectively managing our expenses in order to achieve profitability and to sustain it. Our failure to control expenses could make it difficult to achieve profitability or to sustain profitability in the future. Moreover, we cannot be sure that our expenditures will result in the successful development and introduction of new products in a cost-effective and timely manner or that any such new products will achieve market acceptance and generate revenues for our business.

Cash flows

The following table summarizes our cash flows for the years indicated:

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Cash used in operating activities	$ (39,595)	$ (33,649)
Cash provided by (used in) investing activities	6,384	(8,657)
Cash provided by financing activities	42,202	26,495
Effect of exchange rates of cash, cash equivalents and restricted cash	—	2,375
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 8,991	$ (13,436)

Cash Flows from Operating Activities

In the year ended December 31, 2019, cash used in operating activities consisted of a net loss of $42.3 million and an investment in net operating assets of $12.8 million, partially offset by non-cash operating expenses of $15.5 million. The investment in net operating assets was primary attributable to an increase in accounts receivable of $21.1 million, primarily due to the increase in subscription sales, an increase in prepaid expenses of $0.9 million, a decrease in accounts payable of $6.0 million and a decrease in other long-term liabilities of $1.4 million. This was partially offset by an increase in inventories of $6.4 million, an increase in other current assets of $0.5 million, an increase in severance payments of $0.1 million and an increase in accrued expenses and other current liabilities of $9.6 million. The non-cash operating expenses consisted mainly of a provision for bad debts of $10.0 million, depreciation and amortization of $2.0 million, stock-based compensation expense of $2.2 million, deferred tax benefit of $1.1 million, interest on convertible promissory notes of $0.6 million, a change in the fair value of the earn-out liability for the purchase of NeoGraft of $0.5 million, unrealized foreign exchange loss of $0.2 million, financing fees of $0.3, issuance of warrants of $0.1 million, interest on convertible promissory notes of $0.6 and a provision for inventory obsolescence of $1.0 million.

In the year ended December 31, 2018, cash used in operating activities consisted of a net loss of $14.2 million and an investment in net operating assets of $34.8 million, partially offset by non-cash operating expenses of $15.4 million. The investment in net operating assets was attributable to an increase in accounts receivable of $38.2 million due to the increase in subscription sales and an increase in inventories of $6.2 million to meet higher demand and to accommodate the increased number of technology platforms offered. This was partially offset by an increase in accounts payable of $4.2 million, a decrease in deferred expenses of $1.6 million, an increase in other liabilities of $2.6 million and a net decrease in other net operating assets of $1.1 million. The non-cash operating expenses consisted mainly of stock-based compensation of $1.3 million, depreciation and amortization of $1.3 million, capitalized interest of $0.9 million, and a provision for bad debts of $10.9 million.

Cash Flows from Investing Activities

In the year ended December 31, 2019, cash used in investing activities consisted of the purchase of property and equipment of $1.1 million, offset by the $7.4 million of cash, cash equivalents and restricted cash acquired in connection with the Merger and $0.1 million of proceeds from sale of property and equipment.

In the year ended December 31, 2018, cash used in investing activities consisted of $1.2 million for the purchase of property and equipment and $7.5 million for the acquisition of NeoGraft.

Cash Flows from Financing Activities

In the year ended December 31, 2019, cash from financing activities consisted primarily of net proceeds from the drawdown on the Madryn Credit Agreement of $9.7 million, net proceeds from issuance of unsecured senior subordinated convertible promissory notes of $29.1 million, net proceeds from Concurrent Financing of $26.5 million, proceeds from exercise of options of $0.4 million and proceeds from the drawdown on the CNB Credit Facility of $2.1 million, partially offset by the issuance of the loan to Restoration Robotics of $4.5 million prior to the Merger, payment under the Solar loan and security agreement of $20.0 million, payment of the NeoGraft earn-out liability of $0.8 million, and NeoGraft annual installment payment of $0.3 million.

In the year ended December 31, 2018, the cash from financing activities consisted of net proceeds from the issuance of shares of $6.9 million, issuance of long-term debt of $15.0 million, $5.7 million in drawings on the credit facility and proceeds on the exercise of stock option of $0.2 million, offset by the $0.5 million of cash used to acquire the non-controlling interest in two subsidiaries and $0.8 million of financing fees.

Contractual Obligations and Other Commitments

Our premises and those of our subsidiaries are leased under various operating lease agreements, which expire on various dates.

As of December 31, 2019, we had non-cancellable purchase orders placed with Venus Concept's contract manufacturers in the amount of $5.7 million. In addition, as of December 31, 2019, we had $1.5 million of open purchase orders that can be cancelled with 90 days' notice, except for a portion equal to 15% of the total amount representing the purchase of "long lead items".

The following table summarizes our contractual obligations as of December 31, 2019, which represent material expected or contractually committed future obligations.

	Payments Due by Period				
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
	(dollars in thousands)				
Debt obligations, including interest	$ 5,643	$ 72,575	$ —	$ —	$ 78,218
Operating leases	2,071	2,725	727	1,198	6,721
Purchase commitments	5,976	—	—	—	5,976
Total contractual obligations	$ 13,690	$ 75,300	$ 727	$ 1,198	$ 90,915

Off-Balance Sheet Arrangements

We do not currently engage in off-balance sheet financing arrangements. In addition, we do not have any interest in entities referred to as variable interest entities, which includes special purpose entities and other structure finance entities.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K, we believe that the assumptions and estimates associated with stock-based compensation, allowance for doubtful accounts, revenue recognition and income taxes have the most significant impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Revenue Recognition

We generate revenue from (1) sales of systems through our subscription model, traditional system sales to customers and distributors, (2) other product revenues from the sale of ARTAS procedure kits, marketing supplies and kits, consumables and Venus Concept's skincare and hair products and (3) service revenue from the sale of our VeroGrafters™ technician services, our 2two5 internal advertising agency and our extended warranty service contracts provided to existing customers.

The Company recognizes revenues on other products and services in accordance with ASC 606. Revenue is recognized based on the following five steps: (1) identification of the contract(s) with the customer; (2) identification of the performance obligations in the contract; (3) determine the transaction price; and (4) allocate the transaction price to the separate performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

We record our revenue net of sales tax and shipping and handling costs.

Long-term receivables

Long-term receivables relate to our subscription revenue or contracts which stipulate payment terms which exceed one year. They are comprised of the unpaid principal balance, net of the allowance for doubtful accounts. These receivables have been discounted based on the implicit interest rate in the subscription lease which range between 8% to 9% for the year ended December 31, 2019 and 8% to 9% for the year ended December 31, 2018. Unearned interest revenue represents the interest only portion of the respective subscription payments and will be recognized in income over the respective payment term as it is earned.

Allowance for doubtful accounts

The allowance for doubtful accounts is based on our assessment of the collectability of customer accounts and the aging of the related invoices and represents our best estimate of probable credit losses in its existing trade accounts receivable. We regularly review the allowance by considering factors such as historical experience, credit quality, the age of the account receivable balances, and current economic conditions that may affect a customer's ability to pay.

Warranty accrual

We generally offer warranties for all our systems against defects for up to three years. The warranty period begins upon shipment and we record a liability for accrued warranty costs at the time of sale of a system, which consists of the remaining warranty on systems sold based on historical warranty costs and management's estimates. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts thereof as necessary. We exercise judgment in estimating expected system warranty costs. If actual system failure rates, freight, material, technical support and labor costs differ from our estimates, we will be required to revise our estimated warranty liability. To date, our warranty reserve has been sufficient to satisfy warranty claims paid.

Stock-Based Compensation

We account for stock-based compensation costs in accordance with the accounting standards for stock-based compensation, which require that all stock-based payments to employees be recognized in the consolidated statements of operations based on their fair values.

The fair value of stock options ("options") on the grant date is estimated using the Black-Scholes option-pricing model using the single-option approach. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, including the option's expected term and the price volatility of the underlying stock, to determine the fair value of award. We recognize the expense associated with options using a single-award approach over the requisite service period.

Financial statements in U.S. dollars

We believe that the U.S. dollar is the currency in the primary economic environment in which we operate. The U.S. dollar is the most significant currency in which our revenues are generated, and our costs are incurred. In addition, our debt and equity financings are generally based in U.S. dollars. Thus, our functional currency, and that of our subsidiaries, is the U.S. dollar.

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Non-dollar transactions and balances are re-measured into U.S. dollars in accordance with the principles set forth in ASC 830-10 "Foreign Currency Translation". All exchange gains and losses from re-measurement of monetary balance sheet items resulting from transactions in non-U.S. dollar currencies are recorded as foreign exchange loss (income) in the consolidated statement of operations as they arise.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide disclosure for this Item.

Item 8. Consolidated Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Venus Concept Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Venus Concept Inc. and subsidiaries (the “Company”) as of December 31, 2019, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the year ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited the effects of the adjustments to retrospectively apply the merger accounting (including the reverse stock split accounting) as disclosed in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 consolidated financial statements of Venus Concept Ltd. other than with respect to the adjustments related to merger accounting (including the reverse stock split accounting) and, accordingly, we do not express an opinion or any other form of assurance on the 2018 consolidated financial statements taken as a whole.

We have also audited the adjustments described in Note 1 that were applied to restate the 2018 consolidated financial statements to correct an error. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 consolidated financial statements of Venus Concept Ltd. other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 consolidated financial statements taken as a whole.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has reported recurring net losses and negative cash flows from operations, which raises substantial doubt about the Company’s ability to continue as a going concern. Management’s plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audit 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the 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 financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 30, 2020

We have served as the Company’s auditor since 2019.

To the shareholders and the Board of Directors of Venus Concept Ltd.

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the reverse merger accounting (including the stock split accounting) and to effect the retrospective restatement of comparative amounts disclosed in Note 1 to the 2019 consolidated financial statements of Venus Concept Inc. ("2019 financial statements"), the consolidated balance sheet of Venus Concept Ltd. and subsidiaries ("Venus") as of December 31, 2018, the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity (deficit), and cash flows, for the year ended December 31, 2018, and the related notes (collectively referred to as the "financial statements") (the 2018 financial statements before the effects of the retrospective adjustments discussed in Note 1 to the 2019 financial statements are not presented herein). In our opinion, the 2018 financial statements before the effects of the adjustments to retrospectively apply the reverse merger accounting (including the stock split accounting) and to effect the retrospective restatement of comparative amounts disclosed in Note 1 to the 2019 financial statements, present fairly, in all material respects, the financial position of Venus as of December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the reverse merger accounting (including the stock split accounting) and to effect the retrospective restatement of comparative amounts disclosed in Note 1 to the 2019 financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Going Concern

The accompanying financial statements have been prepared assuming that Venus will continue as a going concern. As discussed in Note 1 to the financial statements, Venus has reported recurring net losses and negative cash flows from operations, which raises substantial doubt about Venus' ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of Venus' management. Our responsibility is to express an opinion on Venus' financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Venus 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 audit 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 financial statements are free of material misstatement, whether due to error or fraud. Venus is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of Venus' internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the 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 financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
December 2, 2019

We began serving as Venus' auditor in 2017. In 2019, we became the predecessor auditor.

VENUS CONCEPT INC.

Consolidated Balance Sheets
(in thousands, except share and per share data)

	Year Ended, December 31,	
	2019	**2018**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,666	$ 6,739
Restricted cash	83	19
Accounts receivable, net of allowance of $10,494 and $4,408 as of December 31, 2019, and 2018	58,977	42,663
Inventories	18,844	20,261
Deferred expenses	59	620
Prepaid expenses	2,523	1,148
Advances to suppliers	450	1,732
Other current assets	3,101	1,423
Total current assets	99,703	74,605
LONG-TERM ASSETS:		
Long-term receivables	35,656	38,201
Deferred tax assets	622	297
Severance pay funds	710	791
Property and equipment, net	4,648	3,381
Intangible assets	22,338	5,252
Goodwill	27,450	2,603
Total long-term assets	91,424	50,525
TOTAL ASSETS	$ 191,127	$ 125,130
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit	$ 7,789	$ 5,655
Trade payables	9,401	8,625
Accrued expenses and other current liabilities	21,120	10,880
Taxes payable	2,172	407
Unearned interest income	3,942	3,849
Warranty accrual	1,254	495
Deferred revenues	2,495	163
Total current liabilities	48,173	30,074
LONG-TERM LIABILITIES:		
Long-term debt	61,229	50,892
Accrued severance pay	827	835
Deferred tax liabilities	1,017	1,893
Unearned interest income	1,681	1,752
Warranty accrual	723	841
Other long-term liabilities	799	2,388
Total long-term liabilities	66,276	58,601
TOTAL LIABILITIES	114,449	88,675
Commitments and Contingencies (Note 9)		
STOCKHOLDERS' EQUITY (Note 1):		
Series A preferred shares, $0.0003 par value: 1,264,565 shares authorized, none and 1,264,565 issued and outstanding as of December 31, 2019 and 2018, respectively	—	—
Series B preferred shares, $0.0003 par value: 2,632,109 shares authorized, none and 2,632,109 issued and outstanding as of December 31, 2019 and 2018, respectively	—	—
Series C preferred shares, $0.0003 par value: 4,615,567 shares authorized, none and 4,615,567 issued and outstanding as of December 31, 2019 and 2018, respectively	—	—
Series C-1 preferred shares, $0.0003 par value: 56,983 shares authorized, none and 56,983 issued and outstanding as of December 31, 2019 and 2018, respectively	—	—
Series D preferred shares, $0.0003 par value: 647,189 shares authorized, none and 647,189 issued and outstanding as of December 31, 2019 and 2018, respectively	—	—
Common Stock, $0.0001 par value: 300,000,000 shares authorized as of December 31, 2019; 28,686,116 and 4,772,956 issued and outstanding as of December 31, 2019 and 2018, respectively	24	5
Additional paid-in capital (Note 1)	149,840	67,495
Accumulated deficit	(75,686)	(35,067)
TOTAL STOCKHOLDERS' EQUITY	74,178	32,433
Non-controlling interests	2,500	4,022
	76,678	36,455
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 191,127	$ 125,130

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

VENUS CONCEPT INC.

Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended, December 31,	
	2019	2018
Revenue		
Leases	$ 65,170	$ 71,540
Products and services	45,236	31,074
	110,406	102,614
Cost of goods sold		
Leases	13,411	13,091
Products and services	20,342	10,168
	33,753	23,259
Gross profit	76,653	79,355
Operating expenses:		
Selling and marketing	41,409	37,315
General and administrative	47,497	27,432
Research and development	8,034	7,047
Bad debt expense	9,991	10,928
Total operating expenses	106,931	82,722
Loss from operations	(30,278)	(3,367)
Foreign exchange loss	2,611	3,266
Finance expenses	7,549	5,361
Loss before income taxes	(40,438)	(11,994)
Income tax expense	1,857	2,215
Net loss	(42,295)	(14,209)
Loss attributable to stockholders of the Company	(40,619)	(14,959)
(Loss) income attributable to non-controlling interest	(1,676)	750
	$ (42,295)	$ (14,209)
Net loss per share:		
Basic	$ (4.77)	$ (3.16)
Diluted	$ (4.77)	$ (3.16)
Weighted-average number of shares used in per share calculation:		
Basic	8,517	4,733
Diluted	8,517	4,733

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

VENUS CONCEPT INC.

Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share data)

	Year Ended December 31,	
	2019	2018
Net loss and comprehensive loss	$ (42,295)	$ (14,209)
Loss attributable to stockholders of the Company	(40,619)	(14,959)
Comprehensive (loss) income attributable to non-controlling interest	(1,676)	750
Comprehensive loss	$ (42,295)	$ (14,209)

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

VENUS CONCEPT INC.

Consolidated Statement of Stockholders' Equity
(in thousands, except share and per share data)

	Series A Preferred Shares	Series B Preferred Shares	Series C Preferred Shares	Series C-1 Preferred Shares	Series D Preferred Shares	Common Stock Shares	Common Stock Amount	Additional 'Paid-in-Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Equity
Balance — January 1, 2018 (as restated, Note 1)	1,264,565	2,632,109	4,615,567	56,983	—	4,700,753	5	60,048	(20,108)	2,816	42,761
Equity issuance	—	—	—	—	647,189		—	6,915	—	—	6,915
Net loss - the Company	—	—	—	—	—	—	—	—	(14,959)	—	(14,959)
Net income - non-controlling interest	—	—	—	—	—	—	—	—	—	750	750
Acquisition of non-controlling interest	—	—	—	—	—	—	—	(933)	—	456	(477)
Options exercised	—	—	—	—	—	72,203	—	208	—	—	208
Stock-based compensation	—	—	—	—	—	—	—	1,257	—	—	1,257
Balance — December 31, 2018 (as restated, Note 1)	1,264,565	2,632,109	4,615,567	56,983	647,189	4,772,956	5	67,495	(35,067)	4,022	36,455
Conversion of convertible preferred shares into common stock	(1,264,565)	(2,632,109)	(4,615,567)	(56,983)	(647,189)	9,216,413	—	—	—	—	—
Exchange of common stock in connection with the Merger	—	—	—	—	—	2,802,466	—	15,709	—	—	15,709
Exchange of options and warrants in connection with the Merger	—	—	—	—	—	—	—	121	—	—	121
Conversion of convertible promissory notes into common stock	—	—	—	—	—	4,074,565	8	36,950	—	—	36,958
Concurrent Financing shares and warrants, net of costs	—	—	—	—	—	7,483,980	11	26,490	—	—	26,501
Equity issuance	—	—	—	—	—	160,000	—	702	—	—	702
Issuance of Solar 2019 Warrants	—	—	—	—	—	—	—	137	—	—	137
Net loss - the Company	—	—	—	—	—	—	—	—	(40,619)	—	(40,619)
Net loss- non-controlling interest	—	—	—	—	—	—	—	—	—	(1,676)	(1,676)
Acquisition of non-controlling interest	—	—	—	—	—	—	—	(277)	—	154	(123)
Options exercised	—	—	—	—	—	175,736	—	355	—	—	355
Stock-based compensation	—	—	—	—	—	—	—	2,158	—		2,158
Balance — December 31, 2019	—	—	—	—	—	28,686,116	$ 24	$ 149,840	$ (75,686)	$ 2,500	$ 76,678

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

VENUS CONCEPT INC.

Consolidated Statements of Cash Flows
(in thousands, except share and per share data)

	Year Ended December 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (42,295)	$ (14,209)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,040	1,340
Stock-based compensation	2,158	1,257
Provision for bad debt	9,991	10,928
Provision for inventory obsolescence	1,439	-
Issuance of 2019 Solar warrants	137	-
Financing fees	258	355
Accretion on long-term debt	144	144
Capitalized interest on debt	-	939
Interest on convertible promissory notes	599	-
Deferred tax (benefit) expense	(1,132)	436
Change in fair value of earn-out liability	533	-
Unrealized foreign exchange loss	(626)	-
Changes in operating assets and liabilities:		
Accounts receivable short- and long-term	(21,093)	(38,162)
Inventories	6,430	(6,205)
Prepaid expenses	(855)	1,600
Other current assets	523	484
Other long-term assets	(154)	-
Trade payables	(5,968)	4,206
Accrued expenses and other current liabilities	9,571	1,728
Severance payments	81	(10)
Unearned interest income	22	891
Other long-term liabilities	(1,398)	629
Net cash used in operating activities	(39,595)	(33,649)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash, cash equivalents and restricted cash acquired in connection with the Merger	7,409	-
Proceeds from sale of property and equipment	98	-
Purchases of property and equipment	(1,123)	(1,155)
Acquisition of business	-	(7,502)
Net cash used in investing activities	6,384	(8,657)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt, net of financing fees	9,740	14,194
Issuance of loan to Restoration Robotics, Inc.	(4,500)	-
Drawdown of line-of-credit	2,134	5,655
Proceeds from Concurrent Financing, net of costs of $1,564	26,501	-
Issuance of convertible promissory notes	29,050	-
Payment under Solar loan and security agreement	(20,000)	-
Acquisition of non-controlling interest	-	(477)
Equity issuance, net of fees	-	6,915
Payment of earn-out liability	(828)	-
Installment payments	(250)	-
Proceeds from exercise of options	355	208
Net cash provided by financing activities	42,202	26,495
Effect of exchange rate changes on cash and cash equivalents	-	2,375
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	8,991	(13,436)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	6,758	20,194
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH — End of year	$ 15,749	$ 6,758
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 1,087	$ 524
Cash paid for interest	$ 6,166	$ 4,071
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:		
Issuance of shares to financial advisor	$ 702	$ -
Conversion of convertible promissory notes into common stock	$ 36,958	$ -
Fair value of net assets acquired in the Merger	$ 15,830	$ -
Redemption of notes receivable as a part of purchase consideration in connection with the Merger	$ 4,558	$ -
Acquisition of non-controlling interest	$ 123	$ -
Earn-out liability	$ -	$ 1,177

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

1. NATURE OF OPERATIONS

Venus Concept Inc. (formerly Restoration Robotics, Inc.) is a global medical technology company that develops, commercializes, and sells minimally invasive and non-invasive medical aesthetic and hair restoration technologies and related practice enhancement services. The Company's aesthetic systems have been designed on a cost-effective, proprietary and flexible platform that enables it to expand beyond the aesthetic industry's traditional markets of dermatology and plastic surgery, and into non-traditional markets, including family and general practitioners and aesthetic medical spas. The Company was incorporated in the state of Delaware on November 22, 2002. In these notes to the audited consolidated financial statements, the "Company", "Venus Concept," refers to Venus Concept Inc. and its subsidiaries on a consolidated basis.

Merger of Venus Concept Inc. with Venus Concept Ltd.

On November 7, 2019, the Company (formerly Restoration Robotics, Inc.), completed its business combination with Venus Concept Ltd., in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of March 15, 2019, as amended from time to time (the "Merger Agreement"), by and among the Company, Venus Concept Ltd. and Radiant Merger Sub Ltd., a company organized under the laws of Israel and a direct, wholly-owned subsidiary of the Company ("Merger Sub"). Under the Merger Agreement, Merger Sub merged with and into Venus Concept Ltd., with Venus Concept Ltd. surviving as a wholly owned subsidiary of the Company (the "Merger"). Following the completion of the Merger, the Company changed its corporate name to Venus Concept Inc. ("Name Change"), and the business conducted by Venus Concept Ltd. became the primary business conducted by the Company.

At the effective time of the Merger, each outstanding ordinary and preferred share of Venus Concept Ltd., other than shares held by Venus Concept Ltd. as treasury stock or held by the Company or Merger Sub, were converted into the right to receive 8.6506 (the "Exchange Ratio") validly issued, fully paid and non-assessable shares of Common Stock of the Company, par value $0.0001 per share ("Common Stock"), and each outstanding stock option and warrant issued and outstanding by Venus Concept Ltd. was assumed by the Company and converted into and became an option or warrant (as applicable) exercisable for shares of Common Stock with the number and exercise price adjusted by the Exchange Ratio. The number of shares of Common Stock subject to each Venus Concept Ltd.'s stock option assumed by the Company was determined by multiplying (a) the number of Venus Concept Ltd. ordinary shares that were subject to such Venus Concept Ltd. stock option, as in effect immediately prior to the effective time of the Merger by (b) the Exchange Ratio and rounding the resulting number down to the nearest whole number of shares of Common Stock. The per share exercise price for the shares of Common Stock issuable upon exercise of each Venus Concept Ltd.'s stock option assumed by the Company was determined by dividing (a) the per share exercise price of Venus Concept Ltd.'s ordinary shares subject to such Venus Concept Ltd. stock option, as in effect immediately prior to the effective time of the Merger, by (b) the Exchange Ratio and rounding the resulting exercise price up to the nearest whole cent. The conversion of Venus Concept Ltd. stock options to the Company's stock options was treated as a modification of the awards for accounting purposes.

The issuance of the shares of Common Stock to the former shareholders of Venus Concept Ltd. was registered with the Securities Exchange Commission (the "SEC") on a registration statement on Form S-4 (Reg. No. 333-232000), which was declared effective on September 10, 2019. The Merger and additional related proposals were submitted to a vote of the Company's stockholders pursuant to a proxy statement/prospectus statement dated September 10, 2019. The Merger and additional related proposals were approved by the Company's stockholders at an annual meeting of its stockholders held on October 4, 2019, subject to the closing of the Merger. The Merger closed on November 7, 2019. Immediately following the effective time of the Merger, the Company effected a 15-for-1 reverse stock split of the Company's Common Stock ("Reverse Stock Split"). The impact of the Merger and Reverse Stock Split has been retrospectively applied to prior periods in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The shares of Common Stock listed on the Nasdaq Global Market traded through the close of business on November 7, 2019 under the ticker symbol “HAIR” and commenced trading on the Nasdaq Global Market under the ticker symbol “VERO” on a post-Reverse Stock Split basis on November 8, 2019. The Merger was accounted for as a business combination using the acquisition method of accounting under the provisions of Financial Accounting Standards Board, Accounting Standards Codification (“ASC”), Topic 805 “Business Combinations” (“ASC 805”). The Merger was accounted for as a reverse acquisition with Venus Concept Ltd. being deemed the acquiring company for accounting purposes. Under ASC 805, Venus Concept Ltd., as the accounting acquirer, recorded the assets acquired and liabilities assumed of Venus Concept Inc. in the Merger at their fair values as of the acquisition date (Note 4).

Venus Concept Ltd. was determined to be the accounting acquirer based on an analysis of the criteria outlined in ASC 805 and the facts and circumstances specific to the Merger, including the fact that immediately following the Merger: (1) Venus Concept Ltd. shareholders owned a substantial majority of the voting rights of the combined company; (2) Venus Concept Ltd. designated a majority (seven of nine) of the initial members of the board of directors of the combined company; and (3) Venus Concept Ltd. senior management held most key positions in senior management of the combined company. As a result, upon consummation of the Merger, the historical financial statements of the Venus Concept Ltd. became the historical financial statements of the combined organization.

Concurrent Financing

On November 3, 2019, the Company (formerly Restoration Robotics, Inc.) and Venus Concept Ltd. entered into a securities purchase agreement (the “Purchase Agreement”) with certain investors (collectively, the “Investors”) pursuant to which the Company agreed to issue and sell to the Investors in a private placement an aggregate of 7,483,980 shares (the “Concurrent Financing Shares”) of the Company Common Stock, par value $0.0001 per share, and warrants to purchase up to an aggregate of 3,741,990 shares (the “Warrant Shares”) of the Company common stock at an exercise price of $6.00 per share (the “Concurrent Financing Warrants” and, together with the Concurrent Financing Shares and the Concurrent Financing Warrant Shares, the “Securities”) immediately following the closing of the Merger (the “Concurrent Financing”). The gross proceeds from the Securities sold in the Concurrent Financing was $28,065.The costs incurred with respect to the Concurrent Financing amounted to $1,564 and were recorded in the consolidated statements of stockholders’ equity. The Concurrent Financing closed on November 7, 2019.

Loans from Venus Concept Ltd. to Restoration Robotics, Inc.

From July to September 2019 Venus Concept Ltd. loaned to Restoration Robotics, Inc. an aggregate of $4,500 in three installments, using the proceeds from the issuance of the Venus Concept Ltd.’s unsecured senior subordinated convertible promissory notes (see Note 10). The loans to Restoration Robotics, Inc. accrued interest at a rate of 8.00% per annum and matured on November 30, 2019. As a result of the Merger, these loans were effectively settled at the recorded amount, and no gain or loss was recognized (Note 4).

Restatement of Comparative Amounts

Venus Concept Ltd. previously classified the issuance of common stock shares and preferred shares as a credit to common stock. In accordance with U.S. GAAP, amounts issued in excess of par value are required to be accounted for in additional paid in capital (APIC). The error is a reclassification from common stock into APIC and has an overall immaterial impact on the consolidated statement of stockholders’ equity and consolidated balance sheet. Items previously reported have been reclassified to conform to U.S. GAAP and the reclassification did not have any impact on the Company’s consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of cash flows and net loss per share calculations.

The following table summarizes the impact of the restatement adjustments on Venus Concept Ltd.’s previously reported consolidated financial statements:

	As previously reported	Adjustment	As restated
	$	$	$
Consolidated balance sheet and consolidated statement of stockholders' equity			
January 1, 2018			
Common Stock	49,978	(49,973)	5
Additional paid in capital	10,075	49,973	60,048
December 31, 2018			
Common Stock	57,101	(57,096)	5
Additional paid in capital	10,399	57,096	67,495

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future, and, as such, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company has had recurring net operating losses and negative cash flows from operations. As of December 31, 2019 and 2018, the Company had an accumulated deficit of $75,686 and $35,067, respectively. Further, during the year ended December 31, 2019, the Company was not in compliance with certain financial covenants contained in the credit agreements with City National Bank of Florida and Madryn Health Partners, L.P. for the nine months ended September 30, 2019 (see Notes 11 and 12). The Company was in compliance with all required covenants as of December 31, 2019. The Company's recurring losses from operations and negative cash flows raise substantial doubt about the Company's ability to continue as a going concern within 12 months from the date that the consolidated financial statements are issued.

In order to continue its operations, the Company must achieve profitable operations and/or obtain additional equity or debt financing. Until the Company achieves profitability, management plans to fund its operations and capital expenditures through borrowings and issuance of capital stock. The Company completed convertible promissory note offerings in June 2019 and August 2019 (see Note 10) and the Concurrent Financing described above. Subsequent to December 31, 2019 the Company completed a private placement of the common stock shares, preferred shares and warrants, as described in Note 19. Until the Company generates revenue at a level to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows from operating activities.

There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, it may be compelled to reduce the scope of its operations and planned capital expenditures or sell certain assets, including intellectual property assets. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or amounts and classification of liabilities that might result from the uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Venus Concept Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated on consolidation. Where the Company does not own 100% of its subsidiaries, it accounts for the partial ownership interest through non-controlling interest.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made in the accompanying consolidated financial statements include, but are not limited to, the implicit interest rate used to record lease revenue, allowance for doubtful accounts, inventory valuation, stock-based compensation, warranty accrual, the valuation and measurement of deferred tax assets and liabilities, accrued severance pay, useful lives of property and equipment, earn-out liability, useful lives of intangible assets, impairment of long-lived assets and goodwill and valuation of acquired intangible assets and goodwill. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

Foreign Currency

The consolidated financial statements are presented in U.S. dollars.

The Company and its subsidiaries' functional currency is the U.S. dollar as determined by management.

All exchange gains and losses from remeasurement of monetary balance sheet items resulting from transactions in non-functional currencies are recorded in the consolidated statements of operations as they arise.

In respect of transactions denominated in currencies other than the Company and its subsidiaries' functional currencies, the monetary assets and liabilities are remeasured at the period end rates. Revenue and expenses are remeasured at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these transactions are recognized in the consolidated statements of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents. Cash and cash equivalents consist primarily of funds invested in readily available checking and savings accounts, investments in money market funds and short-term time deposits.

Restricted Cash

As of December 31, 2019, and 2018, the Company was required to hold $83 and $19, respectively, in a separate deposit account as collateral for rent and credit cards.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, accounts receivable and long-term receivables. The Company's cash and cash equivalents are invested primarily in deposits with major banks worldwide, as such minimal credit risk exists with respect to such investments. The Company's trade receivables are derived from global sales to customers. An allowance for doubtful accounts is provided with respect to all balances for which collection is deemed to be doubtful.

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, competition from substitute products and larger companies, protection of proprietary technology, strategic relationships and dependence on key individuals. If the Company fails to adhere to ongoing Food and Drug Administration ("FDA") Quality System Regulation, or regulations in countries other than the United States, FDA or other regulators may withdraw its market clearances or take other action. The Company relies on suppliers to manufacture some of the components used in its products. The Company's suppliers may encounter supply interruptions or problems during manufacturing due to a variety of reasons, including failure to comply with applicable regulations, including FDA's Quality System Regulation, making errors in manufacturing or losing access to critical services and components, any of which could delay or impede the Company's ability to meet demand for its products.

The Company has borrowings with interest rates that are subject to fluctuations as charged by the lender. The Company does not use derivative financial instruments to mitigate the exposure to interest rate risk. The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash used in operating activities to meet its requirements. As at December 31, 2019 and 2018, the most significant financial liabilities are the line of credit, trade payables, accrued expenses and other current liabilities, earn-out liability and long-term debt.

Concentration of Customers

For the years ended December 31, 2019 and 2018, there were no customers accounting for more than 10% of the Company's revenue. As of December 31, 2019 and 2018, there were no customers accounting for more than 10% of the Company's accounts receivable.

Allowance for Doubtful Accounts

Accounts receivable do not bear interest and are typically not collateralized. The Company performs ongoing credit evaluations of its customers' financial condition and maintains an allowance for doubtful accounts. Uncollectible accounts are charged to expense when deemed uncollectible, and accounts receivable are presented net of an allowance for doubtful accounts. Accounts receivable are deemed past due in accordance with the contractual terms of the agreement. Actual losses may differ from our estimates and could be material to our consolidated financial position, results of operations and cash flows. The allowance for doubtful accounts was $10,494 and $4,408 at December 31, 2019 and 2018, respectively.

The allowance for doubtful accounts consisted of the following activity for years ended December 31, 2019 and 2018 (in thousands):

	As of December 31,	
	2019	2018
Balance at beginning of year	$ 4,408	$ 2,417
Write-offs	(3,905)	(8,937)
Provision	9,991	10,928
Balance at end of year	$ 10,494	$ 4,408

Inventory

Inventories are stated at the lower of cost or net realizable value and include raw materials, work in progress and finished goods. Cost is determined as follows:

Raw Materials and Work in Progress ("WIP") – Cost is determined on a standard cost basis utilizing the weighted average cost of historical purchases, which approximates actual cost.

The cost of WIP and finished goods includes the cost of raw materials and the applicable share of the cost of labor and fixed and variable production overheads.

The Company regularly evaluates the value of inventory based on a combination of factors including the following: historical usage rates, product end of life dates, technological obsolescence and product introductions. The Company includes demonstration units within inventories. Proceeds from the sale of demonstration units are recorded as revenue.

Long-term Receivables

Long-term receivables relate to the Company's subscription revenue or contracts which stipulate payment terms which exceed one year. They are comprised of the unpaid principal balance, plus accrued interest, net of the allowance for credit losses. These receivables have been discounted based on the implicit interest rate in the subscription lease which range between 8% to 9% in 2019 and 8% to 9% in 2018. Unearned interest revenue represents the interest only portion of the respective subscription payments and will be recognized in income over the respective payment term as it is earned.

Deferred revenues represent payments received prior to the income being earned. Once the equipment has been delivered or the services have been rendered, these amounts are recognized in income.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is between three and ten years. Leasehold improvements are depreciated over the lesser of the life of the lease or the useful life of the improvements. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheets, and any resulting gain or loss is reflected in consolidated statements of operations.

Intangible Assets

Intangible assets consist of customer relationships, brand, technology and supplier agreement. Intangible assets are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the respective assets, which range from approximately six to fifteen years.

The useful lives of intangible assets are based on the Company's assessment of various factors impacting estimated cash flows, such as the product's position in its lifecycle, the existence or absence of like products in the market, various other competitive and regulatory issues, and contractual terms.

Impairment of Long-Lived Assets

The Company accounts for the impairment of long-lived assets in accordance with FASB, Accounting Standards Codification ("ASC") 360-10, "Accounting for the Impairment of Long-Lived Assets". This standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the assets' carrying amounts may not be recoverable. For assets that are to be held and used, impairment is assessed when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying values. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value and estimated net realizable value. During the years ended December 31, 2019 and 2018, there was no impairment of long-lived assets.

Goodwill

Goodwill represents the excess of the purchase price of the business acquired over the fair value of the net identifiable assets of an acquired business. The Company allocates goodwill to reporting units at the time of acquisition or when there is a change in the reporting structure and bases that allocation on which reporting units will benefit from the acquired assets and liabilities. Reporting units are defined as operating segments or one level below an operating segment, referred to as a component.

Goodwill is not amortized but is tested for impairment annually or more frequently when an event occurs, or circumstances change that indicate the carrying value may not be recoverable. In testing goodwill for impairment, the Company elected to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that goodwill impairment is more likely than not, a two-step impairment test is performed. Under the two-step impairment test, the carrying value of the reporting unit is compared to the fair value of the reporting unit. If the fair value is determined to be less than the carrying value, the Company performs a second step to compute the amount of impairment as the difference between the implied fair value of goodwill and the carrying value. Fair value of a reporting unit is estimated using discounted cash flows. Forecasts of future cash flows are based on the Company's best estimate of future net sales and operating expenses. Required annual testing of goodwill for impairment was completed for the reporting unit as of December 31, 2019 and determined that goodwill is not impaired.

Debt Issuance Costs

Costs related to the issuance of debt are presented as a direct deduction to the carrying value of the debt and are amortized to accretion expense using the effective interest rate method over the term of the related debt.

Revenue Recognition

The Company adopted Accounting Standards Codification ("ASC") 606 "Revenue from contract with customers" ("ASC 606") on January 1, 2019 using the modified retrospective method for all contracts not completed as of the date of adoption. The reported results for the year ended December 31, 2019 reflect the application of ASC 606 guidance while the reported results for 2018 were prepared under the guidance of ASC 605, Revenue Recognition. The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company's goods or services and will provide the consolidated financial statements' readers with enhanced disclosures.

The Company generates revenue from (1) sales of systems through the subscription model, traditional system sales to customers and distributors, (2) other product revenues from the sale of marketing supplies and kits, consumables and Venus Concept's skincare and hair products and (3) service revenue from the sale of VeroGrafters™ technician services, 2two5 internal advertising agency services and an extended warranty service contracts provided to existing customers.

Many of the Company's products are sold under subscription contracts with control passing to the customer at the earlier of the end of the term and when the payment is received in full. The subscription contracts include an initial deposit followed by monthly installments typically over a period of 36 months. In accordance with ASC 840 "Leases" ("ASC 840"), these arrangements are considered to be sales-type leases, where the present value of all cash flows to be received within the arrangement is recognized upon shipment to the customer and achievement of the required revenue recognition criteria. Various accounting and reporting systems are used to monitor subscription receivables which include providing access codes to operate the machines to paying customers and restricting access codes on machines to non-paying customers.

The Company recognizes revenues on other products and services in accordance with ASC 606. Revenue is recognized based on the following five steps: (1) identification of the contract(s) with the customer; (2) identification of the performance obligations in the contract; (3) determine the transaction price; and (4) allocate the transaction price to the separate performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company does not grant rights of return to its end customers. The Company's products sold through arrangements with distributors are non-refundable, non-returnable and without any rights of price protection.
The Company records revenue net of sales tax and shipping and handling costs.

Cost of Goods

For subscription sales (qualifying as sales-type lease arrangements) and product sales, the costs are recognized upon shipment to the customer or distributor.

Advertising Costs

The cost of advertising and media is expensed as incurred. For the years ended December 31, 2019 and 2018, advertising costs totaled $2,004 and $1,225, respectively.

Research and Development

Research and development costs are charged to operations as incurred. Major components of research and development expenses consist of personnel costs, including salaries and benefits, hardware and software research and development costs, regulatory affairs, and clinical costs.

Warranty

The Company provides a standard warranty against defects for all of its systems. The warranty period begins upon shipment and is typically for a period between one and three years.

The Company records a liability for accrued warranty costs at the time of sale of a system, which consists of the warranty on products sold based on historical warranty costs and management's estimates. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts thereof as necessary.
The Company also provides an extended warranty service. Extended warranty can be purchased at any time after the purchase of a system and prior to the expiration of the standard warranty provided with the sale of the system. Extended warranty services include standard warranty services.

The Company recognizes the revenue from the sale of an extended warranty over the period of the extended warranty and accounts it for separately from the standard warranty.

Income Taxes

The Company follows the deferred income taxes method of accounting for income taxes. Under this method, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying values of accounts and their respective income tax basis. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years during which the temporary differences are expected to be realized or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date.

The Company establishes valuation allowances when necessary to reduce deferred tax assets to the amounts that are more likely than not to be realized. The Company evaluates tax positions taken or expected to be taken in the course of preparing tax returns to determine whether the tax positions have met a "more likely-than-not" threshold of being sustained by the applicable tax authority. Tax benefits related to tax positions not deemed to meet the "more likely-than-not" threshold are not permitted to be recognized in the consolidated financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained on examination based on the technical merit of the position. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments. The Company recognizes interest charges and penalties related to unrecognized tax benefits as a component of the tax provision.

Business Combinations

The consideration for each acquisition is measured at the aggregate of the fair values of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired company. Acquisition-related costs are recognized in operations as incurred in general and administrative expenses. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition as soon as all necessary information is obtained where it qualifies as measurement period adjustments within one year from closing.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service period in the Company's consolidated statements of operations.

The fair value of stock options ("options") on the grant date is estimated using the Black-Scholes option-pricing model using the single-option approach. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, including the option's expected term and the price volatility of the underlying stock, to determine the fair value of the award. The Company recognizes compensation expenses for the value of its awards granted based on the straight-line method over the requisite service period of each of the awards. The Company has made a policy choice to account for forfeitures when they occur.

Stock options granted to non-employees are based on the fair value on the grant date and re-measured at the end of each reporting period based on the fair value until the earlier of the options being fully vested and completion of the performance obligations. These are subject to a service vesting condition and are recognized on a straight-line method over the requisite service period. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on historical pre-vesting forfeitures.

Net Loss Per Share

The Company computes net (loss) income per share in accordance with ASC Topic 260, "Earnings Per Share" ("ASC 260") and related guidance, which requires two calculations of net (loss) income attributable to the Company's shareholders per share to be disclosed: basic and diluted. Convertible preferred shares are participating securities and are included in the calculation of basic and diluted net (loss) income per share using the two-class method. In periods where the Company reports net losses, such losses are not allocated to the convertible preferred shares for the computation of basic or diluted net (loss) income.

Diluted net (loss) income per share is the same as basic net (loss) income 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.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which was subsequently amended by ASU 2018-11, Leases (Topic 842): Targeted Improvements, ASU 2018-20, Narrow-Scope Improvements for Lessors and ASU 2019-01, Leases (Topic 842): Codification Improvements. The guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and requiring more disclosures related to leasing transactions. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted.

On November 15, 2019, the FASB issued ASU 2019-10, which (1) provides a framework to stagger effective dates for future major accounting standards and (2) amends the effective dates for certain major new accounting standards to give implementation relief to certain types of entities. Specifically, ASU 2019-10 changes some effective dates for certain new standards on the following topics in the FASB ASC, including Topic 842, Topic 326 (Financial Instruments — Credit Losses) and Topic 350 (Intangibles — Goodwill and Other). As an emerging growth company, the Company elected to use private company adoption date for ASC 842, which is January 1, 2021. The Company is in the process of determining the impact of Topic 842 on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40), relating to a customer's accounting for implementation, set-up, and other upfront costs incurred in a cloud computing arrangement that is hosted by a vendor (i.e., a service contract). Under the new guidance, a customer will apply the same criteria for capitalizing implementation costs as it would for an arrangement that has a software license. The new guidance also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense and requires additional quantitative and qualitative disclosures. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early application is permitted. The Company can choose to adopt the new guidance (1) prospectively to eligible costs incurred on or after the date this guidance is first applied or (2) retrospectively. The Company is evaluating the impact, if any, that this pronouncement will have on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which removes, adds and modifies certain disclosure requirements for fair value measurements in Topic 820. The Company will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and the valuation processes of Level 3 fair value measurements. However, the Company will be required to additionally disclose the changes in unrealized gains and losses included in other comprehensive income (loss) for recurring Level 3 fair value measurements, and the range and weighted average of assumptions used to develop significant unobservable inputs for Level 3 fair value measurements. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments relating to additional disclosure requirements will be applied prospectively for only the most recent interim or annual period presented in the initial year of adoption. All other amendments will be applied retrospectively to all periods presented upon their effective date. The Company anticipates that the adoption of Topic 820 will not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which simplifies guidance on non-employee share-based payments. This expands the scope of ASC 718, Compensation—Stock Compensation (Topic 718), to include all share-based payment arrangements related to the acquisition of goods and services from both non-employees and employees. As a result, most of the guidance in ASC 718 associated with employee share-based payments, applies to non-employee share-based payment arrangements. The ASU amendment is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Company anticipates that the adoption of Topic 718 will not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard introduced the expected credit losses methodology for the measurement of credit losses on financial assets that are not measured at fair value through net income and replaces today's "incurred loss" model with an "expected credit loss" model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the asset. There have been several consequential subsequent amendments to this standard. This standard is effective for annual periods beginning after January 1, 2023, including interim periods within those fiscal years. The Company is evaluating the impact, if any, that this pronouncement will have on the consolidated financial statements.

3. NET LOSS PER SHARE

Net Loss Per Share

Basic net loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during the year, without consideration for common stock equivalents. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common share equivalents outstanding for the year determined using the treasury-stock method. For purposes of this calculation, common stock warrants and stock options are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is 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):

	For the year ended December 31,	
	2019	2018
Numerator:		
Net loss	$ (42,295)	$ (14,209)
Net loss allocated to stockholders of the Company	$ (40,619)	$ (14,959)
Denominator:		
Weighted-average shares of common stock outstanding used in computing net loss per share, basic and diluted	8,517	4,733
Net loss per share:		
Basic and diluted	$ (4.77)	$ (3.16)

Due to the net loss, all the outstanding shares of common stock equivalents were excluded from the calculation of diluted net loss per share attributable to common stockholders for the years ended December 31, 2019 and 2018 because including them would have been antidilutive:

	December 31,	
	2019	2018
Options to purchase common stock	2,727,764	2,355,258
Warrants for common stock	3,990,067	179,932
Total potential dilutive shares	6,717,831	2,535,190

4. **BUSINESS COMBINATIONS**

The Merger

As described in Note 1 above, on November 7, 2019, the Company completed its business combination with Venus Concept Ltd. The Merger allows the Company to significantly expand its presence and capability in the hair restoration market. Venus Concept Ltd. is an innovative global medical technology company that develops, commercializes, and delivers minimally invasive and non-invasive medical aesthetic and hair restoration technologies and related practice enhancement services. It designs and sells a full suite of medical aesthetic products and markets its current products primarily to physicians interested in providing minimally invasive and non-invasive aesthetic medical procedures, and to aesthetic medical spas. Through its NeoGraft division, Venus Concept Ltd. offers an automated hair restoration system that facilitates the harvesting of follicles during a follicular unit extraction or FUE process, improving the accuracy and speed over commonly used manual extraction instruments.

For accounting purposes the purchase price was based on (i) the fair value of the Company's Common Stock as of the Merger date of $15.7 million which was determined based on the number of shares of Common Stock that were issued to the Venus Concept Inc. shareholders in connection with the Merger, (ii) the portion of the fair value attributable to fully and partially vested stock options and warrants, and (iii) the fair value of the promissory notes issued by Venus Concept Ltd. to Restoration Robotics of $4.6 million, which were effectively settled as a result of the Merger.

Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities based on their fair values as of the acquisition date. Any excess of the purchase price over the fair value of assets acquired and liabilities assumed is allocated to goodwill. Goodwill is allocated to one reporting unit. The Company determined that the underlying goodwill and intangible assets are not deductible for tax purposes.

For the year ended December 31, 2019, the Company incurred acquisition-related expenses of approximately $12.2 million which are included in general and administrative expenses.

The purchase price is allocated to the fair value of assets and liabilities acquired as follows:

Number of shares of the combined company to be owned by Venus Concept Inc. shareholders		2,802,466
Multiplied by the price per share of Venus Concept Inc. common stock	$	5.6055
The fair value of Venus Concept Inc. common stock	$	15,709
The value of fully and partially vested stock options and warrants		121
Pre-existing relationships with Venus Concept Ltd.		4,558
Total purchase consideration	**$**	**20,388**
Net assets acquired		
Cash and cash equivalents and restricted cash	$	7,409
Other current assets		9,308
Property and equipment		1,268
Technology		16,900
Brand		1,200
Goodwill		24,847
Other non-current assets		100
Current liabilities		(12,909)
Long-term debt, including current portion		(27,505)
Other non-current liabilities		(230)
Fair value of net assets acquired	**$**	**20,388**

The results of this acquisition were included in the Company's consolidated statement of operations beginning on November 7, 2019.

The Company's consolidated net revenue, net loss and net loss per share for the year ended December 31, 2019 include the following amounts of revenue, net loss and net loss per share of Restoration Robotics, Inc. since the Merger date:

	Year ended December 31, 2019
Total net revenues	$ 2,775
Net loss	$ (4,668)
Net loss per share, basic and diluted	$ (0.55)

The following unaudited pro forma financial information presents the combined results of operations of the Company as if the Merger had occurred on January 1, 2018. The unaudited pro forma financial information is not necessarily indicative of what the Company's consolidated results of operations actually would have been had the Merger occurred at the beginning of each year. In addition, the unaudited pro forma financial information does not attempt to project the future results of operations of the combined Company.

	Year ended December 31,	
	2019	2018
Total net revenues	$ 123,263	$ 124,570
Net loss	$ (52,976)	$ (45,226)

The unaudited pro forma financial information above gives effect primarily to the following:

(1) Incremental amortization and depreciation expense related to the estimated fair value of identifiable intangible assets and property and equipment from the purchase price allocation.
(2) The exclusion of acquisition costs for the year ended December 31, 2019.
(3) Reduction in interest expenses under the Solar Agreement, as defined in Note 11, and under the 2019 Notes and the Notes agreements as defined in Note 10.
(4) Reduction in stock-based compensation expense related of the conversion of Venus Concept Ltd. stock options to Venus Concept Inc. stock options.
(5) The exclusion of inventory step-up amortization for the year ended December 31, 2019 and the addition of this item to the year ended December 31, 2018.

Acquisition of non-controlling interest

On July 4, 2019, the Company acquired the remaining 49% minority interest shares of Venus Concept Israel Ltd. for total consideration of $123 in a form of transfer of equipment. Acquisition-related costs were expensed as incurred and amounted to $19 for the year ended December 31, 2019. In 2018, the Company acquired the remaining 49% minority interest shares of Venus Concept Japan Co., Ltd. for total consideration of $21, and the remaining 40% minority interest shares of Venus Concept UK Limited for total consideration of $452. Acquisition-related costs were insignificant and were expensed as incurred.

Acquisition of NeoGraft

On February 15, 2018, the Company acquired the assets and liabilities of NeoGraft Solutions, Inc. ("NeoGraft"). The primary reason for this acquisition was to expand the product offering to hair restoration solutions. Acquisition-related costs were expensed as incurred and amounted to $67 for the year ended December 31, 2018. Pro forma results of operations have not been presented because the effect of this acquisition was not material to the results of operations. In 2018, the total revenues and net income related to NeoGraft amounted to $7,763 and $707, respectively.

The total consideration for the acquisition was $8,679, of which $500 was held back at closing of the acquisition and is payable in two annual installments of $250 beginning one year from the closing date. As of December 31, 2019, $250 remains payable by the Company.

The purchase price is allocated to the fair value of assets and liabilities acquired as follows:

Cash on closing	$	7,502
Installment payments		500
Contingent earn-out payments		677
Total purchase price	$	8,679
Net assets acquired		
Inventory	$	1,315
Accounts receivable		44
Property and equipment		7
Accounts payable		(990)
Customer relationships		1,400
Brand		1,300
Supplier agreement		3,000
Fair value of net assets acquired	$	6,076
Goodwill	$	2,603

Goodwill is primarily related to sales growth from future product and service offerings and new customers. The goodwill of NeoGraft is deductible for tax purposes under the cumulative eligible capital expenditures deduction in Canada.

The weighted average life remaining on the intangibles acquired as a result of both business combinations are as follows:

Intangible asset category:	(in years)
Customer relationships	14
Brand	9
Technology	6
Supplier agreement	9

5. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost using the effective interest method.

The financial instruments of the Company consist of cash and cash equivalents, restricted cash, accounts receivable, long-term receivables, line of credit, trade payables, accrued expenses and other current liabilities, earn-out liability, other long-term liabilities and long-term debt. In view of their nature, the fair value of most of the financial instruments approximates their carrying amounts.

The Company measures the fair value of its financial assets and liabilities using the fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices 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 assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The categorization of a financial instrument within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Company classifies its restricted cash and guaranteed investment certificates within Level 2 as it uses alternative pricing sources and models utilizing market observable inputs. The following tables set forth the fair value of the Company's Level 2 and Level 3 financial assets and liabilities within the fair value hierarchy:

	Fair Value Measurements as of December 31, 2019			
	Quoted Prices in Active Markets using Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Guaranteed Investment Certificates ("GIC")	$ —	$ 63	$ —	$ 63
Restricted cash	—	83	—	83
Total assets	$ —	$ 146	$ —	$ 146
Liabilities				
Long-term debt	$ —	$ —	$ 61,351	$ 61,351
Contingent earn-out consideration	—	—	655	655
Total liabilities	$ —	$ —	$ 62,006	$ 62,006

	Fair Value Measurements as of December 31, 2018			
	Quoted Prices in Active Markets using Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Guaranteed Investment Certificates ("GIC")	$ —	$ 81	$ —	$ 81
Restricted cash	—	19	—	19
Total assets	$ —	$ 100	$ —	$ 100
Liabilities				
Long-term debt	$ —	$ —	$ 56,401	$ 56,401
Contingent earn-out consideration	—	—	950	950
Total liabilities	$ —	$ —	$ 57,351	$ 57,351

The earn-out liability is measured using discounted cash flow techniques, with the expected cash outflows estimated based on the probability of assessment of the acquired business achieving the revenue metrics required for payment. Expected future revenues of the acquired business and the associated estimate of probability are not observable inputs. The payments due are based on point in time measurements of the metrics quarterly for two years from the acquisition date. Changes in the fair value of the earn-out liability were recognized in finance expenses in the consolidated statements of operations.

The following table provides a roll forward of the aggregate fair values of the earn-out liability as of December 31, 2019, for which fair value is determined using Level 3 inputs:

Beginning balance	$ 1,177
Payments	(227)
December 31, 2018	950
Payments	(828)
Change in value	533
December 31, 2019	$ 655

6. ACCOUNTS RECEIVABLE

The Company’s products may be sold under subscription contracts with control passing to the customer at the end of the lease term, which is generally 36 months. These arrangements are considered to be sales-type leases, where the present value of all cash flows to be received within the arrangement is recognized upon shipment to the customer as lease revenue.

A financing receivable is a contractual right to receive money, on demand or on fixed or determinable dates, that is recognized as an asset on the Company's consolidated balance sheets. The Company's financing receivables, consisting of its sales-type leases, totaled $72,602 and $74,554 at December 31, 2019 and 2018, respectively, and are included in accounts receivable and long-term receivables on the consolidated balance sheets. The Company evaluates the credit quality of an obligor at lease inception and monitors credit quality over the term of the underlying transactions.

The Company performed an assessment of the allowance for doubtful accounts as of December 31, 2019 and 2018. Based upon such assessment, the Company recorded an allowance for doubtful totaling $10,494 and $4,408 as of December 31, 2019 and 2018, respectively. In 2018 the Company recorded a significant provision of $8,300 for bad debts against the receivable of a large U.S. national account customer that filed for Chapter 11 bankruptcy in February of 2019.

A summary of the Company’s accounts receivables is presented as follows:

	As of December 31,	
	2019	2018
Gross accounts receivable	$ 105,127	$ 78,962
Unearned income	(5,623)	(5,601)
Allowance for doubtful accounts	(10,494)	(4,408)
	$ 89,010	$ 68,953
Reported as:		
Current trade receivables	$ 58,977	$ 35,314
Current unearned interest income	(3,942)	(3,849)
Long-term trade receivables	35,656	39,240
Long-term unearned interest income	(1,681)	(1,752)
	$ 89,010	$ 68,953

Current subscription contracts are reported as part of accounts receivable. The following are the contractual commitments, net of allowance for doubtful accounts, to be received by the Company over the next 5 years:

		December 31,				
	Total	2020	2021	2022	2023	2024
Current financing receivables, net of allowance of $2,960	$ 37,197	$ 37,197	$ —	$ —	$ —	$ —
Long-term financing receivables, net of allowance of $2,818	35,405	—	25,701	9,527	177	—
	$ 72,602	$ 37,197	$ 25,701	$ 9,527	$ 177	$ —

7. SELECT BALANCE SHEET AND STATEMENT OF OPERATIONS INFORMATION

Inventory

Inventory consists of the following:

	December 31,	
	2019	2018
Raw materials	$ 877	$ 92
Work-in-progress	2,067	1,323
Finished goods	15,900	18,846
Total inventory	$ 18,844	$ 20,261

Additions to inventory are primarily comprised of newly produced units and applicators, refurbishment cost from demonstration units and used equipment which were reacquired during the year from upgraded sales. The Company expensed $26,869 ($19,929 in 2018) in cost of goods sold during the year. The balance of cost of goods sold represents the sale of applicators, parts and warranties.

The Company provides for excess and obsolete inventories when conditions indicate that the inventory cost is not recoverable due to physical deterioration, usage, obsolescence, reductions in estimated future demand and reductions in selling prices. Inventory provisions are measured as the difference between the cost of inventory and net realizable value to establish a lower cost basis for the inventories. As at December 31, 2019, a provision for obsolescence of $1,439 ($470 in 2018) was taken against inventory.

Property and Equipment, Net

Property and equipment, net consist of the following:

		December 31,	
	Useful Lives (in years)	2019	2018
Lab equipment tooling and molds	4 - 10	$ 7,872	$ 3,379
Office furniture and equipment	6 - 10	1,710	974
Leasehold improvements	up to 10	1,950	948
Computers and software	3	1,811	783
Vehicles	5 - 7	16	70
Total property and equipment		13,359	6,154
Less: Accumulated depreciation		(8,711)	(2,773)
Total property and equipment, net		$ 4,648	$ 3,381

Depreciation expense amounted to $1,026 and $892 for the years ended December 31, 2019 and 2018.

Other Current Assets

	December 31,	
	2019	2018
Government remittances (1)	$ 1,704	$ 987
Sundry assets and miscellaneous	1,397	436
Total other current assets	$ 3,101	$ 1,423

(1) Government remittances are receivables from the local tax authorities for refund of sales taxes and income taxes.

Accrued Expenses and Other Current Liabilities

	December 31,	
	2019	2018
Payroll and related expense	$ 3,117	$ 728
Accrued expenses	10,645	4,303
Commission accrual	4,215	3,866
Sales and consumption taxes	3,143	1,983
Total accrued expenses and other current liabilities	$ 21,120	$ 10,880

Warranty Accrual

The following table provides the details of the change in the Company's warranty accrual:

	December 31,	
	2019	2018
Balance as of the beginning of the year	$ 1,336	$ 1,039
Warranties assumed through business combination	273	-
Warranties issued during the year	1,038	998
Warranty costs incurred during the year	(670)	(701)
Balance at the end of the year	$ 1,977	$ 1,336
Current	1,254	495
Long-term	723	841
Total	$ 1,977	$ 1,336

Finance Expenses

The following table provides the details of the Company's finance expenses:

	December 31,	
	2019	2018
Interest expense	$ 7,166	$ 4,889
Gain on settlement of debt	(297)	—
Accretion on long-term debt	680	472
Total finance expenses	$ 7,549	$ 5,361

8. INTANGIBLE ASSETS

Intangible assets net of accumulated amortization were as follows:

	At December 31, 2019		
	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	$ 1,400	$ (149)	$ 1,251
Brand	2,500	(276)	2,224
Technology	16,900	(469)	16,431
Supplier agreement	3,000	(568)	2,432
Total intangible assets	$ 23,800	$ (1,462)	$ 22,338

	At December 31, 2018		
	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	$ 1,400	$ (56)	$ 1,344
Brand	1,300	(125)	1,175
Supplier agreement	3,000	(267)	2,733
Total intangible assets	$ 5,700	$ (448)	$ 5,252

Estimated amortization expense for the next five fiscal years and all years thereafter are as follows:

Years ending December 31,	
2020	$ 3,473
2021	3,473
2022	3,473
2023	3,473
2024	3,473
Thereafter	4,973
Total	$ 22,338

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company and its subsidiaries have various operating lease agreements, which expire on various dates.

The Company recognizes rent expense on a straight-line basis over the non-cancellable lease period and records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. When leases contain escalation clauses, rent abatements and/or concessions, such as rent holidays and landlord or tenant incentives or allowances, the Company applies them in the determination of straight-line rent expense over the lease period.

Aggregate future minimum lease payments and purchase commitments with manufacturers as of December 31, 2019 are as follows:

Years ending December 31,	Office Lease	Purchase Commitments	Total
2020	$ 2,071	$ 5,976	$ 8,047
2021	1,788	—	1,788
2022	937	—	937
2023	515	—	515
Thereafter	1,410	—	1,410
Total	$ 6,721	$ 5,976	$ 12,697

The total rent expense for all operating leases for the years ended December 31, 2019 and 2018 was $2,199 and $1,344.

Commitments

As of December 31, 2019, the Company has non-cancellable purchase orders placed with its contract manufacturers in the amount of $5,748. In addition, as of December 31, 2019, the Company had $1,516 of open purchase orders that can be cancelled with 90 days' notice, except for a portion equal to 15% of the total amount representing the purchase of "long lead items".

The Company has also committed to quarterly earn-out payments as part of its purchase obligation of the assets described in Note 4 of these consolidated financial statements. The amount due is 5% of NeoGraft® equipment sales and services that occur within the quarter. The balance of the earn-out was $655 as at December 31, 2019 ($950 in 2018), which includes deferred payments and is presented as part of accrued expenses and other current liabilities.

Legal Proceedings

Purported Shareholder Class Actions

Between May 23, 2018 and June 11, 2019, four putative shareholder class actions complaints were filed against Restoration Robotics, certain of its former officers and directors, certain of its venture capital investors, and the underwriters of the IPO. Two of these complaints, Wong v. Restoration Robotics, Inc., et al., No. 18CIV02609, and Li v. Restoration Robotics, Inc., et al., No. 19CIV08173 (together, the "State Actions"), were filed in the Superior Court of the State of California, County of San Mateo, and assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, or the Securities Act. The other two complaints, Guerrini v. Restoration Robotics, Inc., et al., No. 5:18-cv-03712-EJD and Yzeiraj v. Restoration Robotics, Inc., et al., No. 5:18-cv-03883-BLF (together, the "Federal Actions"), were filed in the United States District Court for the Northern District of California, and assert claims under Sections 11 and 15 of the Securities Act. The complaints all allege, among other things, that the Restoration Robotics' Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with Restoration Robotics' IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaints seek unspecified monetary damages, other equitable relief and attorneys' fees and costs.

In the State Actions Restoration Robotics, along with the other defendants, successfully demurred to the initial Wong complaint for failure to state a claim, and secured a stay of both cases based on the forum selection clause contained in its Amended and Restated Certificate of Incorporation, which designates the federal district courts as the exclusive forums for claims arising under the Securities Act. However, on December 19, 2018, the Delaware Court of Chancery in Sciabacucchi v. Salzberg held that exclusive federal forum provisions are invalid under Delaware law. Based on this ruling, the San Mateo Superior Court lifted its stay of State Actions on December 10, 2019. On January 17, 2020, Plaintiffs in the State Actions filed a consolidated amended complaint for violations of federal securities laws, alleging again that, among other things, the Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with Restoration Robotics' IPO were inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. The complaint seeks unspecified monetary damages, other equitable relief and attorneys' fees and costs. On February 24, 2020, the Company demurred to the consolidated amended complaint for failure to state a claim. A hearing on the Company's demurrer is currently scheduled for May 8, 2020. On March 18, 2020, the Delaware Supreme Court reversed the Chancery Court's decision in Sciabacucchi v. Salzberg and held that exclusive federal forum provisions are valid under Delaware law. The Company intends to seek appropriate relief based on the Sciabacucchi decision.

In the Federal Actions, which have been consolidated under the caption in re Restoration Robotics, Inc. Securities Litigation, Case No. 5:18-cv-03712-EJD, Lead Plaintiff Eduardo Guerrini filed his consolidated amended complaint for violations of federal securities laws on November 30, 2018. The consolidated amended complaint alleges again that, among other things, Restoration Robotics' Registration Statement filed with the SEC on September 1, 2017 and the Prospectus filed with the SEC on October 13, 2017 in connection with the IPO were inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and omitted to state material facts required to be stated therein. On January 29, 2019, Restoration Robotics, along with certain of its former officers and directors, filed a motion to dismiss the consolidated amended complaint for failure to state a claim. On October 18, 2019, the District Court granted Restoration Robotics motion to dismiss as to all but two allegedly false or misleading statements contained in our Prospectus. On December 9, 2019, the Company filed its answer to the consolidated amended complaint denying the falsity of these statements, and discovery is underway.

In addition to the State and Federal Actions, on July 11, 2019, a verified shareholder derivative complaint was filed in the United States District Court for the Northern District of California, captioned Mason v. Rhodes, No. 5:19-cv-03997-NC. The complaint alleges that certain of Restoration Robotics' former officers and directors breached their fiduciary duties, have been unjustly enriched and violated Section 14(a) of the Securities Exchange Act of 1934, or the Exchange Act, in connection with the IPO and Restoration Robotics' 2018 proxy statement. The complaint seeks unspecified damages, declaratory relief, other equitable relief and attorneys' fees and costs. On August 21, 2019, the District Court granted the parties' joint stipulation to stay the Mason action during the pendency of the Federal Actions, and the case remains stayed.

In addition to the actions described above relating to the IPO, two lawsuits purporting to challenge disclosures made in connection with our merger have also been filed. The first, captioned Bushansky v. Restoration Robotics, Inc., et al., No. 5:19-cv-06004-MMC, alleged, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleged that the proxy statement, filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger, omitted or misrepresented material information. The complaint sought, among other things, injunctive relief, unspecified damages, and attorneys' fees and costs. On November 6, 2019, the plaintiff voluntarily dismissed the Bushansky action with prejudice as to his individual claims and without prejudice as to the claims of the putative class.

The second, a putative shareholder class action complaint captioned Pak v. Restoration Robotics, Inc., et al., No. 1:19-cv-02237, was filed in the United States District Court for the District of Delaware on December 6, 2019. The complaint alleges, among other things, that defendants violated Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. The complaint alleges that the proxy statement, filed with the SEC by Restoration Robotics on September 10, 2019 in connection with the Merger, contained false or misleading information. The complaint seeks, among other things, compensatory and/or rescissory damages, and attorneys' fees and costs. On February 26, 2020, the District Court appointed Joon Pak as Lead Plaintiff in the Pak action, and approved his selection of Lead Counsel. The Company believes that these lawsuits are without merit and management intends to vigorously defend against these claims.

Administrative Investigation Case

The Company's Chinese subsidiary, Venus Concept China, imports and sells registered medical devices and unregistered non-medical devices in the People's Republic of China ("PRC"). One of its unregistered products has been the subject of inquiries from two district level branches of the SAMR, Xuhui MSA and Huangpu MSA, as to whether the product was properly sold as a non-medical device. In January 2019, Venus Concept China applied to register a version of this non-medical device as a medical device with the National Medical Products Administration of PRC, or NMPA. On June 12, 2019, Venus Concept China was informed that Xuhui MSA had opened an administrative investigation case related to whether the device is an unregistered medical device, as a result of a complaint that Xuhui MSA received from a former distributor of Venus Concept China. Huangpu MSA notified Venus Concept China that it would be suspending its separate investigation against Venus Concept China, pending the results of the Xuhui MSA investigation. The Company and Venus Concept China have voluntarily stopped sales in China of this product. On December 11, 2019, Xuhui MSA informed Venus Concept China that a determination had been made by the Shanghai Medical Products Administration that Versa's IPL function should be administered as a Class II medical device. Xuhui MSA also suggested that Venus Concept China consider a voluntary recall of all Versa units sold in China. Venus Concept China is currently contemplating a recall plan. In late January 2020, Venus Concept China received a copy of the Shanghai Medical Products Administration's determination that because of the intended uses for Versa's IPL function comprise medical treatment functions such as "treatment of benign pigmented epidermis and skin lesions," Versa's IPL function should be administered as a Class II medical device. Venus Concept China has not yet received a notice of proposed penalty decision from Xuhui MSA. Venus Concept China has not yet received a determination from NMPA on its application for registering Versa's IPL function as a medical device. Although the revenue generated from the product that is the subject of the investigation did not represent a material amount of our total revenues for the years ended December 31, 2019 or 2018, monetary penalties nonetheless could be material. The Company and Venus Concept China are cooperating with the relevant authorities; however, Venus Concept China cannot predict the outcome of this matter.

Further, the Company may from time to time continue to be involved in various legal proceedings of a character normally incident to the ordinary course of its business, which does not deem to be material to the Company's business and results of operations.

10. CONVERTIBLE PROMISSORY NOTES

Venus Concept Ltd. convertible promissory notes

In June 2019, Venus Concept Ltd. issued unsecured senior subordinated convertible promissory notes in the aggregate principal amount of $7,800. In August 2019, Venus Concept Ltd. issued an aggregate of $21,250 of additional unsecured senior subordinated convertible promissory notes to certain investors. The convertible notes issued by Venus Concept Ltd. in June 2019 and August 2019 are collectively referred to as the "2019 Notes".
The 2019 Notes bore interest at a rate of 8.00% per annum, were unsecured and were due and payable, including accrued interest, on the thirtieth day following the termination of the Merger. When the Merger was consummated, all outstanding principal and any accrued and unpaid interest under the 2019 Notes was automatically converted into a number of shares of fully paid and non-assessable shares of the Common Stock, par value $0.0001 per share, of the Company, calculated by dividing the outstanding principal amount of the 2019 Notes (and any accrued and unpaid interest under the 2019 Notes) by the post-Merger conversion price of $6.996 per share.

In connection with the 2019 Notes, Venus Concept Ltd. recognized interest expense of $599 during the period from January 1, 2019 through November 6, 2019.

Venus Concept Inc. (formerly Restoration Robotics) convertible promissory notes

On February 28, 2019, the Company entered into a Note Purchase Agreement pursuant to which the Company raised $5,000 through the issuance of unsecured subordinated convertible promissory notes to two investors (the "Investors"). The Note Purchase Agreement was amended on August 20, 2019 to adjust the post-Merger conversion price for per share from $0.825 to $6.996 (post-split) and to provide for automatic conversion of the convertible promissory notes upon consummation of the Merger.

In addition, on August 20, 2019, the Company entered into a Note Purchase Agreement pursuant to which the Company raised $2,000 through the issuance of one unsecured subordinated convertible promissory note to one investor. The convertible notes issued by the Company in February 2019 and August 2019 pursuant to the Notes Purchase Agreements are collectively referred to as the "Notes". The maturity date of the Notes was August 28, 2020. The Notes bore interest on the unpaid principal amount at a rate of eight percent (8.0%) per annum from the date of issuance. The Notes were unsecured and subordinated in priority to the Company's existing obligations under the Solar Agreement (Note 11).

On November 7, 2019, immediately following the closing of the Merger, all outstanding principal and any accrued and unpaid interest of the 2019 Notes and the Notes in the aggregate amount of $36,958 were automatically converted into 5.3 million of fully paid and non-assessable shares of Common Stock, of which 1.2 million were issued subsequent to December 31, 2019.

11. LONG-TERM DEBT

Solar Loan and Security Agreement

In May 2018, the Company entered into a Loan and Security Agreement and as subsequently amended (the "Solar Agreement") with Solar Capital Ltd. ("Solar") and certain other lenders (together with Solar, the "Lenders"), and Solar, as the Collateral Agent. The Solar Agreement consists of a four-year term loan for an aggregate principal amount of $20,000, for working capital, to fund the Company's general business requirements and to repay indebtedness of the Company to Oxford Finance LLC. The borrowings under the Solar Agreement bore interest through maturity at a rate equal to the U.S. Dollar LIBOR rate plus 7.95% per annum.

In addition, pursuant to the Solar Agreement, the Company issued the Lenders warrants ("Solar 2018 Warrants") to purchase an aggregate of 10,781 shares of the Company's Common Stock, at an exercise price of $55.65 per share. Solar 2018 Warrants are immediately exercisable upon issuance, and excluding certain mergers or acquisitions, will expire on the ten-year anniversary of the date of issuance. Solar 2018 Warrants exercisable for 10,781 shares of Common Stock were outstanding as of December 31, 2019.

On November 7, 2019, in connection with the consummation of the Merger, the Company paid off and terminated its obligations under Solar Agreement. The payoff to the Lenders pursuant to the Solar Agreement consisted of cash and the issuance of warrants ("Solar 2019 Warrants") to purchase up to 50,000 shares of the Company's Common Stock at an exercise price of $6.00 per share. The fair value of Solar 2019 Warrants issued was determined to be $137 using a Black-Scholes valuation model with the following assumptions: Common Stock price at issuance of $5.61 per share; exercise price of $6.00; risk-free interest rate of 1.74% based upon observed risk-free interest rates; expected volatility of 58.0%; expected term of five years, which is the contractual life of the warrants; and a dividend yield of 0%. Solar 2019 Warrants exercisable for 50,000 shares of Common Stock were outstanding as of December 31, 2019.

Madryn Credit Agreement

On October 11, 2016, Venus Concept Ltd. entered into a credit agreement as a guarantor with Madryn Health Partners, LP, as administrative agent, and certain of its affiliates as lenders (collectively, "Madryn"), as amended, or the Madryn Credit Agreement, pursuant to which Madryn agreed to make certain loans to certain of Venus Concept Ltd.'s subsidiaries (the "Subsidiary Obligors"). The Madryn Credit Agreement is comprised of four tranches of debt aggregating $70,000. As at December 31, 2019, the Subsidiary Obligors had borrowed $60,000 under the term A-1 and A-2 and B tranches of the Madryn Credit Agreement. Term C borrowings of $10,000 were undrawn and are no longer available. As of December 31, 2018, the Company has drawn on the term A-1 and A-2 borrowings for gross debt of $50,000. Borrowings under the Madryn Credit Agreement are secured by substantially all of the Company's assets and the assets of the Subsidiary Obligors. On the 24th payment date, which is September 30, 2022, the aggregate outstanding principal amount of the loans, together with any accrued and unpaid interest thereon and all other amounts due and owing under the loan agreement will become due and payable in full.

In connection with the Madryn Credit Agreement, Venus Concept Ltd. issued three types of 10-year warrants ("Madryn Warrants"). Immediately prior to the consummation of the Merger, Madryn held Madryn Warrants to purchase 150,000 ordinary shares of Venus Concept Ltd. at a price of $5.0604 per share, 150,000 Series B Preferred Shares at a price of $5.0604 per share, and 12,000 Series C Preferred Shares of Venus Concept Ltd. at a price of $5.0604 per share. At the effective time of the Merger, each outstanding Venus Concept Ltd. warrant, whether or not vested, to purchase ordinary shares or preferred shares, as applicable, of Venus Concept Ltd., that was unexercised immediately prior to the effective time of the Merger was converted into a warrant to purchase shares of Common Stock as determined pursuant to the Exchange Ratio as defined in Note 1. The Company had Madryn Warrants exercisable for 179,932 shares of Common Stock outstanding as of December 31, 2019.

Effective August 14, 2018, interest on the Madryn loan is 9%, payable quarterly. Previously, interest was payable quarterly, at the Company's option, as follows: cash interest 9% during the interest only period, which was 3 years or 12 principal payments after closing, plus an additional 4% rate, paid in kind ("PIK"). The Company has the option of settling the PIK interest in cash or adding the owed interest to the principal amount of the loan.

The covenants under the loan agreement with Madryn require the Company to achieve minimum reported revenue targets and minimum levels of cash on hand in certain subsidiaries. As of June 30, 2019, the Company was not in compliance with the minimum liquidity covenant under its loan agreement with Madryn. Additionally, the Company failed to timely pay an interest payment due June 28, 2019 as required by the Madryn Credit Agreement; however, this interest payment was subsequently made by the Company on July 10, 2019.

On July 26, 2019, the Company and Madryn executed a waiver and amendment to the Madryn Credit Agreement pursuant to which Madryn lowered the liquidity covenant threshold from $2,000 to $200 through the earlier of August 30, 2019 or the time the Company raised $21,000 in additional equity. Madryn waived the existing events of default. In addition, the amendment to the Madryn Credit Agreement included, among other changes, a requirement that the Company complete the Concurrent Financing with proceeds of $21,000 no later than August 30, 2019. This financing was completed as described above in the Note 1.

Pursuant to the terms of the amendment, if all or any portion of the loans under the Madryn Credit Agreement are prepaid, then a prepayment premium must be paid equal to: (i) 8.00% of the loans prepaid if prepaid on or prior to August 31, 2019, (ii) 6.50% if prepaid after August 31, 2019 but on or prior to August 31, 2020, (iii) 5.00% if prepaid after August 31, 2020 but on or prior to February 28, 2021, (iv) 4.00% if prepaid after February 28, 2021 but on or prior to August 31, 2021, (v) 3.00% if prepaid after August 31, 2021 but on or prior to February 28, 2022, and (vi) 2.00% if prepaid after February 28, 2022.

As of September 30, 2019, the Company was not in compliance with the minimum debt service coverage ratio under its credit facility with City National Bank of Florida. Failure to comply with the covenants under the City National Bank of Florida credit facility would result in a default, which would also cause a default in the Madryn Credit Agreement. City National Bank of Florida has provided a waiver for cross defaults arising under the Madryn Credit Agreement through September 30, 2019.

As of December 31, 2019 the Company was in compliance with all required covenants.

In connection with the Merger, the Company entered into an amendment to the Madryn Credit Agreement, dated as of November 7, 2019, (the "Amendment"), pursuant to which the Company joined as (i) a guarantor to the Madryn Credit Agreement and (ii) a grantor to the certain security agreement, dated October 11, 2016, (as amended, restated, supplemented or otherwise modified from time to time), by and among the grantors from time to time party thereto and the administrative agent (the "U.S. Security Agreement").

As a guarantor under the Madryn Credit Agreement, the Company is jointly and severally liable for the obligations (as defined in the Madryn Credit Agreement) thereunder and to secure its obligations, the Company has granted the administrative agent a lien on all of its assets pursuant to the terms of the U.S. Security Agreement. In the event of default under the Madryn Credit Agreement, Madryn may accelerate the obligations and foreclose on the collateral granted by Venus Concept Ltd. under the U.S. Security Agreement to satisfy the obligations.

The scheduled principal payments on the outstanding borrowings as of December 31, 2019 are as follows:

	As of December 31, 2019
2020	$ -
2021	-
2022	62,700
Total	62,700
Less: debt discounts and issuance costs	(1,471)
Less: current portion	-
Non-current portion	$ 61,229

For the years ended December 31, 2019 and 2018, the Company did not make any principal repayments.

12. CREDIT FACILITY

The Company has an agreement with City National Bank of Florida ("CNB") pursuant to which CNB agreed to provide a revolving credit facility to certain of the Company's subsidiaries in the maximum principal amount of $10,000 ($7,500 in 2018), to be used to finance working capital requirements (the "Credit Facility"). As of December 31, 2019, the Company had $7,789 outstanding ($5,655 in 2018) under the Credit Facility, which bears interest at LIBOR rate plus 3.25%, which amounted to a weighted average of 5.4% (5.7% in 2018).

In April 2019, the Company increased the Credit Facility capacity from $7,500 to $10,000.

The Credit Facility is secured by accounts receivable and inventory and requires the Company to maintain either a minimum cash balance in deposit accounts or a maximum total liability to tangible net worth ratio and a minimum debt service coverage ratio. As of December 31, 2019 and 2018, the Company was in compliance with maintaining the maximum total liability to tangible net worth ratio. To be in compliance with maintaining the minimum debt service coverage ratio as of December 31, 2018, the Company received a waiver to exclude write-offs from a large U.S. national account from the ratio (see Note 6). An event of default under this agreement would cause a default under the Madryn Credit Agreement (see Note 11).

As of March 31, 2019, and June 30, 2019, Venus Concept Ltd. was not in compliance with the minimum debt service coverage ratio under the Credit Facility. CNB provided Venus Concept Ltd. with waivers as of March 31, 2019, and June 30, 2019.

As of September 30, 2019, the Company was not in compliance with the minimum debt service coverage ratio under the Credit Facility. On October 30, 2019, CNB amended the minimum debt service coverage ratio covenant calculation, reaffirmed its prior waiver as of June 30, 2019 and provided the Company with a waiver removing the requirement to meet the minimum debt service coverage ratio as of September 30, 2019.

As of December 31, 2019 the Company was in compliance with all required covenants.

13. COMMON STOCK RESERVED FOR ISSUANCE

The Company is required to reserve and keep available out of its authorized but unissued shares of Common Stock a number of shares sufficient to affect the conversion of all outstanding shares of convertible preferred stock, plus options granted and available for grant under the incentive plans.

	December 31, 2019
Outstanding common stock warrants	3,990,067
Outstanding stock options	3,278,439
Shares reserved for future option grants	742,828
Total common stock reserved for issuance	8,011,334

14. STOCK OPTION PLAN

2010 Plan

In November 2010, the Company's Board of Directors adopted a share option plan (the "2010 Share Option Plan") pursuant to which some of the Company's ordinary shares are reserved for issuance upon the exercise of options to be granted to directors, officers, employees and consultants of the Company. The 2010 Share Option Plan is administered by the Company's Board, which designates the options and dates of grant. Options granted vest over a period determined by the Board, originally had a contractual life of seven years, which was extended by ten years in November 2017, and are non-assignable except by the laws of descent. The Board has the authority to prescribe, amend and rescind rules and regulations relating to the 2010 Share Option Plan, provided that any such amendment or rescindment that would adversely affect the rights of an Optionee that has received or been granted an Option shall not be made without the Optionee's written consent. As of December 31, 2019, the number of shares of the Company's common stock reserved for issuance and available for grant under the 2010 Share Option Plan was 44,450 (188,217 in 2018).

2019 Plan

The 2019 Incentive Award Plan was originally established under the name Restoration Robotics, Inc., as the 2017 Incentive Award Plan. It was adopted by the Company's Board of Directors on September 12, 2017 and approved by the Company's stockholders on September 14, 2017. The 2017 Incentive Award Plan was amended, restated, and renamed as set forth, effective upon the approval of the Company's stockholders on October 4, 2019 and the consummation of the Merger.

Under the 2019 Plan, 450,000 shares of Common Stock were initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, performance stock awards, performance stock unit awards, restricted stock awards, restricted stock unit awards and other stock-based awards, plus the number of shares remaining available for future awards under the 2019 Plan as of the date of the Merger. As of December 31, 2019, there were 698,378 of shares of Common Stock available under the 2019 Plan.

The Company recognized stock-based compensation for its employees and non-employees in the accompanying consolidated statements of operations as follows:

	Year Ended December 31,	
	2019	2018
Cost of sales	$ 3	$ 2
Selling and marketing	77	416
General and administrative	840	785
Research and development	1,238	54
Total stock-based compensation	$ 2,158	$ 1,257

Stock Options

The fair value of each option is estimated at the date of grant using the Black-Scholes option pricing formula with the following assumptions:

	Year Ended December 31,	
	2019	2018
Expected term (in years)	4.00-5.00	3.00-4.00
Risk-free interest rate	1.4-2.53%	2.10-2.80%
Expected volatility	49.00%	50.00%
Expected dividend rate	0%	0%

Expected Term—The expected term represents management's best estimate for the options to be exercised by option holders.

Volatility—Since the Company does not have a trading history for its common stock, the expected volatility was derived from the historical stock volatilities of comparable peer public companies within its industry that are considered to be comparable to the Company's business over a period equivalent to the expected term of the stock-based awards.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the stock-based awards' expected term.

Dividend Rate—The expected dividend is zero as the Company has not paid nor does it anticipate paying any dividends on its common stock in the foreseeable future.

Fair Value of Common Stock— Prior to the Merger, Venus Concept Ltd. used the price per share in its latest sale of securities as an estimate of the fair value of its ordinary shares. After the closing of the Merger, the fair value of the Company's Common Stock is used to estimate the fair value of the stock-based awards at grant date.

The following table summarizes stock option activity under the Company's stock option plan:

	Number of Shares	Weighted-Average Exercise Price per Share, $	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding – January 1, 2019	3,273,750	3.71	4.58	$ 23,283
Options granted	173,842	7.80		
Options exercised	(175,736)	2.02		
Options forfeited/cancelled	(196,951)	10.94		
Options assumed through business combination	203,534	29.97		
Outstanding - December 31, 2019	3,278,439	5.29	5.08	$ 4,885
Exercisable – December 31, 2019	2,727,764	4.44	4.37	$ 4,885
Expected to vest – after December 31, 2019	550,675	9.50	8.61	$ -

The following tables summarize information about share options outstanding and exercisable at December 31, 2019:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number	Weighted average remaining contractual term (years)	Weighted average Exercise Price	Options exercisable	Weighted average remaining contractual term (years)	Weighted average Exercise Price
$0.15 - $3.60	1,890,312	3.23	$ 2.12	1,890,312	3.23	$ 2.12
$5.25 - $12.00	1,219,339	7.73	6.77	717,111	7.33	6.21
$12.45 - $26.10	89,542	6.14	22.38	63,804	5.61	24.13
$26.70 - $33.00	55,335	2.60	27.05	40,507	2.87	27.18
$36.00 - $94.65	23,911	6.97	66.38	16,030	6.54	63.51
	3,278,439	5.08	$ 5.29	2,727,764	4.37	$ 4.44

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those options that had exercise prices lower than the fair value of the Company's common stock. The total intrinsic value of options exercised were $1,532 and $574 for the years ended December 31, 2019 and 2018, respectively.

The weighted-average grant date fair value of options granted was $5.50 and $5.85 per share for the years ended December 31, 2019 and 2018, respectively.

15. INCOME TAXES

The geographical breakdown of loss before provision for income taxes is as follows:

	Year Ended December 31,	
	2019	2018
United States	$ (23,194)	$ (6,260)
Other jurisdictions	(17,244)	(5,734)
Loss before income taxes	$ (40,438)	$ (11,994)

The components of the provision for income taxes are as follows:

	Year Ended December 31,	
	2019	2018
Current tax provision:		
Federal	$ —	$ 1,291
Foreign	2,989	562
State	—	(74)
Total current tax provision	2,989	1,779
Deferred tax provision (benefit):		
Federal	—	851
Foreign	(1,132)	(626)
State	—	211
Total deferred tax provision (benefit)	$ (1,132)	$ 436
Total provision for income taxes	$ 1,857	$ 2,215

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance in the U. S. and its foreign subsidiaries to offset net deferred tax assets for all periods presented due to the uncertainty of realizing future tax benefits from net operating loss carryforwards and other deferred tax assets. The valuation allowance increased by $54,049 and $2,433 for the years ended December 31, 2019 and 2018 respectively. The increases in valuation allowance in 2019 was due to the Merger and assumption of their losses as well as ongoing operational losses in both years.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted into law making significant changes to the Internal Revenue Code (the "IRC"). Changes include, but are not limited to, a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. ASC 740 requires the Company to recognize the effect of the tax law changes in the period of enactment. However, the SEC staff has issued SAB 118 which will allow the Company to record provisional amounts during the measurement period.

The Company's effective tax rate substantially differed from the federal statutory tax rate primarily due to the change in the valuation allowance. The reconciliation between income taxes computed at the federal statutory income tax rate and the provision for income taxes is as follows:

	Year Ended December 31,	
	2019	2018
Loss before income taxes	$ (40,438)	$ (11,994)
Theoretical tax benefit at the statutory rate (23.9% in 2019, 23.6% in 2018)	(9,665)	(2,827)
Differences in jurisdictional tax rates	(337)	211
Recognition of losses	(1,923)	467
Valuation allowance	12,343	2,433
Non-deductible expenses	2,217	1,931
Other	(778)	—
Total income tax benefit	1,857	2,215
Net loss	$ (42,295)	$ (14,209)

The components of the deferred tax assets and deferred tax liabilities are as follows:

	December 31,	
	2019	2018
Deferred tax assets:		
Accrued vacation	$ —	$ 22
Property and equipment	81	4
Accrued severance pay	—	88
Deferred revenue	101	—
Allowance for doubtful accounts	440	—
Accrued warranty	—	183
Loss carryforwards	56,154	6,739
Valuation allowance	(56,154)	(6,739)
Total deferred tax assets	$ 622	$ 297
Deferred tax liabilities:		
Deferred revenue	$ 1,017	$ 1,774
Acquisition related intangible assets	—	119
Total deferred tax liabilities	$ 1,017	$ 1,893

As of December 31, 2019, the Company had federal and state non-operating loss ("NOL") carryforwards of approximately $228,396 ($27,631 in 2018). The use of these NOL carryforwards might be subject to limitation under the rules regarding a change in stock ownership as determined by the IRC and similar state provisions; however, a complete analysis of the limitation of the NOL carryforwards will not be complete until the time the Company projects it will be able to utilize such NOLs. The NOL carryforwards expire between 2022 and 2039, and valuation allowances have been reserved, where necessary. The Company also had federal and state research and development credit carryforwards of approximately $2,288 and $2,602 as of December 31, 2019. The federal credits will expire starting in 2025 if not utilized. The state credits have no expiration date.

We may recognize the tax benefit from uncertain tax positions only if 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. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. During the year we determined that $622 of future tax benefits met this criterion.

Utilization of the research and development credits carryforwards may be subject to an annual limitation due to the ownership percentage change limitations provided by the IRC. However, the Company has not conducted a formal study to determine the extent of the limitations, which could impact the realizability of these credit carryforwards in future periods. The annual limitations may result in the expiration of the net operating losses and research and development credits before utilization.

Uncertain Tax Positions

The activity related to gross amount of unrecognized tax benefits is as follows:

	Year Ended December 31,	
	2019	2018
Balance as of the beginning of the year	$ 1,467	$ 1,362
Increases related to tax positions in prior period	—	8
Increases related to tax positions taken during the current period	—	97
Balance at the end of the year	$ 1,467	$ 1,467

These amounts are related to certain deferred tax assets with a corresponding valuation allowance. If recognized, the impact on the Company's effective tax rate would not be material due to the full valuation allowance. Management believes that there will not be any significant changes in the Company's unrecognized tax benefits in the next twelve-months.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes in the accompanying consolidated statement of operations. Accrued interest and penalties, if applicable, are included in accrued expenses and other current liabilities in the consolidated balance sheets. For the years ended December 31, 2019 and 2018, the Company did not recognize any accrued interest and penalties.

The Company files income tax returns in the United States and in various state jurisdictions with varying statutes of limitations. Tax years 2002 through 2018 remain open to examination by the United States and various state jurisdictions. The Company is currently under examination by the Internal Revenue Service for its 2017 taxation year but not under examination in any other jurisdiction for any year.

16. ACCRUED SEVERANCE PAY AND SEVERANCE PAY FUNDS

The Company's liability for severance pay in Israel is calculated pursuant to Israeli severance pay law based on the most recent salary of each employee multiplied by the number of years of employment as of the consolidated balance sheet date.

The Company's liability to all employees is funded by monthly deposits to severance pay funds and insurance policies.

The deposited funds include an accumulated gain up to the consolidated balance sheet date. The total amount of unrealized gains on the deposited funds amounted to $36 ($12 in 2018). The deposited funds may be withdrawn by the employee pursuant to Israeli severance pay law the orders, permits, and regulations. The value of the deposited funds is based on the cash surrender value of the policies.

17. SEGMENT AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has determined it operates in a single operating segment and has one reportable segment, as the CODM reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenues by geography and type for purposes of making operating decisions, allocating resources, and evaluating financial performance. The Company does not assess the performance of individual product line on measures of profit or loss, or asset-based metrics. Therefore, the information below is presented only for revenues by geography and type.

Revenue by geographic location, which is based on the product shipped to location, is summarized as follows:

	Year Ended December 31,	
	2019	2018
United States	$ 47,723	$ 46,311
International	62,683	56,303
Total revenue	$ 110,406	$ 102,614

As of December 31, 2019, and 2018, substantially all long-lived assets were located in Israel.

Revenue by type is a key indicator for providing management with an understanding of the Company’s financial performance, which is organized into four different categories:

1. Lease revenue - includes all system sales with typical lease terms of 36 months.
2. System revenue – includes all systems sales with payment terms within 12 months.
3. Product revenue – includes skincare, hair and other consumables payable upon receipt.
4. Service revenue - includes NeoGraft® technician services, ad agency services and extended warranty sales.

The following table presents revenue by type:

	Year Ended December 31,	
	2019	2018
Lease revenue	$ 65,170	$ 71,540
System revenue	31,730	23,454
Product revenue	6,030	4,412
Service revenue	7,476	3,208
Total revenue	$ 110,406	$ 102,614

18. RELATED PARTY TRANSACTIONS

All amounts were at recorded at the exchange amount, which is the amount established and agreed to by the related parties. The following are transactions between the Company and parties related through employment.

Services Agreement

In 2016, Ipsum Management (S) Pte. Ltd. (“Ipsum”) began providing marketing and sales support services to the Company’s subsidiary in Singapore. One of the senior executives of the Company is the sole shareholder of Ipsum. For the year ended December 31, 2019, the fees charged by Ipsum were $35. For the year ended December 31, 2018, the fees charged by Ipsum were $44. These amounts are reported as part of general and administrative expenses. No amounts were outstanding as at December 31, 2019 and December 31, 2018.

Non-Interest Demand Loan to PT Neoasia Medical

On July 1, 2016, a senior manager of the Company transferred 100.0% of his shares in Inphronics Limited to the Company, making it a wholly-owned subsidiary. At such time, an unsecured non-interest-bearing working capital loan to PT Neoasia Medical, a subsidiary of Inphronics Limited, that was previously provided by the senior manager of the Company was outstanding. As of December 31, 2019 and December 31, 2018, the outstanding amount of the loan was Indonesian rupiah (“IDR”) 6.9 billion, which is equivalent to $498 and $477, respectively. This loan is reported as part of accrued expenses and other current liabilities.

Distribution agreements

On January 1, 2018, the Company entered into a new Distribution Agreement with Technicalbiomed Co., Ltd. (“TBC”), pursuant to which TBC will continue to distribute the Company’s products in Thailand. A senior manager of the Company is a 30.0% shareholder of TBC. For the years ended December 31, 2019 and 2018, TBC purchased products in the amount of $378 and $330, respectively, under this distribution agreement. These sales are included in products and services revenue.

Intellectual Property Transfer Agreement

In August 2013, the Company entered into a license agreement for the rights to an invention for fractional radio frequency treatment of the skin with the developers of the technology. Pursuant to the license agreement, the developers, amongst which one is a senior executive of the Company, granted to the Company an exclusive worldwide, perpetual, irrevocable license to develop and commercialize their inventions and any product into which it is integrated. As consideration for such license, the Company agreed to pay the developers 7.0% of the gross income received by the Company from sales of the Venus Viva system and the related consumables and $1.50 per Venus Versa system, up to an aggregate amount of $3,000. For the years ended December 31, 2019 and 2018, the Company paid approximately $806 and $382, respectively, in royalties and reported the amounts under research and development expenses in the consolidated financial statements. As of December 31, 2019 and December 31, 2018, $nil and $101, respectively, was outstanding and reported as part of trade payables.

19. SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus originated in Wuhan, China, and has since spread to a number of other countries, including the United States. To date, this outbreak has already resulted in extended shutdowns of certain businesses in China, Europe, the United States and other countries. Global health concerns, such as the coronavirus, could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. We cannot presently predict the scope and severity or duration of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including our suppliers, manufacturers, customers, regulators and other third parties with whom we conduct business, experience shutdowns or other business disruptions, our ability to conduct our business in the manner presently planned could be materially and negatively affected. Disruptions to our business could include restrictions on the ability of our sales and marketing personnel and distributors to travel and sell our systems, disruptions of our global supply chain, reduced demand and/or suspension of operations by our customers which could impact their ability to make monthly payments, or deferral of aesthetic or hair restoration procedures in impacted areas. In addition, the outbreak of contagious diseases or the fear of such an outbreak could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect the demand for our systems. Any of these events could negatively impact our business, operating results or financial condition.

On March 5, 2020, the Company's Board of Directors approved declaration and distribution of dividends from Venus Concept Singapore Pte. Ltd in the amount of 400 Singapore dollars ("SDG"), which is equivalent to $289. The Chief Operating Officer ("COO") of the Company is an existing shareholder of Venus Concept Singapore Pte. Ltd., therefore this transaction was approved by the Audit Committee as a related party transaction.

On March 18, 2020 the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with certain investors (collectively, the "Investors") pursuant to which the Company issued and sold to the Investors an aggregate of 2,300,000 shares of common stock, $0.0001 per share, 660,000 shares of Series A Convertible Preferred Stock, $0.0001 per share, which are convertible into 6,600,000 shares of common stock, and warrants to purchase up to 6,675,000 shares of common stock with an exercise price of $3.50 per share (the "2020 Private Placement"). The warrants have a five-year term and are exercisable beginning 181 days after their issue date. The Series A Preferred Stock will automatically convert into shares of common stock upon receipt of stockholder approval. The Series A Preferred Stock has no voting rights other than as required by law. The 2020 Private Placement was completed on March 19, 2020. The gross proceeds to the Company from the 2020 Private Placement are $22.25 million, before placement agent fees and other offering expenses. EW Healthcare Partners ("EW") and HealthQuest Capital ("HQ"), existing stockholders of the Company, participated in the 2020 Private Placement. One director of the Company is affiliated with EW and another with HQ, and therefore this transaction was approved by the Audit Committee as a related party transaction.

On March 20, 2020, the Company entered into a Second Amended and Restated Loan Agreement as a borrower with CNB, as amended, (the "CNB Credit Facility"), pursuant to which CNB agreed to make certain loans and other financial accommodations to the Company, and certain of its subsidiaries. In connection with the CNB Credit Facility, the Company also entered into (i) a Second Amended and Restated Guaranty of Payment and Performance with CNB dated as of March 20, 2020, (the "CNB Guaranty"), pursuant to which the Company agreed to guaranty the obligations under the CNB Credit Facility and (ii) a Security Agreement with CNB dated as of March 20, 2020, (the "CNB Security Agreement"), pursuant to which the Company agreed to grant CNB a security interest, in substantially all of its assets, to secure the obligations under the CNB Credit Facility. Borrowings under the CNB Credit Facility are secured by substantially all of the assets of the Company and its subsidiaries and the CNB Guaranty.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures.

As of December 31, 2019, our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (the "SEC") rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2019, because of the material weaknesses in internal control over financial reporting described below.

Management's Annual Report on Internal Control Over Financial Reporting

We have performed an evaluation of the effectiveness of our internal control over financial reporting, based on criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 Internal Control-Integrated Framework. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our internal control over financial reporting was not effective as of December 31, 2019, due to a material weakness in internal control over financial reporting, associated with the lease accounting process automation which was identified during the audit of our fiscal year ended December 31, 2018, as described below.

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.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. 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 controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Because of these limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions or that the degree of compliance with established policies or procedures may deteriorate.

Remediation of the Material Weaknesses identified as of December 31, 2018 during 2019

In connection with our preparation and the audit of our consolidated financial statements as of and for the years ended December 31, 2018 and 2017, we identified several material weaknesses as defined under the Exchange Act and by the Public Company Accounting Oversight Board (United States) in our internal control over financial reporting, which we describe below:

- We did not have in place an effective control environment with formal processes and procedures and an adequate number of accounting personnel with the appropriate technical training in, and experience with, U.S. GAAP to allow for a detailed review of accounting transactions that would identify errors in a timely manner.

- Given the growth of our company, we had not implemented centralized procedures or a technology solution that would ensure appropriate lessor accounting processes and enable the accurate and timely preparation of financial statements.

- We did not design or maintain effective controls over the financial statement close and reporting process in order to ensure the accurate and timely preparation of consolidated financial statements in accordance with U.S. GAAP.

To remediate the material weaknesses associated with lack of effective controls over the financial statement close and reporting process, as well as lack of an effective control environment with formal processes and procedures, described above, and to prevent similar deficiencies in the future, we added additional controls and procedures in 2019, including:

- We performed a formal evaluation of key business process internal controls;

- We developed a formal plan of internal controls assessment and testing, which was approved by our Audit Committee;

- We have added personnel to the accounting and financial department with experience in GAAP and SEC financial reporting requirements, implementing accounting systems, developing and implementing internal and external financial reporting systems, as well as compliance, internal controls and enterprise risk management;

- We have engaged an independent consulting firm which has extensive experience in SEC reporting, internal controls, and compliance and has been involved in addressing the areas identified in the material weakness disclosure in the registration statement and which has been assisting in the implementation of the remediation plan; and

- We hired a manager of internal audit and compliance.

As of December 31, 2019, the material weaknesses associated with lack of effective controls over the financial statement close and reporting process as well as lack of an effective control environment with formal processes and procedures, are considered fully remediated as the applicable controls operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Any actions we have taken to remediate these deficiencies are subject to continued management review supported by testing, as well as oversight by the Audit Committee of our Board of Directors.

Material Weakness not yet remediated as of December 31, 2019

As of December 31, 2019, we have not yet implemented centralized procedures or a technology solution that would ensure appropriate lessor accounting processes and enable the accurate and timely preparation of consolidated financial statements. We plan to establish adequate centralized procedures related to lease accounting processes in 2020, which could involve either hiring additional personnel or implementing a technology solution. As a result, we concluded that the material weakness associated with lease accounting process existed as of December 31, 2019, as noted above.

Changes in Internal Control over Financial Reporting

As discussed above, the material weaknesses over effective controls over the financial statement close and reporting process as well as lack of an effective control environment with formal processes and procedures as of December 31, 2018, were remediated during 2019. In addition, our plans for remediating the material weakness related to lease accounting process automation would constitute a change in our internal control over financial reporting prospectively, when such controls are effectively implemented. Other than the continuation of the implementation of measures described above, there were no material changes in our internal control over financial reporting during the year ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm due to a transition period established by rules of the SEC for “emerging growth companies.”

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits, Consolidated Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Consolidated Financial Statement Schedules

No consolidated financial statement schedules are provided because the information called for is not required or is shown either in the consolidated financial statements or notes thereto.

3. Exhibits

See the Exhibit Index immediately preceding the signature page of this Annual Report on Form 10-K.

Item 16. Form 10-K summary.

Not applicable.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
2.1	Agreement and Plan or Merger and Reorganization, dated March 15, 2019, by and among Restoration Robotics, Inc., Radiant Merger Sub Ltd., and Venus Concept Ltd.	8-K	3-15-19	2.1	
2.2	Amendment No. 1, dated August 14, 2019, to the Agreement and Plan of Merger and Reorganization, dated March 15, 2019, by and among Restoration Robotics, Inc., Radiant Merger Sub Ltd., and Venus Concept Ltd.	8-K	8-20-19	2.1	
2.3	Second Amendment to the Agreement and Plan of Merger and Reorganization, dated as of October 31, 2019, by and among Restoration Robotics, Inc., Radiant Merger Sub Ltd. and Venus Concept Ltd.	8-K	10-31-19	2.1	
2.4	Master Asset Purchase Agreement between Venus Concept Ltd., the Neograft entities, Medicamat and Miriam Merkur, dated January 26, 2018.				X
3.1	Amended and Restated Certificate of Incorporation of Restoration Robotics, Inc.	8-K	10-17-17	3.1	
3.2	Certificate of Amendment of Certificate of Incorporation of Restoration Robotics, Inc.	8-K	11-7-19	3.1	
3.3	Second Amended and Restated Bylaws of Venus Concept Inc.	8-K	11-7-19	3.2	
4.1	Description of Securities.				X

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
4.2	Form of Common Stock Certificate.	S-1/A	9-18-17	4.2	
4.3	Form of 2020 Warrant.				X
4.4	Amendment to 2019 Warrant.	8-K	3-10-20	4.1	
4.5	Form of 2019 Warrant.	8-K	11-7-19	4.1	
4.6	Form of Madryn Warrant.	8-K	11-7-19	4.2	
4.7	Form of Warrant to Purchase Stock, dated November 7, 2019, by and between Venus Concept Inc. and Solar Capital Ltd.	8-K	11-7-19	4.3	
4.8	Form of Warrant to Purchase Stock, dated November 2, 2018, by and between Restoration Robotics, Inc. and Solar Capital Ltd.	10-K	3-20-19	4.10	
4.9	Form of Warrant to Purchase Stock, dated May 19, 2015, by and between Restoration Robotics, Inc. and Oxford Finance LLC.				X
4.10	Form of Warrant to Purchase Stock, dated November 2, 2018, by and between Restoration Robotics, Inc. and Western Alliance Bank.				X
4.11	Form of Warrant to Purchase Stock, dated November 2, 2018, by and between Restoration Robotics, Inc. and SUNS SPV LLC.				X
4.12	Securities Purchase Agreement, dated as of March 18, 2020, by and between Venus Concept Inc. and the investors listed therein.				X
4.13	Registration Rights Agreement, dated as of March 18, 2020, by and between Venus Concept Inc. and the investors listed therein.				X
4.14	Amended and Restated Investors' Rights Agreement, dated February 7, 2013, by and among Restoration Robotics, Inc. and the investors listed therein, as amended.	S-1	9-1-17	10.10	
10.1	Registration Rights Agreement, dated November 7, 2019, by and between Venus Concept Inc. and the investors listed therein.	8-K	11-7-19	10.2	
10.2	Registration Rights Agreement, dated November 7, 2019, by and between Venus Concept Inc. and the investors listed therein.	8-K	11-7-19	10.15	
10.3	Madryn Credit Agreement, dated October 11, 2016, by and among Venus Concept Ltd., Venus Concept USA, Inc., Venus Concept Canada Corp., Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.3	
10.4	U.S. Security Agreement, dated October 11, 2016, executed by Venus Concept USA Inc. and Venus Concept Inc., in favor of Madryn Health Partners L.P., for the benefit of Madryn Health Partners, L.P., Madryn Health Partners (Cayman Masters), LP.	8-K	11-7-19	10.4	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
10.5	First Amendment to Credit Agreement and Investment Documents, dated May 25, 2017, by and among Venus Concept Canada Corp. Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.5	
10.6	Second Amendment to Credit Agreement and Consent Agreement, dated February 15, 2018, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.6	
10.7	Third Amendment to Credit Agreement and Waiver, dated August 14, 2018, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.7	
10.8	Fourth Amendment to Credit Agreement, dated January 11, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.8	
10.9	Fifth Amendment to Credit Agreement, dated March 15, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.9	
10.10	Six Amendment to Credit Agreement and Consent, dated April 25, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.10	
10.11	Seventh Amendment to Credit Agreement, Consent and Waiver, dated June 25, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.11	
10.12	Omnibus Amendment and Waiver, dated July 26, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.12	
10.13	Ninth Amendment to Credit Agreement, dated August 14, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.13	
10.14	Tenth Amendment to Credit Agreement, Consent and Joinder Agreement, dated November 7, 2019, by and among Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Inc. and Madryn Health Partners, LP, as administrative agent, and certain of its affiliates, as lenders.	8-K	11-7-19	10.14	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
10.15	Second Amended and Restated Loan Agreement, dated March 20, 2020, by and among Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Inc. and City National Bank of Florida.	8-K	3- 24-20	10.1	
10.16	Second Amended and Restated Guaranty of Payment and Performance, dated as of March 20, 2020, by and between Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Inc., and City National Bank of Florida.	8-K	3- 24-20	10.2	
10.17	Third Amended and Restated Revolving Promissory Note, dated as of March 20, 2020, by and between Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Inc., and City National Bank of Florida.	8-K	3- 24-20	10.3	
10.18	Security Agreement, dated as of March 20, 2020, by and between Venus Concept Inc. and City National Bank of Florida.	8-K	3- 24-20	10.4	
10.19	Third Amended and Restated Intercreditor Agreement, dated March 20, 2020, by and between Madryn Health Partners, L.P. and City National Bank of Florida.	8-K	3- 24-20	10.5	
10.20†	License Agreement, dated July 25, 2006 by and between Restoration Robotics, Inc., James A. Harris, M.D. and HSC Development LLC.	S-1/A	9-22-17	10.7	
10.21†	First Amendment to License Agreement, dated January 5, 2009, by and between Restoration Robotics, Inc., James A. Harris, M.D. and HSC Development LLC.	S-1/A	9-22-17	10.8	
10.22†	Second Amendment to License Agreement, dated February 23, 2015, by and between Restoration Robotics, Inc., James A. Harris, M.D. and HSC Development LLC.	S-1/A	9-22-17	10.9	
10.23#	Venus Concept Inc. 2019 Incentive Award Plan.	8-K	11-7-19	10.21	
10.24#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2019 Incentive Award Plan.				X
10.25#	2017 Incentive Award Plan.	S-8	10-17-17	99.7	
10.26#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2017 Incentive Award Plan.	S-1/A	9-18-17	10.26	
10.27#	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2017 Incentive Award Plan.	S-1/A	9-18-17	10.27	
10.28#	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2017 Incentive Award Plan.	S-1/A	9-18-17	10.28	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
10.29#	2017 Employee Stock Purchase Plan.	S-8	10-17-17	99.11	
10.30#	Non-Employee Director Compensation Program.	S-1/A	9-18-17	10.35	
10.31#	2015 Equity Incentive Plan.	S-8	10-17-17	99.4	
10.32#	Form of Stock Option Grant Notice and Stock Option Agreement under 2015 Equity Incentive Plan.	S-1	9-1-17	10.23	
10.33#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement under 2015 Equity Incentive Plan.	S-1	9-1-17	10.24	
10.34#	Venus Concept Ltd. 2010 Israeli Employee Share Option Plan.	8-K	11-7-19	10.20	
10.35#	2005 Stock Plan.	S-8	10-17-17	99.1	
10.36#	Form of Notice of Stock Option Grant and Stock Option Agreement under 2005 Stock Plan.	S-1	9-1-17	10.20	
10.37#	Form of Notice of Stock Option Grant and Stock Option Agreement to International Optionees under 2005 Stock Plan.	S-1	9-1-17	10.21	
10.38#	Employment Agreement by and between Venus Concept Ltd. and Domenic Serafino, effective January 1, 2016.	8-K	11-7-19	10.16	
10.39#	Employment Agreement by and between Venus Concept Ltd. and Domenic Della Penna, effective September 5, 2017.	8-K	11-7-19	10.17	
10.40#	Employment Agreement by and between Venus Concept UK, Ltd. and Søren Maor Sinay, effective August 6, 2019.	8-K	11-7-19	10.18	
10.41#	Employment Agreement, dated September 21, 2016, by and between Ryan Rhodes and Restoration Robotics, Inc.	S-1	9-1-17	10.30	
10.42#	Employment Letter, dated December 1, 2017, by and between Mark Hair and Restoration Robotics, Inc.	8-K	12-11-17	10.1	
10.43#	Employment Agreement, dated January 24, 2020, by and between Chad A. Zaring and Venus Concept Inc.	8-K	1-30-20	10.1	
10.44#†	Personal Employment Agreement, dated April 28, 2019, by and between Venus Concept Ltd. and Boris Vaynberg,				X
10.45#	Form of Indemnification Agreement between Venus Concept Inc. and each of its directors and executive officers.	8-K	11-7-19	10.19	
10.46	Lease Agreement, dated April 16, 2012, by and between Legacy Partners I San Jose, LLC and Restoration Robotics, Inc.	S-1	9-1-17	10.5	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
10.47	First Amendment to Lease Agreement, dated April 27, 2016, by and between G&I VIII Baytech LP and Restoration Robotics, Inc. and Tenant Estoppel Certificate, dated March 30, 2017, acknowledging Bridge III CA Alviso Tech Park, LLC as successor-in-interest to Landlord thereto.	S-1	9-1-17	10.6	
10. 48	Second Amendment to Lease Agreement, dated November 7, 2019, by and between Bridge III CA Alviso Tech Park, LLC and Venus Concept Inc..				X
10.49	Lease between 235 Investment Limited, Venus Concept Canada Corp and Venus Concept Ltd, dated March 29, 2019.				X
10.50	Assumption and Amendment Agreement by and between Venus Concept USA Inc., and Jack Fisher ND., dated as of February 8, 2018.				X
10.51†	Head of Medical Advisory Board Agreement by and between Venus Concept Ltd. and Dr. Neil Sadick, dated as of June 1, 2016, as amended by 1st Amendment to Head of Medical Advisory Board Agreement, dated as of September 24, 2018.				X
10.52	Joint Venture and Shareholders Agreement for Venus Concept Singapore PTE Ltd., by and among Venus Concept Ltd., Søren Maor Sinay, and Venus Concept Singapore PTE Ltd., dated February 28, 2015.				X
10.53†	Quality Agreement, dated November 19, 2017, by and between Venus Concept Ltd. and R.H. Technologies Ltd.				X
10.54†	Quality Agreement, dated October 11, 2011, by and between Venus Concept Ltd. and USR Electronnic Systems Ltd. (signed December 3, 2017).				X
10.55†	Turn-Key Project Manufacturing Agreement, dated March 23, 2014, by and between Venus Concept Ltd. and USR Electronnic Systems Ltd.				X
10. 56	Quality Agreement, dated July 13/17 2018, by and between Venus Concept Ltd. and Electronique du Mazet.				X
10.57	Intellectual Property Rights Assignment, dated February 15, 2018, by and between Venus Concept Ltd. and Electronique du Mazet.				X
10. 58	Consent to Transfer Confidentiality and Nonsolicitation Subcontracting Agreement, dated February 1, 2018, by and between Venus Concept Ltd. and Societe de Promotion et d'Equipement Medical Medicamat.				X
10.59	Manufacturing Agreement for Consumables, dated October 26, 2018, by and between NPI Solutions and Restoration Robotics, Inc.				X

Exhibit Number	Exhibit Description	Form	Date	Number	Filed He
14.1	Code of Business Conduct and Ethics.	8-K	11-7-19	14.1	
16.1	Letter dated December 10, 2019 from Grant Thornton LLP to the SEC.	8-K	12-11-19	16.1	
21.1	List of Subsidiaries.				X
23.2	Consent of MNP LLP, independent registered public accounting firm.				X
23.3	Consent of Deloitte LLP, independent registered public accounting firm.				X
24.1	Power of Attorney. Reference is made to the signature page of this Annual Report on Form 10-K.				X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.				X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X

# Indicates management contract or compensatory plan.

† Certain confidential portions of this exhibit were omitted by means of marking such portions with asterisks because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

* The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Venus Concept Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Venus Concept Inc.

Date: March 30, 2020

By: /s/ Domenic Serafino
Domenic Serafino
Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Domenic Serafino, Domenic Della Penna and Domenic DiSisto his or her true and lawful attorney-in-fact and agent, with full power of substitution, 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 all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite his or her name.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Domenic Serafino Domenic Serafino	Chief Executive Officer and Director *(Principal Executive Officer)*	March 30, 2020
/s/ Domenic Della Penna Domenic Della Penna	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 30, 2020
/s/ Scott Barry Scott Barry	Chairman and Director	March 30, 2020
/s/ Garheng Kong, M.D. Garheng Kong, M.D.	Director	March 30, 2020
/s/ Louise Lacchin Louise Lacchin	Director	March 30, 2020
/s/ Fritz LaPorte Fritz LaPorte	Director	March 30, 2020
/s/ Anthony Natale, M.D Anthony Natale, M.D.	Director	March 30, 2020
/s/ Keith Sullivan Keith Sullivan	Director	March 30, 2020

Exhibit 2.4

This **MASTER ASSET PURCHASE AGREEMENT** is dated as of January 26, 2018.

AMONG:

NEOGRAFT SOLUTIONS INC., a corporation existing under the laws of the Province of Ontario ("**Solutions Canada**")

– and –

NEOGRAFTERS LIMITED, a corporation existing under the laws of the Province of Ontario ("**Grafters Canada**")

– and –

1904247 ONTARIO LTD., a corporation existing under the laws of the Province of Ontario ("**IPCo**" and together with Solutions Canada and Grafters Canada, the "**Canadian Vendors**")

– and –

NEOGRAFT HOLDING CORP., a corporation existing under the laws of the State of Delaware ("**Holdings US**")

– and –

NEOGRAFT SOLUTIONS CORP., a corporation existing under the laws of the State of Delaware ("**Solutions US**")

– and –

NEOGRAFTERS US CORP., a corporation existing under the laws of the State of Delaware ("**Grafters US**" and together with Holdings US and Solutions US, the "**US Vendors**")

– and –

SOCIETE DE PROMOTION ET DIFFUSION D'EQUIPEMENT MEDICAL MEDICAMAT, a corporation existing under the laws of France (the "**French Vendor**" and together with the Canadian Vendors and the US Vendors, the "**Vendors**")

– and –

MIRIAM MERKUR, an individual resident in the Province of Ontario ("**Miriam**" and collectively with the Vendors, the "**Vendor Parties**")

– and –

VENUS CONCEPT LTD., a corporation existing under the laws of Israel (the "**Purchaser**")

WHEREAS the Vendors are in the business of manufacturing, distributing and supporting hair restoration devices and related products and services (collectively, the "**Business**"), including the Business Products (as such term is defined herein);

AND WHEREAS the Purchaser desires to purchase, or cause certain of its Affiliates designated by it to purchase, and the Vendors desire to sell, certain assets related to the Business, on the terms and conditions set forth in this Agreement;

AND WHEREAS the French employees have been notified by the French Vendor of their right to make a proposal to acquire the French Business in accordance with Article L 141-23 of the French Code of commerce (*Code de Commerce*) and have waived all such rights;

AND WHEREAS Miriam is the sole shareholder of the Canadian Vendors and controls (directly or indirectly) each of the other Vendors;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto (collectively, the "**Parties**", and individually a "**Party**") hereby agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 **Definitions.**

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

(a) "**Accounts Receivable**" means all accounts receivable of the Business (other than Excluded Receivables), including trades receivables and any other receivables owed by any party to a US Vendor as of the Closing Date;

(b) "**Additional French IP**" means the French Intellectual Property identified as Additional French IP in Schedule 1.1(kkk);

(c) "**Additional Tax Amount**" has the meaning ascribed thereto in Subsection 2.8(a)(iv);

(d) "**Affiliate**" means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "**control**" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

(e) "**Agreement**" means this Master Asset Purchase Agreement and all exhibits and schedules attached to this agreement, in each case as they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement;

(f) "**Alternative Transaction**" means, to the extent the Vendors or any of their Affiliates or any Vendor Party is a party thereto, any (i) merger, consolidation, share exchange or other business combination transaction involving all or any portion of the equity securities of the Vendors or any of their Affiliates, or (ii) any proposal or offer to acquire, sell, license or dispose of in any manner (including by virtue of the transfer of equity interests in one or more Affiliates of the Vendors), directly or indirectly, the Purchased Assets, in each case other than any such transaction with the Purchaser;

(g) "**Applicable Law**" means all applicable laws (including the common law and principles of equity), statutes and regulations as well as published by-laws, rules, directives, decrees, codes and orders of any Governmental Entity or any other commission, board, agency or instrumentality, federal, provincial, state, municipal or local;

(h) "**Assumed Contracts**" means collectively, the US Assumed Contracts and the French Assumed Contracts;

(i) "**Assumed Liabilities**" means collectively, the US Assumed Liabilities and the French Assumed Liabilities;

(j) "**Business Day**" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in (i) Toronto, Ontario, Canada, (ii) Charlotte, North Carolina, U.S.A., (iii) Paris, France or (iv) Tel Aviv, Israel are not open for business during normal banking hours;

(k) "**Business Names**" means all registered and unregistered business names in use or used by one or more of the Vendors in connection with the Business set out and further described at Schedule 1.1(k);

(l) "**Business Records**" means all books of account, accounting and financial records, files, data and other information (financial or otherwise) and writings (including with respect to Intellectual Property and Trade Secrets); lists and files of past, present and prospective clients and contacts, purchasing and marketing records, cost and pricing information, service and warranty records, research and development records, production records, operating guides and manuals, equipment logs, complaint logs, personnel and payroll records; all passwords, PIN numbers, usernames and other such access information for all data, database and digital storage locations either resident on owned hardware, online, cloud or otherwise and all data stored on computer support devices relating to the Purchased Assets, but excluding Corporate Records and records forming part of the Excluded Assets and Excluded Liabilities;

(m) "**Business**" has the meaning set out in the recitals;

(n) "**Business Products**" means the products sold by one or more of the Vendors as part of the Business including, collectively, the NeoGraft Device, the NeoGraft Device Products and the Hair Medica Products;

(o) "**Canadian Contracts**" means all contracts to which one or more of the Canadian Vendors is a party with respect to the Business, being those contracts as more particularly described in Schedule 1.1(o);

(p) "**Canadian Intellectual Property**" means all right, title, benefit and interest of the Canadian Vendors in all intellectual property of any nature and kind including all domestic and foreign trademarks (including the Hair Medica Intellectual Property), business names, trade names, product names, trade dress, slogans, logos, domain names, generic top level domain names, trading styles, patents (including applications, provisional applications, continuations, divisional, reissues, and re-examinations thereof and therefor), Trade Secrets, proprietary software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, all inventions, formulae, models, product and service designs, product and service configurations, product and service formulations, processes and processing methods, technology and techniques, data, databases, proprietary information and know-how, and all causes of action and rights to sue or seek other remedies arising from or relating to the foregoing, including for any past or ongoing misuse or misappropriation, anywhere in the world, and all associated rights, including moral rights, including the intellectual property described at Schedule 1.1(p);

(q) "**Canadian Permits**" means all federal, provincial and local permits, licenses, authorizations, certificates, approvals, registrations, filings, variances, franchises, rights, privileges, waivers and exceptions, and grants of every kind and character or any item with a similar effect used by the Canadian Vendors in connection with the Business, including those set out at Schedule 1.1(q);

(r) "**Canadian Purchased Assets**" means collectively, all of the assets of the Canadian Vendors owned or used in carrying on the Business, other than any Excluded Assets, including the following assets:

(i) Canadian Intellectual Property (including the Hair Medica Intellectual Property);

(ii) Canadian Permits;

(iii) Business Names of the Canadian Vendors;

(iv) Goodwill of the Canadian Vendors; and

(v) the Business Records relating to the foregoing;

(s) "**Canadian Vendor Amalco**" means the corporation to be formed by the amalgamation of the Canadian Vendors under the laws of the Province of Ontario no less than two (2) Business Days prior to Closing in accordance with Subsection 3.1(a);

(t) "**CASL**" means Canada's Anti-Spam Legislation, known fully as *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23;

(u) "**CEM**" means "commercial electronic messages" as defined in CASL;

(v) "**Claim**" means any act, omission or state of facts and any actual or threatened civil, criminal, administrative, regulatory or investigative inquiry, any judicial or arbitral action, any suit, investigation or proceeding and any claim or demand resulting therefrom or any other claim or demand of whatever nature or kind;

(w) "**Closing**" means the completion of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities as contemplated by this Agreement;

(x) "**Closing Date**" means February 15, 2018 or such other date as is mutually agreeable to Miriam and the Purchaser;

(y) "**Closing Payment**" has the meaning ascribed thereto at Section 2.5;

(z) "**Confidentiality Agreement**" means the Mutual Non-Disclosure Agreement between Venus Concept Canada Corp. and Solutions Canada;

(aa) "**Contracts**" means collectively, the Canadian Contracts, the French Contracts and the US Contracts.

(bb) "**Corporate Records**" means all minute books and other corporate records of the Vendors which do not constitute Business Records;

(cc) "**Creditor Claim**" has the meaning ascribed thereto in Section 2.8;

(dd) "**Data Room**" means the electronic data room hosted by Firmex containing the documents and other information concerning the Vendor Parties; the contents of which as of 12:01 a.m. (Toronto Time) on January 15, 2018 are set forth in the index of documents in Schedule 1.1(dd);

(ee) "**Defence Counsel**" has the meaning ascribed thereto at Section 9.4(a);

(ff) "**Defence Notice**" has the meaning ascribed thereto at Section 9.4(a);

(gg) "**Direction to Pay**" means a duly executed irrevocable direction to pay, substantially in the form attached hereto as Exhibit A;

(hh) "**Earn-Out Amount**" means $2,000,000;

(ii) "**Employee Benefit Plan**" means any written or oral plan, agreement or arrangement involving direct or indirect benefits or compensation provided to any Employee or Independent Contractor (including retirement, pension, health and other welfare benefit coverage, insurance coverage, fringe benefits, severance benefits, disability benefits, deferred compensation, bonuses, equity compensation or other forms of incentive compensation or post retirement compensation), whether provided directly by a Vendor or provided through a third party provider such as a professional employer organization;

(jj) "**Employee Liabilities**" means any and all Liabilities in respect of an applicable group of Employees (including for any compensation or other amounts payable whether in law, by statute or in equity), including hourly pay, commission, bonus, salary, accrued vacation, fringe, social security charges, pension or profit sharing benefits or severance pay, medical, dental, life insurance, health, accident or disability benefits, discrimination claims or violations of human rights;

(kk) "**Employees**" means all employees of the Vendors employed in connection with the Business as set out in Schedule 1.1(kk);

(ll) "**Encumbrance**" means any registered or unregistered encumbrance of whatsoever nature, kind or description, including a security interest, mortgage, lien, hypothec, pledge, prior claim, assignment, charge, trust or deemed trust, voting trust or pooling agreement with respect to securities, right of first refusal, easement, servitude, covenant, rights-of-way, rights-of-re-entry, encroachment or other survey or title defect, leases, licenses, assignments, assumptions or claims, any adverse claim or any other right, option or claim of any Person of whatsoever nature, kind, form, or description, or any other restriction or limitation on alienability whether or not consensual or arising at law;

(mm) "**Environmental Law**" means any Applicable Law or Permit relating to the environment, occupational health and safety, or exposure of persons or property to Hazardous Materials, including any Applicable Law, administrative decision or order pertaining to: (i) the presence of or the treatment, storage, disposal, generation, transportation, handling, distribution, manufacture, processing, use, import, export, labeling, recycling, registration, investigation or remediation of Hazardous Materials or documentation related to the foregoing; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release, threatened release, or accidental release into the environment, the workplace or other areas of Hazardous Materials, including emissions, discharges, injections, spills, escapes or dumping of Hazardous Materials; (v) transfer of interests in, or control of, real property which may be contaminated; (vi) community or worker right-to-know disclosures with respect to Hazardous Materials; (vii) the protection

of wild life, marine life and wetlands, and endangered and threatened species; (viii) storage tanks, vessels, containers, abandoned or discarded barrels and other closed receptacles; and (ix) health and safety of employees and other persons;

(nn) "**Equipment**" means all equipment, tools, signs, computers, printers, scanners, servers, photocopiers and other computer hardware, shelving, logos, machinery, security systems, cameras used in connection with the Business, including those items as more particularly described in Schedule 1.1(nn);

(oo) "**Escrow Agent**" means JPMorgan Chase Bank, N.A.;

(pp) "**Escrow Agreement**" means the escrow agreement to be executed and delivered by the Escrow Vendor Parties, the Purchaser and the Escrow Agent at Closing, substantially in the form attached hereto as Exhibit B;

(qq) "**Escrow Vendor Parties**" means Canadian Vendor Amalco, Holdings US, Solutions US and Grafters US;

(rr) "**Estimated Net Working Capital**" has the meaning ascribed thereto at Section 2.3;

(ss) "**Estimated Net Working Capital Date**" has the meaning ascribed thereto at Section 2.3;

(tt) "**Excluded Assets**" means the following assets owned by the Vendors as of the Closing Date:

(i) Prepaids and deposits of the Vendors;

(ii) French Real Property;

(iii) Corporate Records and Tax returns of the Vendors;

(iv) all cash and cash equivalents of the Vendors on hand or in bank accounts;

(v) all Canadian Contracts, French Contracts and US Contracts that are not Assumed Contracts;

(vi) all Employee-related or Employee benefit-related files or records, other than personnel files of Transferred Employees;

(vii) all insurance policies of the Vendors and all rights to applicable claims and proceeds thereunder;

(viii) all Tax assets and Tax attributes (including duty and Tax refunds and prepayments) of the Vendors;

(ix) the rights that accrue or will accrue to the Vendors under this Agreement;

(x) Excluded Receivables and Excluded Intellectual Property;

(xi) right, title and interest in the shares of any company, including the shares of the Vendors;

(xii) any vehicle leases of the French Vendor;

(xiii) inventory of French Business owned by the French Vendor, including Saleable Inventory;

(xiv) all rights of Solutions Canada and the French Vendor pursuant to the Share Purchase Agreement dated September 16, 2016 between Solutions Canada as purchaser and Jean Pierre Devidal, Rozenn Anthony Devidal, Delphine Devidal Menguy, Frederic Menguy, Alice Devidal, Gilbert Hamon and Allain Corre as sellers, including any right of action against such sellers; and

(xv) all rights with respect to the Excluded Litigation, as well as: (i) any solicitor-client privilege, litigation privilege and solicitor work-product protection of any of the Vendor Parties as a result of legal counsel representing any of the Vendor Parties at or prior to Closing, including in connection with the negotiation, execution, delivery and performance of the transactions contemplated by the Agreement; (ii) all documents maintained by legal counsel as a result of representation of any of the Vendor Parties in respect of such Excluded Litigation; and (iii) all documents subject to the solicitor-client privilege, litigation privilege and work-product protection described in clause (i) above and the Purchaser and its Affiliates each acknowledge and agree that the unintentional sharing of any such documentation with any of them is not, and they agree not to assert that it is, a waiver of any such privilege.

(uu) "**Excluded Intellectual Property**" means the Intellectual Property listed in Schedule 1.1(p) or Schedule 1.1(kkk) under the heading "Excluded Intellectual Property";

(vv) "**Excluded Liabilities**" means, other than the Assumed Liabilities which the Purchaser has expressly agreed to assume, all Liabilities of the Vendors and their Affiliates, including the following:

(i) any Liabilities of the Vendor Parties arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, and the documents and transactions contemplated hereby and thereby, including fees and expenses of counsel, accountants, consultants, advisers and others;

(ii) any Liabilities for (A) Taxes payable by any of the Vendor Parties and (B) Pre-Closing Taxes associated with the Business or the Purchased Assets;

(iii) any Liabilities relating to or arising out of the Excluded Assets;

(iv) any Liabilities in respect of any Claim arising out of, relating to or otherwise in respect of the operation of the Business, the Business Products or the Purchased Assets to the extent such Claim relates to such operation at or before the Time of Closing;

(v) any product Liability or similar Claim for injury to a Person or property which arises out of or is based upon any express or implied representation, warranty, agreement or guarantee made by any Vendor;

(vi) any Liability or Claims relating to or arising out of any product sold (including the Business Products) or service performed by or on behalf of any of the Vendors in the operation of the Business or any other business of any of the Vendor Parties;

(vii) any Liabilities of any Vendor in respect of the Employees and Independent Contractors (including the Transferred Employees and the Transferred Independent Contractors) to the extent that such Liabilities are based on facts, circumstances or events that arise (A) at or before the Time of Closing or (B) after the Time of Closing for all Employees and Independent Contractors that are not Transferred Employees or Transferred Independent Contractors, including all severance payments, notice obligations (including, without limitation, contractual notice obligations and notice obligations pursuant to the Worker Adjustment and Retraining Notification Act and/or similar state or local laws), damages for wrongful dismissal or breach of contract, damages for misclassification and wage and hour, tax, and insurance obligations and all costs in respect of the termination by a Vendor of the employment or engagement of any Employee or Independent Contractor of any of the Vendors;

(viii) any Liabilities associated with any Employee Benefit Plan;

(ix) any Liabilities associated with any payables of any Vendor (A) to the extent not assumed by the Purchaser on Closing; (B) which constitute intercompany payables owing to Affiliates of such Vendor; (C) which constitute debt, loans or credit facilities to any Person; or (D) which did not arise in the Ordinary Course of the Business;

(x) any Liabilities of the Business relating or arising from unfulfilled commitments, quotations, purchase orders, customer orders or work orders that (A) do not constitute part of the Purchased Assets issued by the Business' customers to a Vendor on or before the Closing; (B) did not arise in the Ordinary Course of the Business; or (C) are not validly and effectively assigned to Purchaser pursuant to this Agreement;

(xi) any Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of any Vendor (including with respect to any breach of obligations by such Person);

(xii) any Liabilities under the Assumed Contracts to the extent arising out of or relating to a breach by any Vendor of such Assumed Contracts prior to Closing;

(xiii) any Liabilities associated with debt, loans or credit facilities of any Vendor or the Business owing to any Person; and

(xiv) any Liabilities arising out of, in respect of or in connection with the failure by Vendor or any of its Affiliates to comply with any Applicable Law or order of a Governmental Entity;

(ww) "**Excluded Litigation**" means the litigation matters listed and described in Schedule 1.1(ww);

(xx) "**Excluded Receivables**" means the accounts receivable listed and described in Schedule 1.1(xx);

(yy) "**FDA**" means the United States Food and Drug Administration;

(zz) "**FDCA**" means the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §301 et seq.;

(aaa) "**Federal False Claims Act**" has the meaning ascribed thereto in Section 4.1(u)(ix);

(bbb) "**Final Net Working Capital**" has the meaning ascribed thereto at Subsection 2.6(i);

(ccc) "**French Assumed Contracts**" means the French Contracts entered into by the French Vendor with certain third parties that the Purchaser has agreed to assume on Closing, which French Contracts are identified with an asterisk in Schedule 1.1(hhh);

(ddd) "**French Assumed Liabilities**" means all Liabilities in connection with the following which the Purchaser has expressly agreed to assume:

(i) Transferred Employees but only after the Time of Closing; and

(ii) French Assumed Contracts, but only to the extent that such Liabilities thereunder are required to be performed after the Time of Closing, were incurred in the Ordinary Course of the Business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by the French Vendor on or prior to Closing;

(eee) "**French Business**" means the business of the French Vendor consisting of the manufacturing and distribution of the NeoGraft Device operated as business as a going concern (*fonds de commerce*);

(fff) "**French Business Asset Transfer Agreement**" means the business asset transfer document to be executed by the French Vendor in favour of the Purchaser and/or its Affiliate on Closing, substantially in the form attached hereto as Exhibit C;

(ggg) "**French Business Price**" means the purchase price of the French Purchased Assets as determined in accordance with Schedule 2.11;

(hhh) "**French Contracts**" means all contracts to which the French Vendor is a party with respect to the Business, being those contracts as more particularly described in Schedule 1.1(hhh);

(iii) "**French Escrow Agent**" means the Séquestre Juridique de l'Ordre des Avocats du Barreau de Paris;

(jjj) "**French Escrow Amount**" has the meaning ascribed thereto in Section 2.9(a);

(kkk) "**French Intellectual Property**" means all right, title, benefit and interest of the French Vendor in all intellectual property of any nature and kind including all domestic and foreign trademarks, business names, corporate names, trade names, product names, trade dress, slogans, logos, domain names, generic top level domain names, trading styles, patents (including applications, provisional applications, continuations, divisional, reissues, and re-examinations thereof and therefor), Trade Secrets, proprietary software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, all inventions, formulae, models, product and service designs, product and service configurations, product and service formulations, processes and processing methods, technology and techniques, data, databases, proprietary information, know-how, and the Additional French IP, and all causes of action and rights to sue or seek other remedies arising from or relating to the foregoing, including for any past or ongoing misuse or misappropriation, anywhere in the world, and all associated rights, including moral rights, including the intellectual property described at Schedule 1.1(kkk);

(lll) "**French Permits**" means all federal, provincial and local permits, licenses, authorizations, certificates, approvals, registrations, filings, variances, franchises, rights, privileges, waivers and exceptions, and grants of every kind and character or any item with a similar effect used by the French Vendor in connection with the Business, including those set out at Schedule 1.1(lll);

(mmm) "**French Purchased Assets**" means collectively, all of the assets of the French Vendor owned or used in carrying on the French Business, tangible or intangible, other than any Excluded Assets, including the following assets:

(i) French Assumed Contracts;

(ii) French Intellectual Property;

(iii) Business Names of the French Vendor;

(iv) Equipment owned or leased by the French Vendor;

(v) Goodwill of the French Vendor;

(vi) Furniture and Fixtures of the French Vendor;

(vii) Promotional materials of the French Vendor;

(viii) Miscellaneous Items of the French Vendor;

(ix) Supplies of the French Vendor; and

(x) Business Records relating to the foregoing;

(nnn) "**French Real Property**" means land and buildings in France located at 59 Avenue Augustin Dumont, Malakoff, Hauts-De-Seine, 92240, France;

(ooo) "**French Sales Representative Agreement**" means the sales representative agreement (*contrat d'agent commercial*) dated January 27, 2017 between MBC Consulting and the French Vendor;

(ppp) "**French Transferred Employees**" means those Employees as listed in Schedule 4.4(d) pertaining to the French Business and who will be automatically transferred with the French Business to the Purchaser or its designated Affiliate on the Closing Date pursuant to the provisions of Article L. 1224-1 of the French Labour Code (*Code du Travail*);

(qqq) "**Furniture and Fixtures**" means all furniture and fixtures owned or used in connection with the Business, including those items as more particularly described in Schedule 1.1(qqq);

(rrr) "**GAAP**" means the generally acceptable accounting principles established by the US Federal Accounting Standards Board, as in effect at the relevant time;

(sss) "**Goodwill**" means all goodwill of the Business including the Vendors' relationships with all customers and suppliers and lists related thereto, including telephone numbers, email addresses, addresses, and other such contact information, as set out in Schedule 1.1(sss);

(ttt) "**Governmental Entity**" means any (i) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, adjudicator, tribunal, bureau or agency, domestic or foreign having or purporting to have jurisdiction in the relevant circumstance, (ii) any subdivision or authority of any of the above, or (iii) any

quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above;

(uuu) "**Gross Revenues**" means the aggregate of the following: (i) gross revenues from the sale by the Purchaser or its Affiliates of NeoGraft Devices following the Closing, (ii) gross revenues from the leasing by the Purchaser or its Affiliates of NeoGraft Devices following the Closing and (iii) revenues net of amounts payable to technicians following Closing from the sale by the Purchaser or its Affiliates of graft uses of a NeoGraft Device sold or leased prior to or following the Closing, less any discounts, write-offs and allowances in the Ordinary Course of the Business, provided that revenues will be recognized, for the purposes of calculating the Earn-Out Amount, in accordance with the revenue recognition provisions of the Purchaser, the current version of which are set out in the notes to the consolidated financial statements of the Purchaser for the year ending December 31, 2016 and which may, for greater certainty, may be amended from time to time to ensure the Purchaser's compliance with GAAP;

(vvv) "**Hair Medica Products**" means the Hair Medica products sold by one or more of the Vendors as further described at Schedule 1.1(vvv);

(www) "**Hair Medica Intellectual Property**" means the Intellectual Property used in connection with the sale of the Hair Medica Products as described at Schedule 1.1(www);

(xxx) "**Hair Medica Supply Agreement**" means the agreement to be executed and delivered by INCI Medica Incorporated and the Purchaser or its designated Affiliate at Closing for the manufacturing and supply of Hair Medica Products, containing those terms set forth in Schedule 1.1(xxx) and other mutually agreeable terms including customary representations, warranties, covenants and indemnities, such schedule to also list the current prices charged by Solutions US for the listed products;

(yyy) "**Hazardous Material**" means any substance that is subject to regulation under any Environmental Law, or has been designated or listed by any Governmental Entity or in or pursuant to any applicable Environmental Law to be radioactive, toxic, a pollutant or contaminant, hazardous or otherwise a danger to health or the environment;

(zzz) "**Holdback**" means the sum of $500,000;

(aaaa) "**Indemnitee**" has the meaning ascribed thereto at Section 9.4(a);

(bbbb) "**Indemnitor**" has the meaning ascribed thereto at Section 9.4(a);

(cccc) "**Independent Contractors**" means all individuals or entities engaged to perform services as independent contractors of the Vendors in connection with the Business as set out in Schedule 1.1(kk);

(dddd) "**Intellectual Property**" means collectively, the Canadian Intellectual Property, the French Intellectual Property and the US Intellectual Property;

(eeee) "**IRS**" means the United States Internal Revenue Service;

(ffff) "**ITA**" means the Israeli Tax Authority;

(gggg) "**Key Employee**" means the Employee listed at Schedule 1.1(gggg);

(hhhh) "**La Tôlerie Plastique Agreement**" means a supplier agreement to be entered into by the Purchaser or its designated Affiliate and La Tôlerie Plastique at or prior to Closing, on terms and conditions satisfactory to the Purchaser in its sole discretion;

(iiii) "**Liabilities**" means any and all debts, liabilities, expenses, commitments and obligations of any kind, character or description, whether direct or indirect, fixed or unfixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or unasserted, known or unknown, disputed or undisputed, joint or several, secured or unsecured, determined, determinable or otherwise, whenever or however arising (including whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by GAAP to be reflected in financial statements or disclosed in the notes thereto;

(jjjj) "**Licenses**" means any Canadian Contracts, French Contracts and/or US Contracts by which one or more of the Vendors grants to any Person any rights to any Intellectual Property;

(kkkk) "**Losses**" means all damages, fines, penalties, deficiencies, losses, Liabilities, Taxes, charges, costs, expenses (including expenses requested by any Governmental Entity, reasonable expenses of investigation, enforcement and collection, expenses incurred in connection with any mitigation activities and reasonable attorneys', accountants' and other professionals' fees, disbursements and expenses), settlement payments, awards, judgments and interest;

(llll) "**Major Contracts**" means the following agreements:

(i) Supplier Agreements;

(ii) the US Premises Leases; and

(iii) an independent contractor agreement between Solutions US and Dr. Jack Fisher;

(mmmm) "**Material Adverse Change**" or "**Material Adverse Effect**" means, when used in connection with the Business or any portion thereof, any change, effect, event or occurrence with respect to the condition (financial or otherwise), properties, assets, Liabilities, obligations, businesses, operations or results of operations of the applicable Vendor that in the aggregate is, or would reasonably

be expected to be, material and adverse to the Business, the Purchased Assets or the Vendors' ability to consummate the transaction contemplated by this Agreement or the Transaction Documents;

(nnnn) "**Mazet Agreement**" means an acquisition or license agreement to be entered into between the Purchaser or its designated Affiliate and Electronique du Mazet at or prior to Closing whereby Electronique du Mazet either (i) sells for nominal consideration all intellectual property and associated rights used in connection with the NeoGraft Device (including all prior models) or (ii) grants an exclusive, perpetual, worldwide, royalty-free license agreement to use such and exploit in full such intellectual property for nominal consideration, in either case on terms and conditions satisfactory to the Purchaser in its sole discretion;

(oooo) "**Miscellaneous Items**" means stationery, office supplies, and other miscellaneous items owned by the Vendors and used in the Business;

(pppp) "**NeoGraft Device**" means the NeoGraft Device sold by the Vendors as further described at Schedule 1.1(pppp) and any prior models;

(qqqq) "**NeoGraft Device Products**" means the products and services associated with the NeoGraft Device sold by the Vendors as further described at Schedule 1.1(qqqq);

(rrrr) "**Net Working Capital**" means with respect to the Business, all of its Qualifying Receivables and Saleable Inventory less trade and accounts payable and accrued Liabilities (including accrued Employee Liabilities) forming part of the Assumed Liabilities;

(ssss) "**Notified Body**" means an independent, accredited body that, subject to being authorized and permitted by its authorized accrediting body, provides (i) verification and certification services meant to ensure and assess compliance with defined standards and regulations, and/or (ii) an official certification mark or a declaration of conformity with such defined standards and regulations;

(tttt) "**NWC Adjustment Statement**" has the meaning ascribed thereto at Subsection 2.6(b);

(uuuu) "**Ordinary Course**" or "**Normal Course**" when used in relation to the conduct of the Business, means any transaction which constitutes an ordinary day-to-day business activity conducted in a commercially reasonable and businesslike manner consistent with past practices of the Business;

(vvvv) "**Order**" means any outstanding order, decree, writ, injunction, judgment, stipulation, determination or award entered by or with any Governmental Entity;

(wwww) "**Parties**" means collectively, the parties hereto and "**Party**" means any one of them;

(xxxx) "**Payee**" has the meaning ascribed thereto at Section 2.12(a);

(yyyy) "**Permits**" means collectively, the Canadian Permits, the US Permits and the French Permits;

(zzzz) "**Person**" means an individual, corporation, company, limited liability company, body corporate, partnership, limited partnership, limited liability partnership, stock company, joint venture, Governmental Entity, unincorporated organization, trust, association or other entity;

(aaaaa) "**Personal Information**" means all information about an identifiable individual, including employees, contractors, customer or suppliers of the Vendors;

(bbbbb) "**Post-Closing Adjustment**" has the meaning ascribed thereto at Subsection 2.6(j);

(ccccc) "**Pre-Closing Taxes**" means Taxes for periods ending on or before the Closing Date, and the portion of Taxes for a Straddle Period that is properly allocable to the portion of the Straddle Period ending on the Closing Date; provided that in allocating Taxes for a Straddle Period, ad valorem property Taxes (and similar Taxes) shall be allocated based on the number of days in the portion of the Straddle Period ending on the Closing Date, and the allocable portion of other Taxes shall be the Tax that would have been due if the Straddle Period had ended on the Closing Date. For greater certainty, the French business tax (*CET*) for the fiscal year 2018 related to the French Business shall be deemed to be a Pre-Closing Tax;

(ddddd) "**Prepaid Expenses**" means the value of all prepaid expenses in respect of the Business that have been paid in advance (including all rental payments for Contracts, Permits, US Premises Leases, and goods and services) which can be utilized in full or the full benefit of which can be enjoyed by the Purchaser after the Closing Date, including the expenses set out in Schedule 1.1(ddddd);

(eeeee) "**Prime Rate**" for any day means the rate of interest expressed as a rate per annum that Royal Bank of Canada establishes at its head office in Toronto, Ontario as the reference rate of interest that it will charge on that day for Canadian dollar demand loans to its customers in Canada and which is at present referred to as its prime rate;

(fffff) "**Purchase Price**" has the meaning ascribed thereto at Section 2.2;

(ggggg) "**Purchased Assets**" means collectively, the Canadian Purchased Assets, the US Purchased Assets and the French Purchased Assets;

(hhhhh) "**Purchaser Fundamental Representations & Warranties**" means the representations and warranties of the Purchaser Parties or any Purchaser Party which are listed at Schedule 1.1(hhhhh);

(iiiii) "**Purchaser's Counsel**" means Stewart McKelvey;

(jjjjj) "**Purchaser's French Counsel**" means De Pardieu Brocas Maffei;

(kkkkk) "**Purchaser Indemnified Parties**" has the meaning ascribed thereto at Section 9.2(a);

(llllll) "**Purchaser's Israeli Counsel**" means Gornitzky & Co.;

(mmmmm) "**Purchaser's Net Working Capital**" has the meaning ascribed thereto at Section 2.6(b);

(nnnnn) "**Purchaser's US Counsel**" means Wilmer Cutler Pickering Hale and Dorr LLP;

(ooooo) "**Qualifying Receivables**" means the Accounts Receivable which are collected by the Purchaser and its Affiliates within 120 days of the Closing Date;

(ppppp) "**Reference Date**" means March 31, 2017;

(qqqqq) "**Reference NWC Statement**" means the reference statement of Net Working Capital of the US Vendors as at November 30, 2017, attached hereto as Schedule 1.1(qqqqq);

(rrrrr) "**Regulatory Approvals**" means the following:

(i) adoption and implementation (including necessary training) by Solutions US of a quality management system which is in compliance with FDA requirements for its Business;

(ii) establishment registration by Solutions US for each US Leased Premises; and

(iii) post certification for marketing of the NeoGraft Device in the form of a product listing with the FDA.

(sssss) "**Remitted Taxes**" has the meaning ascribed thereto at Section 2.12(c);

(ttttt) "**Royalty Fee**" has the meaning ascribed thereto at Section 3.17;

(uuuuu) "**Royalty Revenue**" means actual cash payable to and received by the Purchaser or its Affiliates from sales of any and all products that are developed by or on behalf of the Purchaser or its Affiliates after Closing and that use or encompass, in whole or in part, and in any manner whatsoever, the Additional French IP, after the deduction from such revenue amount of: (i) reasonable costs and expenses relating to exploitation of the Additional French IP, including reasonable costs incurred to develop, produce, distribute, market and otherwise carry out the sale of such products; (ii) reasonable third party distributor commissions and fees; and (iii) withholding taxes and sales, value-added and other similar Taxes; provided that with respect to the revenue for which there is no third party distributor, the Purchaser will be entitled to deduct a thirty percent (30%) commission (in addition to costs relation to exploitation and Taxes);

(vvvvv) "**Saleable Inventory**" has the meaning ascribed thereto at Section 2.3;

(wwwww) "**Specific Tax Claim**" has the meaning ascribed thereto in Section 2.9(a);

(xxxxx) "**Stark Law**" has the meaning ascribed thereto in Section 4.1(u)(ix);

(yyyyy) "**Straddle Period**" means a Tax period ending after the Closing Date and beginning on or before the Closing Date;

(zzzzz) "**Supplier Agreements**" means supplier agreements entered into between the French Vendor and each of the following entities:

(i) Labodial;

(ii) Abaque Industrie SAS;

(iii) Electronique du Mazet; and

(iv) Bien-Air Dental;

(aaaaaa) "**Supplies**" means all parts, product, paper and other supplies used or consumed in connection with the Business;

(bbbbbb) "**Target Net Working Capital**" means $839,455, as set out in the Reference Net Working Capital Statement;

(cccccc) "**Tax**" or "**Taxes**" all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Entity including: (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, recording, land transfer, personal property, intangible property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, unemployment, disability, employer health, pension plan, anti-dumping, countervail, excise, escheat, production, severance, stamp, occupation, or premium tax or similar charge or fee; (ii) all withholdings on amounts paid to or by the relevant Person; (iii) all provincial workers' compensation payments, provincial health insurance premiums, employment insurance premiums, Canada Pension Plan, Québec Pension Plan and any other pension plan contributions or premiums; (iv) any fine, penalty, interest, or addition to tax; (v) any Liability for any of the foregoing imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee; and (vi) any Liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law.

(dddddd) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder;

(eeeeee) "**Tax Authority**" means any Governmental Entity that is entitled to impose Taxes or to administer any applicable Tax legislation;

(ffffff) "**Tax Benefit**" will mean, with respect to any Loss, the net reduction in cash Taxes actually payable by the Indemnitee that is attributable to any deduction, loss, credit or other item which decreases Taxes resulting from such Loss (treating such Tax item as the last item used in calculating such net reduction in cash Taxes), taking into account the receipt of the related indemnity payment;

(gggggg) "**Tax Code**" means the *Internal Revenue Code of 1986*, as amended, and the Treasury Regulations promulgated thereunder and for greater certainty, any reference herein to a specific section or sections of the Tax Code, or regulations promulgated thereunder, shall be deemed to include a reference to all corresponding provisions of future law;

(hhhhhh) "**Tax Liabilities Escrow Amount**" means the amount of $2,800,000;

(iiiiii) "**Tax Representations & Warranties**" means the representations and warranties of the Vendor Parties or any Vendor Party which are listed at Schedule 1.1(iiiiii);

(jjjjjj) "**Tax Returns**" means all reports, returns, estimates, forms, remittances or other information, or any amendment thereof or schedule or attachment thereto, required to be filed in connection with any Taxes or by any Tax Authority;

(kkkkkk) "**Terminated Contracts**" means all contracts listed in Schedule 1.1(kkkkkk);

(llllll) "**Third Party Consents**" shall have the meaning ascribed thereto in Section 3.6;

(mmmmmm) "**Third Party Proceeding**" has the meaning ascribed thereto at Subsection 9.4(a);

(nnnnnn) "**Time of Closing**" means 9:00 am (Toronto, Ontario time) on the Closing Date or such other time as may be agreed by the Purchaser and Miriam;

(oooooo) "**Trade Secrets**" means confidential know how, methods, technical information, data, processes, or plans used or owned by one or more of the Vendors in the development, production or exploitation of any Intellectual Property or any Business Products;

(pppppp) "**Trademark Assignment**" means the assignment of trademarks to be executed and delivered by Canadian Vendor Amalco at Closing, substantially in the form attached hereto as Exhibit D;

(qqqqqq) "**Transaction Documents**" means collectively, the Transfer Agreements, the Escrow Agreement, the Transition Services Agreement and all other agreements, certificates, documents or instruments delivered pursuant to, or in connection with, this Agreement;

(rrrrrr) "**Transfer Agreements**" means collectively, the French Business Asset Transfer Agreement, the US Business Transfer Agreement and the Trademark Assignment;

(ssssss) "**Transfer Taxes**" means all value added tax, sales and use tax, deeds tax, excise tax or stamp tax imposed upon the transfer of the Purchased Assets by a Governmental Authority in Canada, the United States of America or France, but excluding Taxes of other types, and in particular excluding (i) any taxes imposed or payable under the Tax Act, Tax Code or any similar income tax legislation, and (ii) franchise taxes imposed on corporations;

(tttttt) "**Transferred Employees**" means those Employees to whom (i) the Purchaser or a designated Affiliate of the Purchaser has agreed to extend offers of employment in accordance with Subsection 3.4(a) and who accept employment with the Purchaser or such Affiliate of the Purchaser effective as of Closing, and (ii) the French Transferred Employees;

(uuuuuu) "**Transferred Independent Contractors**" means those Independent Contractors whom the Purchaser or a designated Affiliate of the Purchaser engages or employs effective as of the Time of Closing.

(vvvvvv) "**Transition Services Agreement**" means the transition services agreement to be entered into among the Purchaser and the Vendors at Closing, substantially in the form attached hereto as Exhibit E;

(wwwwww) "**Unpaid Tax Liabilities**" means any Liability of the Vendors for Tax with respect to the Tax types and periods listed on Schedule 1.1(wwwwww);

(xxxxxx) "**US Assumed Contracts**" means the US Contracts entered into by one or both of the US Vendors with certain third parties that the Purchaser has agreed to assume on Closing, including the US Premises Leases, which US Contracts are identified with an asterisk in Schedule 1.1(aaaaaaa);

(yyyyyy) "**US Assumed Liabilities**" means all Liabilities in connection with the following which the Purchaser has expressly agreed to assume:

(i) trade and accounts payable incurred by the US Vendors in the Ordinary Course of the Business prior to Closing;

(ii) Transferred Employees and Transferred Independent Contractors but, in each case, only to the extent that such Liabilities are based on facts, circumstances or events that arise after the Time of Closing;

(iii) US Assumed Contracts, but only to the extent that such Liabilities thereunder are required to be performed after the Time of Closing, were incurred in the Ordinary Course of the Business and do not relate to any failure to perform, improper performance or other breach, default or violation by any US Vendor on or prior to the Closing; and

(iv) all product warranties granted to customers of the Business by the US Vendors with respect to NeoGraft Devices sold in the Ordinary Course of the Business prior to the Closing as set out in Schedule 1.1(pppp);

(zzzzzz) "**US Business Transfer Agreement**" means the business transfer agreement to be executed by the US Vendors and Canadian Vendor Amalco in favour of the Purchaser or its Affiliates on Closing, substantially in the form attached hereto as Exhibit F;

(aaaaaaa) "**US Contracts**" means all contracts to which one or more of the US Vendors is a party with respect to the Business, being those contracts as more particularly described in Schedule 1.1(aaaaaaa);

(bbbbbbb) "**US Intellectual Property**" means all right, title, benefit and interest of the US Vendors in all intellectual property of any nature and kind including all domestic and foreign trademarks, business names, trade names, product names, trade dress, slogans, logos, domain names, generic top level domain names, trading styles, patents (including applications, provisional applications, continuations, divisional, reissues, and re-examinations thereof and therefor), Trade Secrets, proprietary software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, all inventions, formulae, models, product and service designs, product and service configurations, product and service formulations, processes and processing methods, technology and techniques, data, databases, proprietary information and know-how, and all causes of action and rights to sue or seek other remedies arising from or relating to the foregoing, including for any past or ongoing misuse or misappropriation, anywhere in the world, and all associated rights, including moral rights, including the intellectual property described at Schedule 1.1(bbbbbbb);

(ccccccc) "**US Leased Premises**" means those lands and buildings leased by the US Vendor for use in the Business pursuant to the US Premises Leases situate at (i) 103 – 419 Southfork Drive, Lewisville, Texas, 75057 and (ii) 1415 South Church Street, Charlotte, North Carolina, 28203;

(ddddddd) "**US Permits**" means all federal, provincial and local permits, licenses, authorizations, certificates, approvals, registrations, flings, variances, franchises, rights, privileges, waivers and exceptions, and grants of every kind and character or any item with a similar effect used by the US Vendors in connection with the Business, and capable of being assigned to the Purchaser, including those et out at Schedule 1.1(ddddddd);

(eeeeeee) "**US Premises Leases**" means (i) the short form commercial lease dated December 6, 2017 between Wayne and Faye Oliver, as landlord, and Solutions US, as tenant; and (ii) the lease agreement entered into on March 15, 2017 between 1415, LLC, as landlord, and Solutions US, as tenant;

(fffffff) "**US Purchased Assets**" means collectively, all of the assets of the US Vendors owned or used in carrying on the Business, tangible or intangible, other than any Excluded Assets, including the following assets:

(i) US Assumed Contracts;

(ii) US Intellectual Property;

(iii) US Permits;

(iv) US Premises Leases;

(v) Accounts Receivable of the US Vendors;

(vi) Business Names of the US Vendors;

(vii) Equipment owned or leased by one more of the US Vendors;

(viii) all inventory of the Business owned by the US Vendors, including Saleable Inventory;

(ix) Promotional materials of the US Vendors;

(x) Goodwill of the US Vendors;

(xi) Furniture and Fixtures of the US Vendors;

(xii) Miscellaneous Items of the US Vendors;

(xiii) Supplies of the US Vendors; and

(xiv) Business Records relating to the foregoing;

(gggggggg) "**Vendors' Counsel**" means Bennett Jones LLP;

(hhhhhhh) "**Vendor Fundamental Representations & Warranties**" means the representations and warranties of the Vendor Parties or any Vendor Party which are listed at Schedule 1.1(hhhhhhh);

(iiiiiii) "**Vendor Indemnified Parties**" has the meaning ascribed thereto at Section 9.3(a);

(jjjjjjj) "**WARN Act**" shall have the meaning ascribed thereto in Subsection 4.3(e); and

(kkkkkkk) "**Withholding Tax Certificate**" means a withholding tax exemption certificate issued by the ITA, as more particularly described at Section 2.12.

1.2 **Exhibits**

The following are the Exhibits attached to and incorporated in this Agreement by reference and deemed to be an integral part hereof:

Exhibit A	Direction to Pay
Exhibit B	Escrow Agreement
Exhibit C	French Business Asset Transfer Agreement
Exhibit D	Trademark Assignment
Exhibit E	Transition Services Agreement
Exhibit F	US Business Transfer Agreement
Exhibit G	No-Interest Letter from Greenbanktree Power Corporation

1.3 **Schedules**

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be an integral part hereof:

Schedule 1.1(k)	Business Names
Schedule 1.1(o)	Canadian Contracts
Schedule 1.1(p)	Canadian Intellectual Property
Schedule 1.1(q)	Canadian Permits
Schedule 1.1(dd)	Data Room
Schedule 1.1(kk)	Employees & Independent Contractors
Schedule 1.1(nn)	Equipment
Schedule 1.1(ww)	Excluded Litigation
Schedule 1.1(xx)	Excluded Receivables
Schedule 1.1(hhh)	French Contracts
Schedule 1.1(kkk)	French Intellectual Property
Schedule 1.1(lll)	French Permits
Schedule 1.1(qqq)	Furniture & Fixtures
Schedule 1.1(sss)	Goodwill

Schedule 1.1(vvv)	Hair Medica Products
Schedule 1.1(www)	Hair Medica Intellectual Property
Schedule 1.1(xxx)	Key Terms of Hair Medica Supply Agreement
Schedule 1.1(gggg)	Key Employee
Schedule 1.1(pppp)	NeoGraft Device
Schedule 1.1(qqqq)	NeoGraft Device Products
Schedule 1.1(ddddd)	Prepaid Expenses
Schedule 1.1(hhhhh)	Purchaser Fundamental Representations & Warranties
Schedule 1.1(qqqqq)	Reference NWC Statement
Schedule 1.1(iiiiii)	Tax Representations & Warranties
Schedule 1.1(kkkkkk)	Terminated Contracts
Schedule 1.1(wwwwww)	Unpaid Tax Liabilities
Schedule 1.1(aaaaaaa)	US Contracts
Schedule 1.1(bbbbbbb)	US Intellectual Property
Schedule 1.1(ddddddd)	US Permits
Schedule 1.1(hhhhhhh)	Vendor Fundamental Representations & Warranties
Schedule 2.8	Tax Liabilities and Escrow
Schedule 2.11	Purchase Price Allocation
Schedule 3.6	Third Party Consents
Schedule 4.1(d)	Compliance with Laws
Schedule 4.1(f)	Ordinary Course
Schedule 4.1(j)	Insurance
Schedule 4.1(k)	Litigation
Schedule 4.1(m)	Exclusivity and Confidentiality Agreements
Schedule 4.1(p)	Computer Systems

Schedule 4.1(q)	Warranties
Schedule 4.1(u)(i)	Regulatory Matters
Schedule 4.2(a)	Canadian Vendors' Jurisdictions
Schedule 4.2(b)	Encumbrances against the Canadian Purchased Assets
Schedule 4.3(a)	US Vendors' Jurisdictions
Schedule 4.3(b)	Encumbrances against the US Purchased Assets
Schedule 4.3(e)(i)	Employee Benefits
Schedule 4.3(h)	US Real Property
Schedule 4.4(a)	French Vendor's Jurisdictions
Schedule 4.4(d)	French Transferred Employees
Schedule 7.1(p)	Tax Liabilities to be paid at Closing

If a matter is said to be set out, disclosed, listed, described or reflected in a particular Schedule, it is deemed to have been sufficiently disclosed to the Parties if such matter is fully and plainly described in that particular Schedule or there is, in that particular Schedule, a specific cross-reference to another Schedule. No such matter is considered to be sufficiently disclosed if it is set out in any other section of a Schedule unless there is full and plain description to the cross-referenced section. Nothing set out in the Schedules established a standard of materiality.

1.4 **Headings**

The division of this Agreement into Articles, Sections, Subsections, schedules and exhibits and the inclusion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 **Calculation of Time Periods**

Where a time period is expressed to begin or end at, on or with a specified day, or to continue to or until a specified day, the time period includes that day. Where a time period is expressed to begin after or to be from a specified day, the time period does not include that day. Where anything is to be done within a time period expressed after, from or before a specified day, the time period does not include that day. If the last day of a time period is not a Business Day, the time period shall end on the next Business Day.

1.6 **Gender and Number**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.7 **Currency**

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in the currency of the United States of America. Any tender of money hereunder may be made upon the Parties or their respective counsel and all payments hereunder shall be made in immediately available funds by wire, bank draft, certified cheque or solicitor's trust cheque.

1.8 **Accounting Terms**

All accounting terms not expressly defined in this Agreement hall have the meanings generally ascribed to them in accordance with GAAP.

1.9 **Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.10 **Statutory Instruments**

Unless otherwise specifically provided in this Agreement, any reference in this Agreement to any Applicable Law shall be construed as a reference to such Applicable Law as amended or re-enacted from time to time or as a reference to any successor thereto.

1.11 **Entire Agreement**

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and replaces and supersedes the letter of intent dated November 1, 2017 among the Purchaser, Solutions Canada and Miriam. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement or the Transaction Documents. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made by any party hereto or its directors, officers, employees or agents, to any other party hereto or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement or the Transaction Documents. Accordingly, there shall be no Liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent that it has been reduced to writing and included as a term of this Agreement or the Transaction Documents.

1.12 **Waiver, Amendment**

No amendment or waiver of this Agreement or any other agreements provided for in, or delivered in connection with, this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement or any other agreements provided for in, or delivered in connection with, this Agreement shall constitute a waiver of any other provision of this Agreement or any other agreements provided for in, or delivered in connection with, this Agreement nor shall any waiver of any provision of this Agreement or any other

agreements provided for in, or delivered in connection with, this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.13 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, and the parties hereto irrevocably attorn to the jurisdiction of the Courts of the Province of Ontario for any and all disputes arising under the terms of this Agreement or the transactions contemplated hereby.

1.14 **Meaning of "including"**

Any reference herein to "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it.

1.15 **Knowledge**

Where any statement in this Agreement or in any Transaction Document is expressed to be made to the "knowledge" of one or more of the Vendors, such expression or any similar expressions shall be understood to be made on the basis of (a) the knowledge of any director or officer of the applicable Vendor(s), or the Key Employee, of the relevant subject matter, or (b) such knowledge of the relevant subject matter as such individual would have if they had conducted a reasonable amount of diligence and inquiry of the relevant Persons or matter.

1.16 **Data Room**

All references to "delivered or otherwise made available for inspection" means, with respect to any document, the posting of such document in the Data Room with access thereto granted to the Purchaser and its representatives at least 48 hours prior to the execution and delivery of this Agreement.

ARTICLE 2 – PURCHASE AND SALE

2.1 **Purchased Assets & Assumed Liabilities**

Subject to the warranties, representations, terms and conditions set out in this Agreement and the Transaction Documents, the Vendors agree to sell and assign to the Purchaser or its designated Affiliates, and the Purchaser agrees to purchase and assume, or cause its Affiliates to purchase or assume, from the Vendors, the Purchased Assets and the Assumed Liabilities on the Closing Date with effect from the Time of Closing.

2.2 **Purchase Price**

Subject to set-off and adjustment in accordance with the terms of this Agreement, the Purchaser agrees to pay, and the Vendors agree to accept as payment for the Purchased Assets the aggregate purchase price of $10,000,000 (as adjusted, the "**Purchase Price**"), which is payable as set out in Section 2.5 and which amount is inclusive of all applicable Taxes (other than Transfer Taxes).

2.3 **Estimated Net Working Capital**

At least five (5) days prior to the Closing Date, representatives of the Purchaser and the Vendors shall jointly conduct a physical inspection and count of the entire inventory of the Business which the Vendors shall use to prepare and deliver to the Purchaser an estimated Net Working Capital ("**Estimated Net Working Capital**") as of the Closing Date. For the purposes of determining the Estimated Net Working Capital, the inventory of the US Vendors shall be deemed to be the saleable, functioning, undamaged and current inventory of the Business that relates or pertains to the NeoGraft Device, the NeoGraft Device Products or the Hair Medica Products (collectively, the "**Saleable Inventory**") and for greater certainty, shall exclude: (i) outdated or obsolete inventory; (ii) inventory that cannot be used in the Business as conducted on the date hereof; (iii) inventory that relates to any discontinued Business Products or Business Products that are not manufactured or distributed by the Vendors on the date hereof; and (iv) inventory that cannot reasonably be expected to be used in the Business (A) in the case of Hair Medica Products, in the twelve months immediately following Closing, and (B) for all other inventory, in the twenty-four months immediately following Closing. The date the Estimated Net Working Capital is determined and delivered to the Purchaser is referred to herein as the "**Estimated Net Working Capital Date**". The Estimated Net Working Capital will be prepared (i) in the same format as the Reference NWC Statement, and (ii) in accordance with the standards and methodologies set out therein, in each case, using the relevant Business Records as of the Estimated Net Working Capital Date.

2.4 **Closing Adjustment**

If: (a) the Estimated Net Working Capital is greater than the Target Net Working Capital, that portion of the Purchase Price payable in accordance with Subsection 2.5(a)(v) will be increased, dollar for dollar, by the amount by which the Estimated Net Working Capital exceeds the Target Working Capital; or (b) the Estimated Net Working Capital is less than the Target Net Working Capital, that portion of the Purchase Price payable in accordance with Subsection 2.5(a)(v) will be decreased, dollar for dollar, by the amount by which the Estimated Net Working Capital is less than the Target Net Working Capital.

2.5 **Satisfaction of Purchase Price & Transfer Taxes**

(a) The Purchaser or its Affiliate(s) shall satisfy the Purchase Price in full as follows:

(i) by paying the Holdback to the Vendors in accordance with Section 2.7;

(ii) by paying the Tax Liabilities Escrow Amount to the Escrow Agent in escrow at Closing, not to be releasable to the Vendors except in accordance with Section 2.8 and the Escrow Agreement;

(iii) by paying the French Business Price to the French Escrow Agent in escrow at Closing, which shall be held by the French Escrow Agent for the benefit of the French Vendor and not be releasable except in accordance with Section 2.9 and the French Business Asset Transfer Agreement;

(iv) by paying the Earn-Out Amount in accordance with Section 2.10; and

(v) by wire transferring an amount equal to the Purchase Price as adjusted for the Estimated Net Working Capital in accordance with Section 2.4 less the aggregate of the Holdback, the Tax Liabilities Escrow Amount, the Earn-Out Amount and the French Business Price (the "**Closing Payment**") in accordance with the Direction to Pay.

(b) On the Closing Date or promptly thereafter, the Purchaser or its Affiliate(s) shall pay, to the applicable Governmental Entity, the Transfer Taxes arising on the transfer of the Purchased Assets.

(c) Payment of any adjustment to the Purchase Price post-Closing will be made in accordance with Section 2.6.

2.6 **Post-Closing Adjustment**

(a) That portion of the Purchase Price payable in accordance with Subsection 2.5(a)(v) will be subject to increase or decrease by a post-Closing adjustment pursuant to this Section 2.6.

(b) Within one hundred fifty (150) days after the Closing, the Purchaser shall prepare and deliver to the Vendors a statement (the "**NWC Adjustment Statement**") setting forth the Purchaser's reasonably detailed calculation of the Net Working Capital as of the Closing Date (the "**Purchaser's Net Working Capital**") and the related Purchase Price adjustment, if any, required under this Section 2.6. The Purchaser's Net Working Capital will be prepared (i) in the same format as the Reference NWC Statement, and (ii) in accordance with the standards and methodologies set out therein, in each case, using the relevant Business Records as of the Closing Date. For greater certainty, in calculating the Purchaser's Net Working Capital following Closing and delivering the NWC Adjustment Statement, the Purchaser shall in no way be bound, or otherwise limited, by the Estimated Net Working Capital.

(c) If requested by the Vendors in writing, the Purchaser will allow the Vendors and their representatives reasonable access to review all working papers and other documentation used or prepared in connection with the preparation of, or which otherwise form the basis of, the NWC Adjustment Statement and the Purchaser's Net Working Capital, as well as all Business Records relating to the operations and finances of the Vendors with respect to the period up to and including the Closing Date, and the Purchaser will make reasonably available the individuals in its employ responsible for and knowledgeable about the information used in, and the preparation or calculation (as applicable) of, the NWC Adjustment Statement and the Purchaser's Net Working Capital in order to respond to the reasonable inquiries of the Vendors, in each case as and to the extent reasonably necessary for, and for the sole purpose of, the Vendors' review of the NWC Adjustment Statement and the Purchaser's Net Working Capital and provided that any of the Vendors outside representatives requesting any such access will first have executed and delivered a

customary confidentiality and hold harmless agreement relating to such access to the extent requested by the Purchaser's Counsel.

(d) If the Vendors object in good faith to any item in the NWC Adjustment Statement, including the calculation of the Purchaser's Net Working Capital, on the bases provided in this Section 2.6 (each, a "**NWC Disputed Item**"), the Vendors shall deliver written notice of such objection to the Purchaser within fifteen (15) Business Days after the receipt of the NWC Adjustment Statement and the Purchaser's Net Working Capital calculation by the Vendors (such notice, a "**Notice of NWC Disagreement**"). The Notice of NWC Disagreement will set out in reasonable detail each NWC Disputed Item and the reasons for the Vendors' objection to such item, the amount in dispute and reasonable details of the calculation of such amount. If requested by the Purchaser in writing, the Vendors will allow the Purchaser and its representatives reasonable access to review the working papers and other documentation used or prepared in connection with the preparation of, or which otherwise form the basis of, the Vendors' objection to each NWC Disputed Item. The Vendors may not challenge any item in the NWC Adjustment Statement, including the calculation of the Purchaser's Net Working Capital, on any basis other than that it contains arithmetic error or was not prepared in accordance with the requirements of this Agreement. The Vendors will be conclusively deemed to have accepted all items and amounts contained in the NWC Adjustment Statement and the calculation of the Purchaser's Net Working Capital other than the NWC Disputed Items for which a timely Notice of NWC Disagreement is delivered in accordance with this Section 2.6.

(e) If the Parties cannot reach agreement on any NWC Disputed Item within fifteen (15) Business Days after a Notice of NWC Disagreement is delivered in accordance with Section 2.6, then any unresolved NWC Disputed Items (collectively, a "**NWC Dispute**") will be submitted for final and binding arbitration to a senior audit partner at the Toronto office of KPMG LLP chosen by the managing partner of such office (the "**NWC Arbitrator**"). In the event that KPMG LLP is unwilling or unable to serve as the NWC Arbitrator, a senior audit partner at the Toronto office of Grant Thornton LLP chosen by the managing partner of such office will serve as the NWC Arbitrator. In the event that both KPMG LLP and Grant Thornton LLP are unwilling or unable to serve as the NWC Arbitrator, either the Vendors or the Purchaser may request that the ICC International Centre for Expertise appoint as NWC Arbitrator, within ten (10) days from the date of such request or as soon as practicable thereafter, an audit partner in an internationally recognized accounting firm that is not the auditor or independent accounting firm of any of the Parties, who is a certified public accountant or chartered accountant in Canada and who is independent of the Parties and impartial. The Vendors and the Purchaser will, to the extent required, enter into a customary engagement letter with the NWC Arbitrator in a form satisfactory to each of the Vendors and the Purchaser, acting reasonably, which will include reasonable and customary confidentiality provisions.

(f) Within fifteen (15) days of the appointment of the NWC Arbitrator, the Vendors and the Purchaser will provide to the NWC Arbitrator a copy of the NWC Adjustment Statement and the Purchaser's Net Working Capital, and will each provide a written submission that states, for each unresolved NWC Disputed Item, the dollar amount in dispute, a narrative description of how the dollar amount was calculated or derived and an explanation of the rationale for the Party's position. The Vendors and the Purchaser will request that the NWC Arbitrator thereafter determine all matters in the NWC Dispute within thirty (30) days after such materials are submitted for the NWC Arbitrator's review. Upon the request of the NWC Arbitrator, the Vendors and the Purchaser will provide or make available all working papers, documents and information as are reasonably required by the NWC Arbitrator to make his or her determination; provided, however, that the outside auditors of the Vendors or the Purchaser will not be obligated to make any working papers available to the NWC Arbitrator unless and until the NWC Arbitrator has executed and delivered a customary confidentiality and hold harmless agreement relating to such access in form and substance reasonably acceptable to such outside auditors, to the extent requested by such outside auditors. Neither the Vendors nor the Purchaser will disclose to the NWC Arbitrator, and the NWC Arbitrator will not consider for any purpose, any settlement discussions or settlement offer made by the Vendors or the Purchaser with respect to any objection under Subsection 2.6(g), unless otherwise agreed in writing by the Vendors and the Purchaser.

(g) The determination of the NWC Arbitrator will be final and binding on the Parties (for greater certainty, with no right of appeal or judicial review on any grounds other than for fraud or manifest error on the part of the NWC Arbitrator), and may only be corrected for arithmetic error or to cause the NWC Disputed Items to be prepared in accordance with this Agreement, on written application to the NWC Arbitrator delivered within fifteen (15) days of the date of his or her determination. The NWC Adjustment Statement and the Purchaser's Net Working Capital will be (or not be, as applicable) adjusted in accordance with the NWC Arbitrator's determination. In resolving the NWC Dispute, the NWC Arbitrator will be limited to addressing any particular NWC Dispute referred to in the Notice of NWC Disagreement and will make all calculations in a manner consistent with this Section 2.6; provided that such calculation will, with respect to any NWC Disputed Item, be no greater than the higher amount calculated by the Vendors or the Purchaser, and no less than the lower amount calculated by the Vendors or the Purchaser, in the Parties' submissions to the NWC Arbitrator under this Section 2.6, as the case may be. The NWC Arbitrator's review and determination will be based solely on the grounds presented by the Vendors and the Purchaser, and will be limited to correcting arithmetic errors in respect of the NWC Disputed Items or causing the NWC Disputed Items to be prepared in accordance with this Agreement and the NWC Arbitrator shall have no power or authority to address or resolve any other issues. Each of the Parties shall bear its own costs and expenses of this arbitration under this Section 2.6. The costs and expenses of the NWC Arbitrator (and the ICC International Centre for Expertise, if applicable) under this Section

2.6 will be borne by the Party losing the majority of the amount at issue in the NWC Dispute.

(h) If no Notice of NWC Disagreement is received by the Purchaser on or prior to the expiration date of the fifteen (15) Business Day period referred to in Subsection2.6(d), then the NWC Adjustment Statement and the Purchaser's Net Working Capital will be conclusively deemed to have been accepted by the Vendors.

(i) The calculation of the Net Working Capital at the Closing being final and binding on the Parties as determined either through agreement of the Vendors and the Purchaser (deemed or otherwise) or through the determination of an NWC Arbitrator pursuant to this Section 2.6 is referred to as the "**Final Net Working Capital**".

(j) The "**Post-Closing Adjustment**" will be the amount equal to the Final Net Working Capital minus the Estimated Net Working Capital. If the Post-Closing Adjustment is positive, the Purchaser shall pay such amount by wire transfer of immediately available funds to an account specified by the Vendors within five (5) Business Days after such determination and the Purchase Price will be adjusted accordingly. If the Post-Closing Adjustment is negative, the Vendor's will pay the absolute value of such amount by wire transfer of immediately available funds to an account specified by the Purchaser within five (5) Business Days after such determination and the Purchase Price will be adjusted accordingly. Any payment under this subsection 2.6(j) shall bear interest at a rate per annum equal to the Prime Rate, calculated and payable monthly on, before and after determination of the Post-Closing Adjustment, with interest on overdue interest at the same rate, from the date of the issuance of a Notice of NWC Disagreement until the date of payment of the Post-Closing Adjustment.

2.7 **Holdback**

Half of the balance of the Holdback, as adjusted pursuant Section 9.8, shall be released and paid to Canadian Vendor Amalco or as Miriam shall direct on the first anniversary of the Closing Date. The balance of the Holdback, if any following adjustment pursuant to Article 9, shall be released and paid by the Purchaser to Canadian Vendor Amalco or as Miriam shall direct on the second anniversary of the Closing Date.

2.8 **Tax Liabilities Escrow**

The Tax Liabilities Escrow Amount shall be deposited with the Escrow Agent as provided in Section 2.5(a) and such amount shall be released and paid by the Escrow Agent to the relevant Person, in accordance with the remainder of this Section 2.8 and the terms of the Escrow Agreement and upon receipt by the Escrow Agent from the Escrow Vendor Parties and the Purchaser of the written instruction set out in Exhibit A to the Escrow Agreement. The Parties confirm that the Tax Liabilities Escrow Amount shall be released in accordance with and subject to the following terms and conditions, to:

(a) A Tax Authority on the following terms:

(i) The Vendors will approach each of the Tax Authorities listed in Schedule 1.1(wwwwww) and engage in a process to satisfy their respective Unpaid Tax Liability with respect to each such Tax Authority by voluntary disclosure or another appropriate process. The Vendors shall deliver to the Purchaser copies of all documents filed by a Vendor with, and all notices received by a Vendor from, any Tax Authority with respect to an Unpaid Tax Liability. The Vendors shall otherwise keep the Purchaser timely informed of their progress in resolving each Unpaid Tax Liability.

(ii) After the Vendors receive evidence from a Tax Authority or are accepted into a voluntary disclosure program with respect to an Unpaid Tax Liability, the Vendors may submit to the Purchaser (A) in the case of such an acceptance, the voluntary disclosure agreement or other documentation, together with the Tax Returns proposed to be filed, or (B) in the case of other evidence, the documentation from the applicable Tax Authority indicating a final payment amount.

(iii) If such documentation is satisfactory to the Purchaser in its commercially reasonable discretion, the Purchaser and the US Vendors shall jointly direct the Escrow Agent to release a corresponding amount to the applicable Tax Authority in accordance with the Escrow Agreement, subject to clause (iv) below.

(iv) If the aggregate amount payable to a Tax Authority exceeds the amount listed on Schedule 1.1(wwwwww) for that Tax Authority (the "**Additional Tax Amount**"), then the Vendor Parties will pay to the applicable Tax Authority the Additional Tax Amount. When the Purchaser receives written documentation that the Additional Tax Amount has been paid, which documentation is satisfactory to the Purchaser in its commercially reasonable discretion, the Purchaser and the US Vendors shall jointly direct the Escrow Agent to release the amount listed on Schedule 1.1(wwwwww) with respect to such Tax Authority to such authority in accordance with the Escrow Agreement.

(v) For the avoidance of doubt, in no event shall the aggregate amounts payable to a Tax Authority from the Tax Liabilities Escrow Amount under this Section 2.8 exceed the total amount listed in Schedule 1.1(wwwwww) for such Tax Authority.

(vi) The Vendors shall use commercially reasonable efforts to secure certificates of Tax compliance or good standing after satisfaction of the Unpaid Tax Liabilities with a Tax Authority (and shall provide copies of any such certificates to the Purchaser).

(b) The Escrow Vendor Parties on the following terms:

(i) If the amount payable to a Tax Authority to satisfy all Unpaid Tax Liabilities with respect to such Tax Authority is less than the amount shown on Schedule 2.8 with respect to such Tax Authority, as determined by the Purchaser in its commercially reasonable discretion based on documentation provided by the Vendors from the Tax Authority, then the Purchaser and the US Vendors shall jointly direct the Escrow Agent to release the difference to the Escrow Vendor Parties in accordance with the Escrow Agreement.

(c) The Purchaser on the following terms:

(i) If the Purchaser pays or becomes subject to any Liability for an Excluded Liability described in Section 1.1(vv)(ii), the Purchaser shall notify the Escrow Vendor Parties thereof in writing, and the Purchaser and the US Vendors shall, within ten (10) Business Days after such notice, jointly direct the Escrow Agent to release the amount of such payment or Liability to the Purchaser in accordance with the Escrow Agreement.

2.9 **Escrow of the French Business Price**

(a) In accordance with the provisions of Article L.141-17 of the French Code of Commerce (*Code de commerce*) and Article 1684 1° of the French Tax Code (*Code général des impôts*), the Parties agrees that the French Business Price shall be placed in escrow (the "**French Escrow Amount**") by the Purchaser or by a designated Affiliate thereof with the French Escrow Agent until the later of (i) the expiration of the opposition period provided by Article L. 141-14 of the French Code of Commerce (*Code de commerce*) for the creditors of the French Business to oppose to the payment of the French Business Price in relation to their receivables or settlement of the oppositions (the "**Creditor Claim**") and (ii) the expiration of the period during which the French tax authorities can request to the Purchaser or its designated Affiliate the payment of the French corporate income tax and the apprenticeship tax due by the French Vendor (i.e. upon the expiration of the period of 90 days mentioned by Article 1684 1° of the French tax code (*Code général des impôts*)) (the "**Specific Tax Claim**").

(b) The French Escrow Amount shall be released in full and paid to the French Vendor in the absence of a Creditor Claim or a Specific Tax Claim. In the event of Creditor Claims and/or Specific Tax Claim, the French Escrow Amount to be released shall be reduced by any Creditor Claim and/or Specific Tax Claim up to the French Escrow Amount.

2.10 **Earn-Out Amount**

(a) The Parties agree that the payment of the Earn-Out Amount shall be tied to the Gross Revenue following Closing. The Vendors agree and acknowledge that:

(i) the Purchaser and its Affiliates may make from time to time such business decisions as they deem appropriate, in their sole discretion, in the conduct

of the Business and any other business of the Purchaser and its Affiliates following the Closing, including actions that may have an impact on the payment of the Earn-Out Amount; and

(ii) this Section 2.10 imposes no restrictions on the power or authority of the Purchaser and its Affiliates with respect to (A) the operation of the Purchased Assets, the Business or any other business, (B) the sale of the Purchased Assets, the Business or any other business or (C) the licensing of any Purchased Assets.

(b) The Purchaser shall be required to pay the Earn-Out Amount in accordance with this Section 2.10. To satisfy the payment of the Earn-Out Amount the Purchaser shall pay to Canadian Vendor Amalco:

(i) 5% of all Gross Revenues generated in the United States of America by the Purchaser or its Affiliates following Closing; and

(ii) 2.5% of all Gross Revenues generated outside of the United States of America by the Purchaser or its Affiliates following Closing;

provided that under no circumstances will such payments exceed, in the aggregate, the Earn-Out Amount.

(c) Following the Closing Date, within 30 days following the end of each fiscal quarter, commencing the second quarter of 2018, the Purchaser shall calculate the amount owing to Canadian Vendor Amalco pursuant to Subsection 2.10(b), shall provide the Vendors with written notice of the Purchaser's calculation thereof (the "**Earn-Out Notice**") and shall forthwith pay to Canadian Vendor Amalco such amount to a bank account directed by Miriam from time to time. The Vendors shall have the right to review all working papers and other documentation used or prepared in connection with the preparation of, or which otherwise form the basis of, the Earn-Out Notice and calculation of the amount payable to Canadian Vendor Amalco pursuant to Subsection 2.10(b) and to object in good faith to the Earn-Out Notice or such calculation in accordance with the procedure outlined in Subsections 2.6(d) through 2.6(j) with respect to an NWC Dispute. To the extent that:

(i) on the date that is eighteen (18) months from the Closing Date, the amounts paid to Canadian Vendor Amalco pursuant to this Section 2.10 are less than $1,000,000, the Purchaser shall pay, on such date, the difference between $1,000,000 and the amounts paid to Canadian Vendor Amalco prior to such date; and

(ii) on the date that is thirty (30) months from the Closing Date the amounts paid to Canadian Vendor Amalco pursuant to this Section 2.10 are less than the Earn-Out Amount, the Purchaser shall pay, on such date, the difference between the Earn-Out Amount and the amounts paid to Canadian Vendor Amalco prior to such date.

2.11 **Purchase Price Allocation**

The Purchaser and the Vendors agree to reflect the allocation of the Purchase Price as determined by the Vendors and provided at Schedule 2.11 (as adjusted) in their respective financial statements and Tax Returns on and subsequent to the Closing and not to take any position inconsistent with such allocation. The Vendors acknowledge and agree that the Purchaser has relied on such allocation of the Purchase Price in entering into this Agreement and in meeting its obligations under this Section 2.11. In the event that allocation of the Purchase Price is disputed by any Tax Authority, the Party receiving notice of such dispute shall promptly notify the other Parties and the Parties will use commercially reasonably efforts to sustain the allocation provided at Schedule 2.11. The Parties will share information and cooperate to the extent reasonably necessary to permit the transactions contemplated by this Agreement to be properly, timely and consistently reported.

2.12 **Withholding Tax Treatment**

(a) The Parties hereby agree to approach the ITA and apply for a withholding tax exemption certificate ("**Withholding Tax Certificate**") pursuant to which the Purchaser shall be exempted from withholding tax or entitled to a reduced withholding tax rate in connection with payments of the French Business Price to the French Vendor or to the French Escrow Agent (the "**Payee**").

(b) To the extent a Withholding Tax Certificate is not issued by the ITA by the Time of Closing, or if the Withholding Tax Certificate is issued by the Time of Closing for a reduced withholding rate or if the ITA has issued any other interim ruling requiring the Purchaser to withhold taxes in respect of the French Business Price, then, in each of the above cases, the Purchaser shall pay the Payee or cause any of its Affiliates to pay the Payee the entire French Business Price, without any applicable tax-withholdings.

(c) The Vendors hereby undertake to cooperate, and to cause the French Escrow Agent to cooperate with the Purchaser and its Affiliates in filing the request for Withholding Tax Certificate and completing any procedural formalities and proceedings with the ITA which are necessary in order to obtain the Withholding Tax Certificate. Moreover, in the event the Purchaser has paid the ITA any withholding taxes ("**Remitted Taxes**"), then at any time following the Closing and for as long as it may be required, the Vendors shall assist the Purchaser, and cause the French Escrow Agent to assist the Purchaser in any manner in recovering from the ITA the Remitted Taxes, including without limitation, signing, executing and/or providing with any documents, certificates, affidavits, declarations, forms and instruments and take any other action which the Purchaser, acting reasonably, deems necessary or advisable in order to recover the Remitted Taxes. Any Remitted Taxes which are recovered shall be the property of the Purchaser.

(d) The foregoing process shall be led by the Purchaser.

ARTICLE 3 – COVENANTS

3.1 **Positive Covenants of the Vendor Parties**

Except as otherwise contemplated by this Agreement, as required by Applicable Law or consented to in writing by the Purchaser, from the date of this Agreement until the earlier of the termination of this Agreement and the Closing, each of the Vendor Parties covenants and agrees to:

(a) cause the amalgamation of the Canadian Vendors under the laws of the Province of Ontario to form Canadian Vendor Amalco no less than two (2) Business Days prior to the Closing Date (and for greater certainty, to obtain any and all necessary consents and approvals in connection therewith) all on terms, conditions and documentation satisfactory to the Purchaser, acting reasonably;

(b) following such amalgamation, use commercially reasonable efforts to complete any and all necessary updates in connection the Canadian Intellectual Property registrations;

(c) conduct the Business in the Ordinary Course;

(d) provide the Purchaser with such information about the Business, the Purchased Assets and the Assumed Liabilities as the Purchaser may request from time to time, including any Business Records;

(e) cause the insurance policies of the Vendor Parties (and any surety bonds, letters of credit, cash collateral or other deposits related thereto required to be maintained with respect to such insurance policies) not to be amended, cancelled or terminated, or any other coverage thereunder to lapse, unless simultaneously with such amendments, renewals, terminations, cancellation or lapse, amended, renewed or replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the amended, renewed, cancelled, terminated or lapsed insurance policies, and where possible, for substantially similar premiums, are in full force and effect;

(f) comply in all material respects with all Applicable Laws affecting the Vendor Parties and the operation of the Business, provided that this covenant shall not require that any of the Vendor Parties apply for Permits other than as specifically required in this Agreement;

(g) timely prepare and file all Tax Returns required to be filed by the Vendor Parties and timely pay all Taxes for which the Vendor Parties are liable and all Taxes that relate to the Business or the Purchased Assets for pre-Closing periods provided, that the foregoing shall not apply to any Tax or Tax Return that (i) is described in the Escrow Agreement, (ii) is a Transfer Tax that is the obligation of the Purchaser in accordance with this Agreement or (iii) is the subject of specific disclosure in Schedule 2.8;

(h) provide commercially reasonable cooperation with the Purchaser and make any filings reasonably and timely requested by the Purchaser in connection with the transactions contemplated pursuant to this Agreement;

(i) maintain all registrations with respect to the Intellectual Property that is registered in North America or Europe, excluding any Additional French IP and any Intellectual Property that has been specifically identified in Schedule 1.1(p), Schedule 1.1(kkk) or Schedule 1.1(bbbbbbb) as abandoned or lapsed, and pay in a timely manner any registration, maintenance and renewal fees with respect to such Intellectual Property by the due date for such fees, without taking advantage of any available periods of grace, extension, restoration or reinstatement; and

(j) use commercially reasonable efforts to preserve intact its Business, organization and goodwill, to keep available the employees and Independent Contractors of its Business as a group, and to maintain satisfactory relationships with Governmental Entities, suppliers, vendors, distributors, service providers, customers and others with whom the Vendor Parties have business relationships.

3.2 **Negative Covenants of the Vendor Parties**

Except as otherwise contemplated by this Agreement, as required by Applicable Law or consented to in writing by the Purchaser, from the date of this Agreement until the earlier of the termination of this Agreement and the Closing, each of the Vendor Parties covenants and agrees not to:

(a) undertake any activity or enter into any understanding or agreement that will have or would reasonably be expected to have any Material Adverse Effect on the Purchased Assets or the Business prior to the Closing Date;

(b) sell, assign, transfer, convey, lease, license, encumber or otherwise dispose of any Purchased Asset;

(c) acquire any capital assets or make capital expenditures;

(d) waive or release any material right or Claim in respect of any Purchased Assets or Assumed Liabilities;

(e) amend, assign, renew, extend or terminate (including through permissive non-renewal) any Assumed Contract; enter into any Contract that would be a material Contract if in effect on the date hereof; or waive, release or assign any material rights or Claims under any existing Assumed Contract;

(f) make any increase in the compensation payable or to become payable to Employees, Independent Contractors or agents or institute any new, or increase or accelerate the vesting or payment of any amounts or benefits under any existing, benefit plans, including the Employee Benefit Plans;

(g) make any material amendment to any employment Contract, including any amendment relating to restrictive covenants;

(h) terminate or modify, in any material respect, any relationship with, or make any termination, modification or amendment to any Contract with, any consultant or Independent Contractor, including any amendment relating to restrictive covenants;

(i) terminate, promote, demote, hire or transfer any Employee;

(j) terminate or modify, in any material respect, any relationship with any distributor of the products of the Business;

(k) waive, cancel, amend, terminate or fail to maintain in full force and effect all Permits which are presently held and are required for the operation of the Business or fail to timely file and prosecute any necessary applications for renewal of any such Permits;

(l) make any filings with any Governmental Entity relating to the withdrawal by a Vendor from any lines or kinds of business; or

(m) authorize or agree or otherwise commit to do or make any public announcement with respect to the foregoing unless required pursuant to Applicable Law:

provided, for certainty, the French Vendor may, at any time, sell the French Real Property.

3.3 **Due Diligence**

(a) Subject to compliance with Applicable Laws, the Vendor Parties shall, from the date of this Agreement until the earlier of the termination of this Agreement and the Closing:

(i) make available to the Purchaser and its representatives full and complete access to the Business and Records, including information regarding the Employees (including their employment history, wages and benefits, date of hire, and other particulars), all financial information respecting the Business and such other information as may be requested to enable the Purchaser to satisfy itself as to the condition, both financial and otherwise, of the Business and Purchased Assets;

(ii) permit the Purchaser and its representatives to conduct physical inspections of the Purchased Assets, including the US Leased Premises; and

(iii) make available to the Purchaser and its representatives access to personnel and officers of the Vendors.

(b) Without limiting the generality of the provisions of the Confidentiality Agreement and subject to Section 3.3(c), the Parties acknowledge that all information provided under this Section 3.3 or otherwise pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, is subject to the Confidentiality Agreement, which will remain in full force and effect until the Closing, at which time the Confidentiality Agreement will be deemed to be

terminated without further action of the parties thereto, notwithstanding any other provision of this Agreement or any termination of this Agreement. If any provision of this Agreement conflicts or is inconsistent with any provision of the Confidentiality Agreement, the provisions of this Agreement will supersede those of the Confidentiality Agreement, but only to the extent of the conflict or inconsistency, and all other provisions of the Confidentiality Agreement will remain in full force and effect until Closing, at which time the Confidentiality Agreement will be deemed to be terminated without further action of the parties thereto. Notwithstanding any other provisions of this Agreement, the Purchaser will continue to have access to the Data Room from the date hereof until the Closing.

(c) The Vendors hereby waive any provision of the Confidentiality Agreement to the extent any such provision restricts or is or may be breached as a result of: (a) the transactions expressly contemplated by this Agreement; (b) discussions undertaken with any Governmental Entity in respect of the transactions contemplated by this Agreement; and (c) any other action that may be reasonably required in order for the Purchaser to perform its obligations under this Agreement.

3.4 **Employees and Independent Contractors**

(a) Within seven Business Days following the date hereof, the Purchaser shall provide a list of Employees and Independent Contractors to the Vendors that it (or one or more Affiliates of the Purchaser) wishes to hire on Closing. The Vendors agree that the Purchaser, or one or more of its Affiliates, may, at any time following such notice, provide such Employees or Independent Contractors with written offers of employment, which offers, if accepted, would become effective as of the Closing. The Vendors shall pay to all Employees and Independent Contractors on Closing all accrued obligations owing to them as of the Closing and shall confirm at Closing that such accrued obligations have been paid and satisfied in full, including any obligations in respect of final pay and accrued vacation time of any salaried Employees (other than such Employees for whom the relevant Vendor is not required to pay unused vacation upon termination, pursuant to such person's employment agreement, to the extent not inconsistent with Applicable Law). The Purchaser agrees that the offers of employment it shall extend, or cause one or more of its Affiliates to extend, to Employees shall be on substantially the same or similar terms and conditions, which for the avoidance of doubt means position, duties, and terms of compensation during employment, as existed as of the day and year first above written, excluding the French Transferred Employees.

(b) The Vendors agree to assign to the Purchaser (or one or more of the Purchaser's Affiliates, as directed by the Purchaser) any restrictive covenant obligations binding or purporting to bind any Employee or Independent Contractor in favor of the Vendors (including non-compete and non-solicitation obligations and other similar obligations) or, to the extent not assignable (as determined in the Purchaser's reasonable discretion), release each Employee and Independent Contractor from any such obligations that would interfere either with the hiring or

engagement of such Person by the Purchaser or one or more of its Affiliates or such Person's performance of duties for the Purchaser or one or more of its Affiliates following the Closing. The Vendors agree that the Purchaser or one or more of its Affiliates may, but need not, engage or hire any or all of the Employees or Independent Contractors as of or following the Closing.

(c) With respect to the French Transferred Employees, their employment contract will be automatically transferred to the Purchaser or its designated Affiliate acquiring the French Business in accordance with Article L. 1224-1 of the French Labour Code (Code du travail).

3.5 **Purchaser Right to Carry on Business**

Following the Closing, the Purchaser and its Affiliates shall have the exclusive right to represent itself as carrying on the Business in continuation of and in succession to the Vendors and the right to use any words indicating that the Business is so carried on, and the right to register the Canadian Business Names, the US Business Names, the French Business Names and any variations thereof. As soon as practicable following the Closing, the Vendor Parties agree and covenant (a) to effect a change of their names along with the names of any other entity in their control using the NeoGraft name or any other Business Name and (b) to take all necessary actions requested by the Purchaser to allow the Purchaser to use the Business Names or any variation thereof following the Closing. The Vendors shall promptly notify the Purchaser when such name changes have been completed.

3.6 **Third Party Consents**

Each of the Vendors and the Purchaser shall reasonably cooperate and use commercially reasonable efforts to obtain, prior to Closing or termination of this Agreement, the consents and approvals of any Person that is required, necessary, proper or advisable to be obtained in respect of the transfer to the Purchaser by the Vendors on Closing of any of the Vendors' rights under any Purchased Asset or in order to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents or to avoid any cancellation, termination or acceleration of any rights under, or constitute a default under any Assumed Contract (collectively, the "**Third Party Consents**") all of which are described in Schedule 3.6, and which, for certainty, shall include the Major Contracts. To the extent any Third Party Consents have not been obtained as of Closing and the Closing occurs nevertheless, then (a) this Agreement and the documents contemplated hereby shall not constitute an agreement to assign the applicable Purchased Asset if an attempted assignment would constitute a breach thereof or be unlawful and such Purchased Asset shall not be assigned and transferred at the Closing and the Purchaser (or one or more of its Affiliates) shall not assume the applicable Vendor's Liabilities or obligations with respect thereto at the Closing, to the extent such Liabilities or obligations constitute Assumed Liabilities, (b) the Vendors shall continue to reasonably cooperate with the Purchaser and use their commercially reasonable efforts to obtain the necessary consent or approval as soon as practicable after the Closing, (c) upon the obtaining of such consent or approval, the Vendors and the Purchaser shall execute such further instruments of conveyance (in substantially the form executed at the Closing) as may be necessary to assign and transfer such Purchased Asset (and the associated Liabilities and obligations of the Vendors, to the extent such Liabilities and obligations constitute Assumed Liabilities) to the Purchaser or one or more of its Affiliates and (d) from and after the Closing until

the assignment, pursuant to clause (c) above, of any Assumed Contract that was not transferred at the Closing in accordance with this Section 3.6 and to which the Purchaser notifies Solutions Canada that this clause (d) shall apply, the Purchaser shall perform and fulfill, or cause to be performed and fulfilled, on a subcontractor basis, the obligations of the applicable Vendor or Vendors to be performed and fulfilled under such Assumed Contract, and such Vendor or Vendors shall promptly remit to (or as directed by) the Purchaser all payments received by such Vendor or Vendors under such Assumed Contract for services performed during such period, provided, in the case of this clause (d), that the Purchaser shall indemnify the applicable Vendor for any Loss suffered by the other party to such Assumed Contract (i) with respect to the period following the Closing during which the Purchaser performs and fulfills, or causes to be performed and fulfilled, on a subcontractor basis, the obligations of the applicable Vendor or Vendors to be performed and fulfilled under such Assumed Contract and (ii) only to the extent that such Loss is based on facts, circumstances or events that arise during the period referred to in clause (i) of this proviso. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Purchaser's rights under the Purchased Asset in question so that Purchaser would not in effect acquire the benefit of all such rights, the Vendors, to the maximum extent permitted by Applicable Laws and such Purchased Asset, shall after the Closing provide to the Purchaser the benefit of such Purchased Asset in order to obtain for it the benefits thereunder and shall cooperate at the Vendors' sole cost and expense, to the maximum extent permitted by Applicable Law, with the Purchaser in any other reasonable arrangement designed to provide such benefits to Purchaser, including enforcing any rights under such Purchased Asset or allow Purchaser or its designees to enforce such rights.

3.7 **Notification & Cooperation**

Subject to compliance with Applicable Laws, from the date hereof until the earlier of the termination of this Agreement and the Closing, each of the Vendor Parties, on the one hand, and the Purchaser, on the other hand, shall promptly notify the other and keep it apprised as to:

(a) any Claim which challenges or seeks to restrain or enjoin the consummation of any of the transactions contemplated by this Agreement or the Transaction Documents;

(b) any representation or warranty made by it or the others contained in this Agreement becoming untrue or inaccurate in any material respect or it failing to comply with or satisfy in any material respect any covenant or agreement to be complied with or satisfied by it or the others under this Agreement;

(c) in the case of the Vendor Parties, the occurrence of any fact or state of facts, circumstance, change, effect, occurrence, condition or event that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Business;

(d) any other event that would or would reasonably be expected to result in, individually or in the aggregate, any of the conditions set forth in Article 8 not being capable of being fulfilled by the Closing Date;

(e) any written notice received by such Party from a Governmental Entity or third party seeking to restrain or prohibit the transactions contemplated by this Agreement or the Transaction Documents; or

(f) the commencement of any material Claim against such Party or its Affiliates that would adversely affect the ability of such Party or its Affiliates to consummate the transactions contemplated by this Agreement or the Transaction Documents.

No notification made pursuant to this Section 3.7 will have the effect of satisfying any condition set forth in Article 8, nor will any such notification have any effect for the purposes of determining the right of any Party to claim or obtain indemnification under this Agreement, other than as a breach of a covenant by a Party failing to notify or keep the other apprised, or otherwise enforce its rights and remedies under this Agreement.

3.8 **Discharge of Encumbrances**

(a) The Vendor Parties covenant that they shall discharge, at or prior to Closing, at their sole cost and expense, all Encumbrances affecting the Purchased Assets, or if such Encumbrances will exist post-Closing, the Vendor Parties shall, or shall cause the Vendors' Counsel to, prior to Closing: (i) obtain a no-interest letter for any undischarged Encumbrances in respect of the Purchased Assets, in form satisfactory to the Purchaser in its sole discretion; or (ii) undertake to pay out and discharge any such Encumbrances using the Closing Payment, with any supporting waivers or pay-out letters and confirmations of discharges to be promptly delivered to the Purchaser's Counsel, before any amount of the Purchase Price is paid to the Vendor Parties.

(b) The Vendor Parties covenant that, to the extent not provided at or prior to Closing, they shall promptly provide the Purchaser with a certificate of release of the federal Tax lien filed with respect to Solutions US and its employment Tax liabilities for the periods ended December 31, 2015 through September 30, 2017.

3.9 **Transition Assistance**

The Vendor Parties shall cooperate with the Purchaser and its Affiliates to effect an orderly transition of the Business following Closing and to make such announcements regarding the change of ownership of the Business as the Purchaser and its Affiliates shall wish to make. If, at any time after the Closing Date, any Intellectual Property remains for any reason vested in the Vendors, the Vendors shall transfer such Intellectual Property to the Purchaser or to any of its designated Affiliate as soon as practicable for no additional or nominal consideration. Except as expressly agreed by the Parties, as from the Closing Date, the Vendors shall not use, in any way whatsoever, the Intellectual Property.

3.10 **Data Room**

At or prior to the Closing, the Vendors shall deliver to the Purchaser a true and correct electronic copy of the Data Room together with all documents and materials added to the Data Room on and after the date hereof and on or prior to the Closing Date. From and after the Closing, the Vendor

Parties and their respective representatives will cease to have access to the Data Room but may retain a true and correct electronic copy of the Data Room provided that such information may not be used for any purpose which is prohibited by this Agreement, the Transaction Documents or Applicable Law or which may result in the disclosure of a Trade Secret.

3.11 **Restrictive Covenants**

The Vendor Parties hereby covenant and agree that neither of them, nor any of their Affiliates, shall, without the prior written consent of the Purchaser, at any time during the period commencing on the Closing Date and ending three (3) years following the Closing Date:

(a) either individually or in partnership or jointly or in conjunction with any other Person or Persons, firm, association, syndicate, company or organization, as principal, agent, shareholder, equityholder or in any other manner whatsoever carry on or be engaged in or concerned with or interested in or advise, lend money to, guarantee the debts or obligations of any Person or Persons, firm, association, syndicate or corporation engaged in a business which is the same as, similar to or in any way competitive (in whole or in part) with the Business in North America and Europe;

(b) solicit, directly or indirectly, or attempt to solicit any suppliers or employees away from the Business or request, induce or attempt to influence any supplier of goods or services to the Business to curtail or cancel any business it transacts with the Purchaser; or

(c) solicit, directly or indirectly, or attempt to solicit any customers or prospective customers of the Business or persuade or attempt to persuade such customers from discontinuing or adversely altering their relationship with the Purchaser.

Notwithstanding clause (a) above, Miriam shall be permitted, indirectly through her controlling interest in INCI Medica Incorporated or any successor thereto, to continue to be engaged in the business of selling hair growth products (including the formulas currently branded as “Reload” and “HR9” but for greater certainty specifically excluding the NeoGraft Device, the NeoGraft Device Products or any hair restoration products in the context of hair transplants) provided that she shall not (and shall cause INCI Medica Incorporated not to) directly market such hair growth products to any hair transplant doctors anywhere in Canada or the United States except as otherwise expressly permitted by the Hair Medica Supply Agreement. The Vendor Parties acknowledge that the foregoing restrictions are reasonable in order to protect the legitimate business interests of the Purchaser, and a breach by any of the Vendor Parties of any of the provisions of this Section 3.11 may result in damage to the Purchaser. The Purchaser may not be adequately compensated for such damages by monetary award. Accordingly, in the event of any such breach, in addition to all the remedies available to the Purchaser at law or in equity, the Purchaser may seek a restraining order, injunction, decree or other remedy to ensure compliance with this Agreement.

3.12 **Restrictive Covenant Election**

The Purchaser and the Vendor Parties intend that the conditions set out in Subsection 56.4(7) of the Tax Act have been met, so that Subsection 56.4(5) of the Tax Act applies to any "restrictive covenant" (as defined in Subsection 56.4(1) of the Tax Act) granted by each of the Vendor Parties pursuant to this Agreement (in this Section 3.12, the "**Non-Competition Covenants**"). For greater certainty:

(a) for the purposes of paragraph 56.4(7)(d) of the Tax Act, no proceeds will be attributable, allocable, received or receivable by the Vendor Parties for granting the Non-Competition Covenants;

(b) the Non-Competition Covenants are integral to this Agreement and have been granted to maintain or preserve the fair market value of the Purchased Assets and the Business; and

(c) the Purchaser would not purchase the Purchased Assets without having the benefit of the Non-Competition Covenants.

The Purchaser will, within (5) five Business Days of a written request from Miriam to do so following Closing, make jointly with a Vendor Party one or more elections pursuant to or in respect of Subsection 56.4(7) of the Tax Act in the required manner and using a form prescribed for such purposes (if applicable) and otherwise reasonably acceptable to their respective counsels, as will cause Subsection 56.4(5) of the Tax Act to apply to the Non-Competition Covenants granted by the Vendor. Such election will reflect that the Parties have allocated no proceeds to the restrictive covenant. Provided that it has complied with the foregoing covenant, the Purchaser will not be responsible for any late filing penalties and will have no Liability to the Vendor Parties or otherwise with respect to the Tax consequences associated with any such election.

3.13 **Post-Closing Confidentiality**

From and after the Closing until the third anniversary of the date hereof: (a) the Vendor Parties will, and will cause its Affiliates and representatives to, maintain in confidence any written, oral or other information to the extent relating to or obtained from the Purchased Assets or the Business or obtained from the Purchaser, its Affiliates or its representatives; and (b) the Purchaser will, and will cause its Affiliates and representatives to, maintain in confidence any written, oral or other information to the extent relating to or obtained from the Vendor Parties, their Affiliates or their representatives (other than information to the extent relating to the Purchased Assets or the Business), except, in each case, to the extent that: (i) the applicable Party or its Affiliates or representatives are required to disclose such information by or pursuant to Applicable Law; or (ii) such information can be shown to have been in the public domain (so long as such Party and its representatives were not responsible for such information becoming public). In addition, in the case of clause (i), to the extent permitted by Applicable Law, the disclosing Party agrees that it and its Affiliates and representatives will provide the other Party with prompt written notice of such requirement or request so that such Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Section 3.12(a). Each Party agrees that it and its Affiliates and representatives will use commercially reasonable efforts to cooperate with

the other Party, to the extent permitted by Applicable Law and at the sole cost and expense of the other Party, to obtain such a protective order or other remedy and to delay or cause its Affiliates and representatives to delay such disclosure in the meantime. Each Party agrees to disclose or furnish and cause its Affiliates and representatives to disclose or furnish only that portion of the information that such Party, Affiliate or representative concludes, after consultation with counsel, is required by Applicable Law to be disclosed or furnished and, to the extent permitted by Applicable Law and at the sole cost and expense of the other Party, each Party agrees that it and its Affiliates and representatives will use commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such information (it being understood that this provision will not be construed to require such party or its Affiliates or representatives to undertake any litigation or other legal proceedings). Each Party agrees in any event to give prompt written notice to the other Parties of any proposed disclosure made by it or its respective Affiliates or representatives pursuant to this Section 3.12(a), to the extent permitted by Applicable Law. For greater certainty, nothing in this Section 3.12(a) will preclude a Party from disclosing any such information for the purposes of preparing and filing any Tax Return or other Tax filing or for any dispute, controversy or claim arising out of or relating to this Agreement, and, with respect to the Vendor Parties, subject to the consent of the Purchaser, not to be unreasonably withheld, disclosing any such information for the purposes of carrying out the Excluded Litigation. With respect to the Excluded Litigation, no consent will be required to disclose such information to a Vendor Party's legal counsel or accountants in connection with the Excluded Litigation or to disclose information that has already been shared with an opposing party or its counsel or the relevant court or arbitrator prior to the Closing.

3.14 **Regulatory Approvals**

The Vendors agree as soon as practicable after the date hereof to do all things necessary or appropriate under Applicable Laws to obtain the Regulatory Approvals with any competent Governmental Entity, being the following:

(a) the Vendors will engage Emergo Group Inc. (or such other competent regulatory consultant as agreed to by the Vendors and the Purchaser) to conduct an internal audit to review the Vendors' quality management system and draft submission prior to the submission of the quality management system to a Notified Body acceptable to the Purchaser, acting reasonably;

(b) the Vendors will correct any deficiencies identified during the internal audit prior to the submission of the quality management system to such Notified Body; and

(c) upon completion of internal audit and correction of any deficiencies identified during such internal audit, the Vendors will make their quality management system submission to the selected Notified Body and schedule an audit to be conducted by such Notified Body, which audit may take place after Closing.

The Vendor Parties agree to regularly inform the Purchaser of any update on the status of the filings with any competent Governmental Entity or Notified Body and promptly provide the Purchaser with any material submission, filing, notification or communication and notify the

Purchaser of any material written understanding, undertaking or agreement that the Vendors propose to enter into with said competent Governmental Entity or Notified Body.

3.15 **Exclusivity**

From the date of this Agreement through the Closing, (a) the Vendor Parties shall not, nor shall they permit any of their Affiliates, shareholders, directors, officers or employees to, nor shall they authorize any of their Affiliates, shareholders, representatives, advisors, bankers or agents to, directly or indirectly, (i) solicit, initiate, or encourage the submission of any proposal or indication of interest relating to an Alternative Transaction, (ii) participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or knowingly take any other action to facilitate any inquires or the making of any proposal that constitutes, or may reasonably be expected to lead to, an Alternative Transaction or (iii) authorize, consummate or engage in, or enter into any agreement or understanding with respect to, an Alternative Transaction; (b) the Vendor Parties shall cease and cause to be terminated any and all discussions and negotiations with all Persons (other than the Purchaser and its Affiliates) regarding any Alternative Transaction or any other transaction that could reasonably be expected to lead to an Alternative Transaction; and (c) the Vendor Parties shall promptly inform the Purchaser of any other offer, proposal or expression of interest for an Alternative Transaction that it or any of its Affiliates, representatives or advisors may receive.

3.16 **Collection of Accounts Receivable**

The Purchaser and its Affiliates shall make commercially reasonable efforts to collect Accounts Receivable following the Closing provided that the Vendor Parties shall assist the Purchaser and its Affiliates with such efforts and shall advance any monies, cheques or instruments received by them to the Purchaser to the extent relating to the Accounts Receivable. The Vendors shall be permitted to collect any Excluded Receivables.

3.17 **Royalty Payment with respect to Additional French IP**

(a) The Purchaser hereby covenants and agrees that, from the Closing Date until the date that all Additional French IP expires, becomes obsolete or enters the public domain (the "**Royalty End Date**"), it shall pay the French Vendor a royalty fee of two percent (2%) of the Royalty Revenue (the "**Royalty Fee**").

(b) Following the Closing Date, within 30 days following the end of each calendar year, the Purchaser shall provide a reasonably detailed report supporting the calculation of the Royalty Fee owing for the previous calendar year (or portion thereof) and shall pay such Royalty Fee to a bank account directed by Miriam from time to time.

(c) At the request of the French Vendor, the Purchaser shall provide prompt access to documentation used to calculate the amount of the Royalty Fee payable to the French Vendor. The French Vendor shall have the right to object in good faith to the Royalty Fee or the calculation of such fee in accordance with the procedure outlined in Subsections 2.6(d) through 2.6(j) with respect to an NWC Dispute. Following Closing, the Vendor Parties shall receive no additional fees or

compensation of any kind whatsoever in connection with any use or exploitation of the Additional French IP, other than the Royalty Fee.

(d) Notwithstanding the foregoing, if the Additional French IP is sold by the Purchaser or its Affiliate to an arm's length purchaser prior to the Royalty End Date, all obligations with respect to the payment of the Royalty Fee shall terminate and this Section 3.16 shall be of no further force or effect provided that the Purchaser shall be required to pay the French Vendor, contemporaneously with the closing of such sale, an amount equal to the product of the Royalty Fee in the immediately prior year multiplied by the number of years then left prior to the Royalty End Date.

(e) Notwithstanding Section 10.2, the rights of the French Vendor under this Section 3.17 may be assigned to any other Vendor Party upon prior written notice to the Purchaser.

(f) Any payments that may be owed under this section will be made subject to withholding or deduction in respect of such payments for, or on account of, any present or future Taxes imposed or levied by or on behalf of any Tax Authority and for which the Purchaser or its Affiliate is obligated by law to withhold or deduct and remit to such Tax Authority having such power and jurisdiction.

3.18 **French Sales Representative Agreement**

Prior to the Closing Date, the French Vendor shall terminate the French Sales Representative Agreement in compliance in all respect with Applicable Laws for its termination. In this respect, on the Closing Date, the French Vendor shall pay the sales representative all termination indemnity due under the French Sales Representative Agreement and Applicable Laws (unless otherwise agreed between the French Vendor and the sales representative and the sales representative having expressly waived any right to any indemnity due under the French Sales Representative Agreement), so that the sales representatives may have no Claim of any nature whatsoever against the Purchaser or its Affiliates as a result of the performance and termination of the French Sales Representative Agreement.

ARTICLE 4 – REPRESENTATIONS & WARRANTIES OF THE VENDOR PARTIES

The Vendor Parties represent and warrant, on a joint and several basis, to the Purchaser as of the date hereof and as of the Closing Date (except to the extent that any such representation or warranty is, by its terms, limited to a specific date, in which case, as of such specific date) as follows and acknowledge that the Purchaser and its Affiliates, to the extent that they are parties to the transactions contemplated herein, are relying upon such representations and warranties in connection with the execution of this Agreement and the purchase of the Purchased Assets and the Assumed Liabilities:

4.1 **General Representations and Warranties**

(a) **Due Authorization of Agreement by Vendor Parties** – The execution and delivery of this Agreement and the consummation of the transactions herein contemplated have been duly authorized by all necessary corporate action on behalf

of each of the Vendors and this Agreement has been duly executed and delivered by the Vendor Parties and is a valid and binding obligation of each of the Vendor Parties enforceable against it or her in accordance with the terms hereof, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought. Other than the Third Party Consents, no approval of any Person or Governmental Entity is necessary to authorize the entering into of this Agreement by any of the Vendor Parties with the consummation by the Vendor Parties of the transactions contemplated herein.

(b) **Validity of Agreement** – The entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents of any of the Vendors or of any agreement to which any of the Vendor Parties may be a party or violate applicable law or conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, or violate any Contract and Permits (other than Contracts that require consent to assign). The entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any Applicable Law or any applicable order of any Governmental Entity having jurisdiction over any of the Vendor Parties.

(c) **Condition of Purchased Assets** – The Vendors have maintained the Purchased Assets in good condition and repair, as would a prudent owner. No Vendor has knowledge of any material defects in any of the Purchased Assets.

(d) **Compliance with Laws** – Except as expressly set out in Schedule 4.1(d) , the Vendors have at all times conducted and are conducting the Business in compliance with Applicable Law, in all material respects, of each jurisdiction in which the Business is carried on and is not in breach of any such laws and is duly licensed, registered or qualified in each jurisdiction in which the Vendors own or lease their assets or carry on the Business, to enable the Business to be carried on as now conducted, and all such licenses, registrations and qualifications are valid and subsisting and in good standing, provided that the representations and warranties set out in this Subsection 4.1(d) will not apply to any jurisdiction where the failure to be so licensed or registered would not, individually or in the aggregate, have a Material Adverse Effect on the Business.

(e) **Business Records** – The Business Records relating to the Purchased Assets (other than the financial Business Records) are true, correct and complete in all respects and not misleading. The financial Business Records reasonably set out and disclose in all material respects the financial position of the Vendors as at the date hereof. All Business Records have been delivered or otherwise made available for inspection by the Purchaser.

(f) **Ordinary Course** – Other than as set out in Schedule 4.1(f) , from the Reference Date, the Business has been carried on in the Ordinary Course of the Business,

consistent with past practice, and no Vendor has made any change in the contractual relations with any of its customers or entered into any commitment or transaction not in the Ordinary Course of the Business.

(g) **No Material Adverse Change** – Since the Reference Date, there has been no (i) Material Adverse Change with respect to the Business or (ii) change in the Business, operations or affairs of the Vendors, financial or otherwise, or arising as a result of any legislative or regulatory change, or revocation of any permit, license or right to do business, fire, explosion, accident, casualty, labour problem, flood, drought, riot, storm, act of God or otherwise, except changes occurring in the Ordinary Course of the Business and which, in the aggregate, have not had a Material Adverse Effect on the Business and are not reasonably anticipated by the Vendor Parties to have a Material Adverse Effect on the Business, operations or affairs of the Vendors.

(h) **Absence of Unusual Transactions** – Since the Reference Date, no Vendor has:

(i) transferred, assigned, sold or otherwise disposed of any of the Purchased Assets (other than the sale of inventory in the Ordinary Course of the Business and the transfer of inventory between Vendors in the Ordinary Course of the Business);

(ii) waived any rights of substantial value, or entered into any commitment or transaction not in the Ordinary Course of the Business where such loss, rights, commitment or transaction is or would be material in relation to the Business or the Purchased Assets, as the case may be;

(iii) mortgaged, pledged, subjected to lien, granted a security interest in or otherwise encumbered any of the Purchased Assets; or

(iv) except as otherwise expressly disclosed herein, authorized or agreed or otherwise become committed to do any of the foregoing;

(i) **No Other Agreements** – No person, firm or corporation has any agreement, right or option capable of becoming an agreement for the purchase of any of the Purchased Assets.

(j) **Insurance** – The Vendors maintain the forms of insurance described in Schedule 4.1(j) , which insurance is with reputable and sound insurers covering its property and the Purchased Assets and protecting the Business in amounts and against such Losses and Claims as are generally maintained for comparable businesses and properties. All such insurance coverage will be continued in full force and effect to and including the Closing Date. All policies of such insurance currently maintained by the Vendors on its assets and its personnel have been made available to the Purchaser. The Vendors are not in default with respect to any of the provisions contained in any such insurance policy nor have they failed to give any notice or present any Claim under any such insurance policy in due and timely fashion. There are no circumstances which would or might entitle any of the

Vendors to make a material Claim under any of such insurance policies or which would or might be required under any of such policies to be notified to the insurers and no material Claim under any such policy has been made by any of the Vendors since the Reference Date. No notice of cancellation or non-renewal with respect to, nor disallowance of any Claim under or with respect to any such policy or policies, has been received by any of the Vendors.

(k) **Litigation** – Other than as set out in Schedule 4.1(k), there are no suits, arbitration proceedings, injunctions, judgments, orders, legal actions, expropriation proceedings or other proceedings either pending, outstanding or, to the knowledge of the Vendor Parties, threatened against or relating to the Purchased Assets or against the Vendors which may have any material effect on the Business or the Purchased Assets or the transfer thereof to the Purchaser. No Vendor is aware of any existing grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success; and there is not currently outstanding against any Vendor any judgment, decree, injunction, ruling, order or award of any Governmental Entity. Without in any way limiting the generality of the foregoing, no product liability Claims have been asserted or made, or continue to be outstanding against a Vendor concerning the products manufactured, distributed or sold by a Vendor which is not fully covered by insurance of the Vendor.

(l) **Approvals** – No governmental licenses or permits necessary for the conduct of the Business require consent or approval as a result of the entering into of this Agreement or the consummation of the transactions contemplated hereby.

(m) **All Contracts of Business** – The Contracts constitute a complete list of all contracts related to the Business to which a Vendor is party. Other than the Contracts, no Vendor has outstanding any material agreement, contract or commitment, written or oral, of any nature or kind relating to the Business. All Contracts have been delivered or otherwise made available for inspection by the Purchaser (and in the case of oral contracts a written summary of all material terms). For greater certainty, other than as set out in Schedule 4.1(m) , no Vendor is a party to any written or oral agreement not to compete or granting exclusivity, or any material confidentiality agreement, which relates to the Business.

(n) **Assumed Contracts in Good Standing** – The Assumed Contracts are in good standing and no Vendor has received notice of any existing defaults thereunder. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, (A) result in a violation or breach of any of the provisions of any Assumed Contract by the Vendors or to the Vendors' knowledge, to the counterparties to any Assumed Contract, (B) give any person the right to declare a default or exercise any remedy under any Assumed Contract, (C) give any person the right to accelerate the maturity or performance of any Assumed Contract, or (D) give any person the right to cancel, terminate or modify any Assumed Contract. No person is renegotiating, or has a right pursuant to the terms of any of the said contracts, agreements,

engagements or commitments to renegotiate, any amount paid or payable under any Assumed Contract or any other material term or provision of any Assumed Contract.

(o) **Intellectual Property** –

(i) For the purposes of this Subsection 4.1(o), the term 'Intellectual Property' shall be interpreted to exclude Additional French IP.

(ii) Schedules 1.1(p), 1.1(kkk) and 1.1(bbbbbbb) contain an accurate and complete list and summary description of all Intellectual Property and all Licenses currently in force or which have been in force at any time within the last five (5) years preceding the date of this Agreement.

(iii) The Vendors are, or as set out in Schedule 1.1(p) will be prior to the Closing Date, the sole exclusive legal and beneficial, and when registered, registered owner of all right, title and interest in and to all Intellectual Property (other than any Intellectual Property that is licensed by any of the Vendors as disclosed in Schedule 1.1(p) and other than certain NeoGraft Device Products identified with an asterisk in Schedule 1.1(qqqq)), and have good and marketable title to all Intellectual Property, free and clear of all Encumbrances. Subject only to the terms of any Licenses as disclosed in Schedules 1.1(p), 1.1(kkk) and 1.1(bbbbbbb), the Vendors have not granted, by transfer, license or otherwise, any right, title or interest in or to any Intellectual Property. The Vendors are free to use and exploit the Intellectual Property in whatever jurisdictions within North America and Europe it is registered, rights attach or it is used by any Vendor, as applicable, without payment of any compensation or any royalty.

(iv) The Vendors' rights in the Intellectual Property are valid, subsisting and enforceable throughout North America and Europe, wherever such Intellectual Property is registered, is in use or has been used by any Vendor. The Vendors have taken all reasonable steps to maintain the Intellectual Property which is registered or in use in North America or Europe.

(v) Other than as disclosed in Schedule 1.1(p), in the five (5) years preceding the date of this Agreement; (1) no Person has challenged the ownership of the Vendors of any of the Intellectual Property, or the validity or enforceability of any applications or registrations for rights in any of the Intellectual Property; and (2) no actions, proceedings or disputes have been taken or are pending to challenge the Vendors' ownership of, or rights to any application or the registration for, any of the Intellectual Property.

(vi) The rights of the Vendors in the Intellectual Property are sufficient and effectively protected for the Vendors to carry on their business as it is currently being operated in all material respects. The Excluded Intellectual Property is not used or incorporated in (nor has it ever been used or

incorporated in) the Business or the Business Products nor is the Excluded Intellectual Property necessary or required in connection with the exploitation of the Intellectual Property. The Vendors have not granted nor shall the Vendors grant any rights or licenses to the whole or any part of the Intellectual Property that would conflict with the Vendors' ability to operate all aspects of their businesses as it is currently being operated.

(vii) All required filings and fees related to the registration or maintenance of the registration of the Intellectual Property which is registered in North America or Europe, when applicable, have been timely filed with and paid to the relevant Governmental Entity and authorized registrars, and all registrations with respect to such Intellectual Property are in good standing. To the extent requested prior to January 16, 2018, the Vendors have delivered or otherwise made available for inspection by the Purchaser true and complete copies of file histories, documents, certificates, examiner's reports, office actions, correspondence and other materials related to Intellectual Property registrations when applicable.

(viii) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to nor require the consent of any other Person in respect of, the Vendors rights to own, use or hold for use any of the Intellectual Property as owned, used, or held for use in the conduct of the Vendors business or operations as currently conducted.

(ix) Except as specifically noted at Schedules 1.1(p), 1.1(kkk) and 1.1(bbbbbbb), the Licenses are valid, in full force and effect without any amendment and constitute valid and binding obligations of the parties to such Licenses in accordance with their terms, and have been entered into bona fide in the Ordinary Course of the Business, and neither the Vendors nor, to the knowledge of the Vendors, any of the other parties to the Licenses are in any default or breach of any obligations under such Licenses. There are no pending or ongoing actions, proceedings or disputes with respect to any of the Licenses, nor to the knowledge of the Vendors are there any threatened proceedings or disputes with respect to any of the Licenses. None of the Licenses have been amended, assigned or surrendered or modified in any material respect. No consent or approval is required under any of the Licenses in connection with the transactions contemplated by this Agreement.

(x) The Vendors have not received notice that any licensee, customer, supplier or other party to any License has breached, intends to breach or intends to discontinue any such License.

(xi) Except as identified in Schedule 1.1(p), the Vendors have no requirement for obtaining any rights in third party tangible or intangible property, including any intellectual property rights (which for greater certainty shall

include (A) all patents, (B) all trade-marks (whether registered or existing at common law), (C) all registered and unregistered statutory and common law copyrights, (D) all industrial designs, (E) all registrations, applications and renewals for any of the foregoing, (F) all Trade Secrets and (G) all other intellectual property rights recognized at law), to permit the Vendors to continue to produce, develop and exploit the Intellectual Property and the Business Products as currently contemplated in the Business.

(xii) Each Trade Secret material to the Business or the Business Products is appropriately documented and the documentation in possession of the Vendors related to such Trade Secrets is current, accurate and sufficient in detail and content to identify and explain the Trade Secrets and allow their full and proper use by the Purchaser and its Affiliates after Closing without reliance on the knowledge or memory of any individual. The Vendors have taken reasonable precautions to protect the secrecy, confidentiality and value of the Trade Secrets. Any disclosures of Trade Secrets have been made under a written agreement which includes contractual provisions to protect unauthorized disclosure and use of the Trade Secret. No Trade Secret is currently subject to any adverse Claim or has been challenged or to the Vendor's knowledge, threatened in any way. No Trade Secrets are co-owned or jointly-owned with any Person (other than another Vendor). No confidential or proprietary information owned by any Person, other than the Vendors, has been incorporated into any Trade Secret. No Trade Secret is the subject of any escrow or similar arrangement which may provide the release of such Trade Secrets to Persons other than the Vendors under any conditions.

(xiii) All personnel, whether employees, contractors or otherwise, who made any material contribution to the creation or invention of any of the Intellectual Property or Trade Secrets that are material to the Business or to the Business Products, are listed in Schedule 1.1(p). Other than as set out in Schedule 1.1(p), all of the personnel, including any and all employees and contractors, which have created or developed any of the Intellectual Property, material to the Business, have only done so under provisions of written agreements which assigned to one or more of the Vendors, all rights to any material or inventions created in relation to any Intellectual Property. Other than as set out in Schedule 1.1(p), to the knowledge of the Vendors, no personnel of the Vendors, past or present, is in violation of any term of any non-disclosure, proprietary rights or similar agreement between such personnel and the Vendors. No funding, facilities or research educational institution of any Governmental Entity was used in the conception, reduction of practice, creation or development of any of the Intellectual Property.

(xiv) None of the Vendors' past or current registration, use, or exploitation of the Intellectual Property and the Business Products or the Vendors' conduct of the Business violates or infringes or has violated or infringed upon the intellectual property rights (which for greater certainty shall include (A) all

patents, (B) all trade-marks (whether registered or existing at common law) (C) all registered and unregistered statutory and common law copyrights, (D) all industrial designs, (E) all registrations, applications and renewals for any of the foregoing, (F) all Trade Secrets and (G) all other intellectual property rights recognized at law) of any other Person in North America or Europe and, to the knowledge of the Vendors, the rest of the world. Except as disclosed in Schedule 1.1(p), to the knowledge of the Vendors, no other Person has violated or infringed upon the Intellectual Property or threatened to violate such rights in any respect nor does any Vendor have any knowledge of any facts that would reasonably be expected to form the basis for a Claim of such infringement.

(xv) The Intellectual Property has not been the subject of any Claims or proceedings in the period of five (5) years preceding the date of this Agreement, nor are there any such Claims or proceedings currently pending or outstanding, or to the knowledge of the Vendors, threatened, except as disclosed in 1.1(p).

(p) **Computer Systems** – None of the records, systems, controls, data or information of the Vendors used in the Business are recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means which are not under the exclusive ownership and direct control of the Vendors, other than any offsite backup or disaster recovery arrangements with third parties in the Ordinary Course of the Business or payroll, benefits, bookkeeping and accounting service providers in the Ordinary Course of the Business. The Vendors' software systems have been satisfactorily maintained and have the benefit of maintenance agreements specified in Schedule 4.1(p). The Vendors' computer hardware and software systems have adequate capability and capacity for the current requirements of the Vendors for the processing and other functions required to be performed to operate the Business. Each of the Vendors has taken all actions which a reasonable person would take to protect against any computer viruses, worms, back doors or other devices or techniques which could improperly and without the authorization of the Vendors interfere with, cause harm to, cause information disclosure or loss, or otherwise disrupt the operation or use of the computer systems of the Vendors. Any software used in the Business does not contain any so-called open source software, except as expressly disclosed in Schedule 4.1(p).

(q) **Obligations to Customers and Suppliers** – There are no outstanding warranties or other similar obligations with or to customers of the Business or to any other users of the inventory of the Business, except warranties disclosed in Schedule 4.1(q) which have arisen in the Ordinary Course of the Business. No Vendor is required to provide any bonding or other financial security arrangements in connection with any transactions with any of its customers or suppliers. In the six months prior to the date hereof, no material customer of the Vendors has terminated or communicated to any of the Vendor Parties the intention or threat to terminate its relationship with the Vendors, or the intention to substantially reduce the quantity of products or services it purchases from the Vendors.

(r) **Sufficiency of the Purchased Assets** – The Purchased Assets include all assets necessary by the Purchaser for the continued use and operation of the Business on a going concern stand-alone basis following the Closing Date in the same way as was conducted by the Vendors prior to the Time of Closing.

(s) **Product Liability and Warranty Claims** – There have been no warranty Claims made with respect to, or in connection with, the Business Products. There are no pending or, to the knowledge of the Vendor Parties, threatened civil, criminal or administrative investigations or proceedings relating to:

(i) any alleged hazard or defect in design, manufacture, materials or workmanship, including any failure to warn or alleged breach of express or implied warranty, relating to the Business Products; or

(ii) any breach of any of the product warranties, indemnities or performance guarantees given to customers of the Business in respect of the Business Products.

(t) **No Broker** – Except for Stifel Financial Corp., there is no broker, agent or other intermediary acting for any of the Vendor Parties in connection with any transactions contemplated herein.

(u) **Regulatory Matters**

(i) Except as set out at Schedule 4.1(u)(i) and as contemplated by the Regulatory Approvals, the Vendors (A) are developing, testing, labeling, packaging, manufacturing, marketing, distributing, and storing, and (B) in the previous five (5) years have developed, tested, labeled, packaged, manufactured, marketed, distributed, and stored the Business Products, to the extent applicable, in compliance in all material respects with (i) the FDCA and applicable implementing regulations and guidances issued by the FDA, (ii) with respect to (B) above, the medicinal products and medical device laws of the European Union and applicable implementing regulations and guidelines issued by applicable Governmental Entities in the European Union, including the EMA, and (iii) with respect to (B) above, any other applicable Governmental Entities in any other country where the Vendors have developed, tested, labeled, packaged, manufactured, distributed or stored the Business Products.

(ii) Each NeoGraft Device in current commercial distribution in the United States is a Class I medical device as defined under 21 U.S.C. §360c(a)(1)(A) and (B), and applicable rules and regulations thereunder. Except as disclosed in Schedule 4.1(u)(i), each NeoGraft Device sold in Europe in the five years prior to 2017, were CE Marked and fully authorized to be on the market. The Vendors have not introduced in commercial distribution any Business Products which were upon their shipment by the Vendors adulterated or misbranded or in material violation of Applicable Laws.

(iii) The Vendors' facilities in Charlotte, North Carolina and Lewisville, Texas are registered, as required, and each product manufactured by or on behalf of the Vendors for commercial distribution in the United States that is required to be listed with the FDA under Section 510 of the FDCA, and the applicable rules and regulations thereunder, is so listed. Except as set out in Schedule 4.1(u)(i), there have been no recalls, corrections, repairs, replacements, refunds, safety alerts (or other notice relating to an alleged lack of safety, efficacy or regulatory compliance of any of the Vendors' Business Products), detentions, withdrawals, seizures, termination or suspension of manufacturing, or other adverse regulatory actions requested or threatened relating to the Vendors' Business Products, and no field notifications, field corrections or alerts, or, to the knowledge of the Vendors, any facilities where any such products are produced, processed, packaged or stored and the Vendors have not, within the last five (5) years, either voluntarily or at the request of any Governmental Entity, initiated or participated in a recall, correction, repair, replacement, refund, safety alert (or other notice relating to an alleged lack of safety, efficacy or regulatory compliance of the Vendors' Business Products), detention, withdrawal, seizure, termination or suspension of manufacturing or provided post-sale warnings regarding the Vendors' Business Products. The Vendors have no knowledge of any facts which are reasonably likely to cause (A) the recall, market withdrawal or replacement of any products sold or intended to be sold by the Vendors; (B) a change in the marketing classification or a material change in the labeling of any such product, or (C) a termination or suspension of the marketing of such product.

(iv) All manufacturing operations conducted by or for the benefit of the Vendors have been and are being conducted in material compliance with Applicable Laws, including, to the extent applicable, the provisions of the FDA's current good manufacturing practice and quality system regulations. The Vendors are in compliance in all material respects with the written procedures, record-keeping and FDA reporting requirements for Medical Device Reporting set forth in 21 C.F.R. Part 803.

(v) All preclinical studies and clinical trials, and other studies and tests of the Business Products conducted by or on behalf of the Vendors have been, and if still pending are being, conducted in material compliance, to the extent applicable, with the applicable protocol for such study or trial, good laboratory practices, good clinical practices and all Applicable Laws, including the FDCA and the respective counterparts thereof in Canada and Europe. The Vendors have delivered or otherwise made available for inspection to the Purchaser all material information known by the Vendors with respect to the safety and efficacy of the Business Products from nonclinical and/or clinical studies.

(vi) The Vendors have not received any of the following documents: (i) 510(k) rescission letters or other notice stating that that a product clearance or

approval is withdrawn or modified or that such an action is under consideration, (ii) notice of FDA regulatory actions against the Vendors, including notice of adverse findings, regulatory, untitled or warning letters or mandatory recalls, (iii) documentation related to voluntary or mandatory recalls of any Business Products of the Vendors, (iv) reports of removals or corrections or correspondence to and from the FDA concerning such reports and all related investigations, (v) safety alerts or (vi) other notice alleging or asserting material noncompliance with any Applicable Law. Neither the Vendors nor to the Vendor's knowledge, its suppliers or contract manufacturers has received an FDA Form 483 or any other Governmental Entity notice of inspectional observations related to or affecting the Business Product, which has not been closed out by the FDA or relevant Governmental Entity. The Vendors do not have knowledge of any facts which furnish any reasonable basis for any regulatory or warning letters from the FDA.

(vii) Except as set out at Schedule 4.1(u)(i), the Vendors have filed with the FDA and any other applicable Governmental Entity all required notices, registration applications, order forms, reports, supplemental applications and annual or other reports or documents, including adverse experience reports, that are material to the continued development or handling of the Business Products. The Vendors have not received any written notice questioning the good standing with the FDA or any other Governmental Entity of any of the documents filed by the Vendors with the FDA or any other Governmental Entity with respect to the Business Products or the manufacturing, handling, storage or shipment of the Business Products. Except as set out at Schedule 4.1(u)(i), the Vendors have not received written notice of any pending or threatened claim, suit, proceeding, hearing, enforcement, audit, investigation, arbitration or other action from the FDA or any other Governmental Entity alleging that any operation or activity of the Vendors is in material violation of the FDCA or the respective counterparts thereof promulgated by applicable state Governmental Entities or Governmental Entities outside the United States, including, as applicable, the medicinal products and medical device laws of the European Union. With respect to compliance with Applicable Laws, no civil, criminal or administrative action, suit, demand, claim, complaint, hearing, investigation, notice, demand letter, inquiry, proceeding or request for information is pending or, to the knowledge of the Vendors, threatened against the Vendors. Except as set out at Schedule 4.1(u)(i), to the knowledge of the Vendors, there has not been any material violation of any Applicable Laws by the Vendors in their product development efforts, submissions or reports to any Governmental Entity that could reasonably be expected to require investigation, corrective action or enforcement action.

(viii) Except as set out at Schedule 4.1(u)(i), the Vendors have not committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for the FDA or any other

Governmental Entity to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" or any such similar policies set forth in any Applicable Laws. Neither the Vendors nor, to the Vendors' knowledge, any of their officers, employees or agents, has been convicted of any crime or engaged in any conduct that has resulted, or would reasonably be expected to result, in debarment or exclusion under any Applicable Law, including 21 U.S.C. Section 335a. To the Vendors' knowledge, no claims, actions, proceedings or investigations that would reasonably be expected to result in such a material debarment or exclusion of the Vendors are pending or threatened against the Vendors or any of their officers, employees or agents.

(ix) The Vendors are not a party to any corporate integrity agreement, monitoring agreement, consent decree, settlement order, or similar agreement with or imposed by any Governmental Entity. The Vendors are not subject to any investigation that is pending or, to the knowledge of the Vendors, that is pending and not served or threatened or that has been threatened, in each case by (i) the FDA (ii) the Department of Health and Human Services Office of Inspector General or Department of Justice pursuant to the Federal Healthcare Program Anti-Kickback Statute (42 U.S.C. §1320a-7b(b) or the Federal False Claims Act (31 U.S.C. §3729) (known as the "**Federal False Claims Act**"). Nor have the Vendors submitted any claim for payment to any government healthcare program in connection with any referrals that violated any applicable self-referral law, including the Federal Ethics in Patient Referrals Act, 42 U.S.C. §1395nn (known as the "**Stark Law**"), or any applicable state self-referral Law. The Vendors have not submitted any claim for payment to any government healthcare program in violation of any Laws relating to false claims or fraud, including the Federal False Claim Act or any applicable state false claim or fraud Applicable Law. The Vendors have complied in all material respects with all applicable security and privacy standards regarding protected health information under (i) HIPAA and (ii) to the knowledge of the Vendors, any other Applicable Laws.

(v) **Permits** – Other than general carrying-on-business Permits in the jurisdictions where the Business may make sales of Business Products, the Vendors now possess, and on the Closing Date shall possess, and be in good standing under, all Permits, which Permits include all that are necessary to operate the Business. Particulars of the Permits, if any, including the licensor name, license number, expiry dates, and the terms upon which such Permits are transferable to the Purchaser on Closing, are more particularly set out at Schedule 1.1(q). All Permits have been delivered or otherwise made available for inspection by the Purchaser.

(w) **Privacy** – The Vendors have properly held and hold all Personal Information in confidence, except for disclosure as required or permitted by Applicable Law. The Vendors have used appropriate safeguards to prevent unauthorized use and disclosure of Personal Information and have used the same degree of care that a

reasonable person would use to protect other confidential information. The safeguards used by the Vendors include all necessary controls to protect Personal Information against unauthorized disclosure to third parties or unauthorized access by employees or contractors of the Vendors. There are no actions, proceedings, or investigations pending or to the Vendors' knowledge, threatened, relating to the Vendors' collection, use, disclosure or other obligations under applicable law in respect of Personal Information.

(x) **Full Disclosure** – The Vendor Parties do not have any knowledge of any fact that may have a Material Adverse Effect on the Business or the Purchased Assets that has not been disclosed to the Purchaser in this Agreement. The Vendor Parties have made or caused to be made reasonable inquiry with respect to each representation and warranty of the Vendor Parties contained in this Agreement and having conducted such reasonable inquiry, believe that none of the aforesaid representations or warranties contains any untrue statement of a material fact or omits to state a material fact necessary in order to make such representation or warranty not materially misleading.

4.2 **Representations & Warranties with respect to the Canadian Vendors**

(a) **Corporate Powers** – Each of the Canadian Vendors is properly incorporated, validly existing and in good standing under the laws of the Province of Ontario. Each of the Canadian Vendors has the corporate power, capacity and authority to own its portion of the Canadian Purchased Assets and carry on its part of the Business as now owned and conducted, has the corporate power, capacity and authority to enter into this Agreement and carry out the transactions contemplated hereby, and is qualified to carry on its business and is properly registered and in good standing under the laws of the jurisdictions set out in Schedule 4.2(a).

(b) **Title to Canadian Purchased Assets** – Except as set out at Schedule 4.2(b), the Canadian Vendors have good title to the Canadian Purchased Assets, free and clear of all Encumbrances, and on Closing the Purchaser or its assignee shall receive title to the Canadian Purchased Assets, free and clear of all Encumbrances whatsoever.

(c) **Resident** – Each of the Canadian Vendors is, and on the Closing Date shall be, a resident of Canada within the meaning of, and for all purposes under, the Tax Act.

(d) **Employees** – Schedule 1.1(kk) constitutes a complete list of all Employees of the Canadian Vendors showing their names, titles, employer, duration of employment, ages, citizenship, residency, commencement dates, benefit entitlement, rate of remuneration, and written employment contracts each of which may be terminated upon reasonable notice under common law, other than as set out in Schedule 1.1(kk). Except for any severance pay or other benefit that may arise as a result of the termination of the Employees by the Canadian Vendors as a result of Section 3.4, the Canadian Vendors are not liable for or obligated to pay any severance pay or any other benefit by reason of the voluntary or involuntary termination of the employment of any partner, employee, consultant, agent or manager of the Business

prior to the Time of Closing. The Canadian Vendors have made all deductions required by law to be made from Employees' salaries and have remitted same to the relevant taxation authority; and all accruals for salaries, wages, vacation pay, bonuses, commissions, sick pay, pension, profit sharing, deferred compensation, and other employee benefit payments payable to the Employees, together with all amounts in respect of medical insurance, worker's compensation, employment insurance, income tax and other payments owing to any Person or agency in respect of such employment. The Canadian Vendors do not have any agreements with any labour union or employee association and have not made any commitments to or conducted negotiations with any labour union or employee association with respect to any future agreements in respect of Employees. The Vendors have not received notice from any union or employee association regarding any application for certification of a bargaining unit or bargaining units affecting any Employees. The Canadian Vendors are not party to any management agreement in connection with the Business, nor incentive, profit sharing or other special compensation arrangement with any Employee. The Canadian Vendors have not received notice of any alleged violation of any legislation respecting employment practices, terms and conditions of employment, hours and wages, occupational, health and safety or human rights. All levies, assessments and penalties made against the Canadian Vendors pursuant to workers' compensation legislation in any jurisdiction in which the Business is conducted, have been paid by the Canadian Vendors.

(e) **Bankruptcy** – No Canadian Vendor has committed an act of bankruptcy, proposed a compromise or arrangement to its creditors, had any petition for a receiving order filed against it, taken any proceeding with respect to a compromise, arrangement or winding-up, or otherwise taken advantage of any insolvency or bankruptcy legislation, had a receiver appointed to any part of the Canadian Purchased Assets or had any encumbrancer take possession of any part of the Canadian Purchased Assets or had any execution of distress or seizure become enforceable or levied upon any of the Canadian Purchased Assets.

(f) **Canadian Anti-Spam Legislation** – The Canadian Vendors' Business Records contain a record of all Persons from whom the Canadian Vendors have received express written consent to the receipt of CEMs, relating to the business conducted by the Canadian Vendors and the Canadian Vendors have retained copies of all such consents; all Persons for whom the Canadian Vendors have "implied consent" to the receipt of CEMs relating to the business conducted by the Canadian Vendors based on an "existing business relationship", as such term is defined in CASL, and the dates that such implied consent(s) shall expire, and whether each such Person has provided express consent or implied consent; and all Persons who have withdrawn their consent to receiving CEMs from the Canadian Vendors as well as their respective electronic addresses. The Canadian Vendors have not received any withdrawals of consent to receive CEMs, nor requests to receive no further marketing nor promotional communications, from any Persons that have not been recorded in the CASL Database.

(g) **Taxes** – Other than as set out in Schedule 2.8, the Canadian Vendors have paid and discharged, or if applicable, will timely pay and discharge after the Closing Date, within the prescribed period, all Taxes and filed all Tax Returns and reports required to be filed by the Canadian Vendors with respect to the Canadian Vendors' operation of the Business and/or use of the Canadian Purchased Assets which are capable of forming or resulting in an Encumbrance on the Purchased Assets or becoming a Liability of the Purchaser. Other than as set out in Schedule 2.8, no Canadian Vendor has executed any waiver of any statute of limitations on the assessment or collection of any Tax or filed with Canada Revenue Agency or any other Tax Authority an agreement now in effect extending the period for assessment or collection of any Taxes. Other than as set out in Schedule 2.8, there are no Tax Encumbrances upon, pending, or to the best knowledge of the Vendor Parties, threatened against any of the Canadian Purchased Assets. All Tax Returns and reports filed by the Canadian Vendors have been delivered or otherwise made available for inspection by the Purchaser.

(h) **Real Property** – Other than for Solutions Canada's interest as a lessee in 23 Lesmill Road, Unit 205, Toronto, Ontario, Canada, the Canadian Vendors do not own or have any interest in (nor is any Canadian Vendor party to any agreement to purchase or lease) any real property.

(i) **Environmental** – No Canadian Vendor or any other Vendor Party has received notice of, or been prosecuted for, and there are no facts of which a Canadian Vendor or another Vendor Party is aware which could give rise to a prosecution for, non-compliance with any Environmental Laws or environmental orders in connection with the Business.

(j) **Canadian Purchased Assets** – No Canadian Purchased Asset is subject to any restriction that limits its use to Canada.

4.3 **Representations & Warranties with respect to the US Vendors**

(a) **Corporate Powers** – Each of the US Vendors is properly incorporated, validly existing and in good standing under the laws of the State of Delaware. Each of the US Vendors has the corporate power, capacity and authority to own its portion of the US Purchased Assets and carry on its business as now owned and conducted, has the corporate power, capacity and authority to enter into this Agreement and carry out the transactions contemplated hereby, and is qualified to carry on its business and is properly registered and in good standing under the laws of the jurisdictions set out in Schedule 4.3(a).

(b) **Title to and Condition of US Purchased Assets** – Except as set out at Schedule 4.3(b), the US Vendors have good title to the US Purchased Assets, free and clear of all Encumbrances, and on Closing the Purchaser or its assignee shall become the true and lawful owner of and receive good and valid title to the US Purchased Assets, free and clear of all Encumbrances whatsoever, other than the US Assumed Liabilities. Each tangible US Purchased Asset is free from material defects, has

been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used.

(c) **Resident** – Each of the US Vendors is, and on the Closing Date shall be, a resident of the United States within the meaning of, and for all purposes under the Tax Code.

(d) **Labour and Employment Matters**–

(i) Schedule 1.1(kk) sets forth a complete and accurate list of the names of all current Employees and Independent Contractors, specifying their position and description of the areas of responsibility with respect to the Business, and their salary, base rate of pay or, for Independent Contractors, their base service fees or other base rates of compensation, date of hire or engagement, business location, commission, bonus and any other incentive entitlements, accruals of vacation and sick time or paid time off (if applicable), whether they have entered into any confidentiality and/or invention assignment agreement with a US Vendor (a copy of which has previously been delivered or otherwise made available for inspection by the Purchaser), and identifying which Employees or Independent Contractors are absent from active employment or service (including by reason of a leave of absence, if applicable) and their anticipated dates of return to active employment or engagement.

(ii) No US Vendor is a party to or bound by any labor or collective bargaining Contract that pertains to any Employees or Independent Contractors. There are no, and during the past five (5) years there have been no, organizing activities, labor disputes, grievances, strikes, controversies, slowdowns, work stoppages or lockouts pending or, to the knowledge of the Vendor Parties, threatened against or affecting the Business or relating to any Employees or Independent Contractors.

(iii) No employment-related charge or complaint (including with respect to any unfair labor practice or labor charge or complaint) is pending or, to the knowledge of the Vendor Parties, threatened or anticipated with respect to the Business or the US Vendors in connection with the Business before any Governmental Entity. The US Vendors are and have been in material compliance with all Applicable Laws relating to labor or employment relations or practices, terms and conditions of employment, and wages and hours, including any such Applicable Law regarding employment discrimination, pay equity, employee classification (whether for the purposes of overtime or employee/independent contractor status or otherwise), workers' compensation, family and medical leave, the Immigration Reform and Control Act and other immigration-related laws, and occupational safety and health requirements and with their employment or other service provider agreements covering individuals.

(iv) No US Vendor is a party to, or otherwise bound by, any consent decree with, conciliation agreement with, or citation by, any Governmental Entity relating to or affecting Employees or Independent Contractors or employment practices in connection with the Business. No US Vendor has received within the past five (5) years any notice of intent by any Governmental Entity responsible for the enforcement of Applicable Laws relating to labor or employment to conduct an investigation relating to the Business and, to the knowledge of the Vendor Parties, no such investigation is in progress.

(v) Except as set out in Schedule 2.8, each US Vendor has withheld and paid to the appropriate Governmental Entity or is holding for payment not yet due to such Governmental Entity all amounts required to be withheld from Employees and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any Applicable Laws relating to the employment of labor in connection with the Business. Each Vendor has paid in full to all Employees and, for amounts not yet due, has adequately accounted for all accrued wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf thereof.

(vi) All Persons who have performed services for any US Vendor while classified as independent contractors have satisfied the requirements of Applicable Law to be so classified, and the US Vendors have fully and accurately reported their compensation on IRS Forms 1099 or other applicable tax forms for independent contractors when required to do so. There are no contingencies, claims or obligations between any US Vendor and any independent contractors or their respective employees and to the Vendor's knowledge, there are no grounds for any independent contractor or employee thereof to submit such claims in the future based on events that have occurred or will occur prior to the Closing Date.

(vii) No Vendor has caused (i) a plant closing as defined in the Worker Adjustment and Retraining Notification Act (the "**WARN Act**") affecting any site of employment or one or more operating units within any site of employment of any Vendor Party or (ii) a mass layoff as defined in the WARN Act, nor has any Vendor Party been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar foreign, state or local law. No employee of any Vendor Party at a U.S. facility with sufficient numbers of employees to be covered by the WARN Act, or any similar foreign, state or local law has suffered an employment loss, as defined in the WARN Act or any similar foreign, state or local law, within the 90 day period ending on the Closing Date.

(viii) Except as set out in Schedule 1.1(kk), to the knowledge of the Vendor Parties, no Employee or group of Employees has any plans to terminate employment with any US Vendor (other than for the purpose of accepting

employment with the Purchaser following the Closing) or to not accept employment with the Purchaser if employment is offered on substantially the same or similar terms and conditions.

(ix) Schedule 1.1(kk) identifies which Employees are citizens or lawful permanent residents of the United States.

(x) Schedule 1.1(kk) contains a list of all Employees who are a party to a non-competition agreement with a Vendor Party; copies of such agreements have previously been delivered or otherwise made available for inspection by the Purchaser. Each such agreement referenced in the preceding sentence to which any Vendor Party is a party is assignable by the Vendor Party to the Purchaser or its Affiliate(s).

(e) **Employee Benefits** –

(i) Schedule 4.3(e)(i) contains a complete and accurate list of all Employee Benefit Plans. Complete and accurate copies of all Employee Benefit Plans have been made available to the Purchaser. Each Employee Benefit Plan has been administered in all material respects in accordance with its terms and the Vendors and to the knowledge of the Vendors any benefits contractor has in all material respects met its obligations with respect to each Employee Benefit Plan and has made all required premium payments or contributions thereto.

(ii) Any Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Tax Code is so qualified and has a currently valid determination letter or opinion letter from the IRS to the effect that such Employee Benefit Plan is so qualified.

(iii) None of the Vendors or any ERISA Affiliate has ever maintained an Employee Benefit Plan subject to Section 412 of the Tax Code or Title IV of the Unites States Employee Retirement Income Security Act of 1974 ("**ERISA**"). At no time have the Vendors or any ERISA Affiliate been obligated to contribute to any "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA). No Employee Benefit Plan is funded by, associated with or related to a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Tax Code. For purposes of this Agreement, "**ERISA Affiliate**" shall mean any entity which is, or at any applicable time was, a member of (1) a controlled group of corporations (as defined in Section 414(b) of the Tax Code), (2) a group of trades or businesses under common control (as defined in Section 414(c) of the Tax Code), or (3) an affiliated service group (as defined under Section 414(m) of the Tax Code or the regulations under Section 414(o) of the Tax Code), any of which includes or included any Vendor.

(iv) No act or omission has occurred and no condition exists with respect to any Employee Benefit Plan that would subject a Vendor or the Purchaser or any of its Affiliates to (i) any material fine, penalty, tax or liability of any kind imposed under ERISA or the Tax Code or (ii) any contractual indemnification or contribution obligation protecting any fiduciary, insurer or service provider with respect to any Employee Benefit Plan, nor will any of the transactions contemplated by this Agreement give rise to such an obligation.

(v) Other than as set out in Schedule 1.1(kk), there is no agreement with any stockholder, director, executive officer or Employee or Independent Contractor (i) the benefits of which are contingent, or the terms of which are altered, upon the occurrence of a transaction involving the Vendor of the nature of any of the transactions contemplated by this Agreement, (ii) providing any term of employment or compensation guarantee or (iii) providing severance benefits or other benefits after the termination of employment or engagement of such director, executive officer, Employee or Independent Contractor. There is no agreement, plan or arrangement under which any Person may receive payments from any Vendor that may be subject to the Tax imposed by Section 4999 of the Tax Code or included in the determination of such Person's "parachute payment" under Section 280G of the Tax Code. There is no agreement or plan binding any Vendor, including any stock option plan, stock appreciation right plan, restricted stock plan, stock purchase plan, severance benefit plan or Employee Benefit Plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. Other than as set out in Schedule 1.1(kk), there are no outstanding loans or extensions of credit from any Vendor to any Employee or Independent Contractor.

(f) **Bankruptcy** – No US Vendor has committed an act of bankruptcy, proposed a compromise or arrangement to its creditors, had any petition for a receiving order filed against it, taken any proceeding with respect to a compromise, arrangement or winding-up, or otherwise taken advantage of any insolvency or bankruptcy legislation, had a receiver appointed to any part of the US Purchased Assets or had any encumbrancer take possession of any part of the US Purchased Assets or had any execution of distress or seizure become enforceable or levied upon any of the US Purchased Assets.

(g) **Taxes** –

(i) Other than as set out in Schedule 2.8, each US Vendor has (i) properly filed on a timely basis all material Tax Returns that it was required to file, and all such Tax Returns are true, correct and complete in all material respects and

(ii) paid on a timely basis all Taxes, whether or not shown on any Tax Return that were due and payable by it.

(ii) Other than as set out in Schedule 2.8, all Taxes that a US Vendor is or was required by Law to withhold or collect have been duly withheld or collected and, to the extent required, have been properly paid to the appropriate Governmental Entity. Each US Vendor has complied with all information reporting and backup withholding requirements, including the maintenance of required records with respect thereto, in connection with amounts paid to any employee, independent contractor, creditor, or other third party.

(iii) Other than as set out in Schedule 2.8, no US Vendor (i) has any actual or potential liability under Treasury Regulation Section 1.1502-6 (or any comparable or similar provision of federal, state, local or foreign Law), as a transferee or successor, pursuant to any contractual obligation, or otherwise for any Taxes of any Person other than one of the US Vendors or (ii) is a party to or bound by any Tax indemnity, Tax sharing, Tax allocation or similar agreement.

(iv) Each US Vendor has delivered or otherwise made available for inspection to the Purchaser (i) complete and correct copies of all Tax Returns of the Company relating to Taxes for all taxable periods for which the applicable statute of limitations has not yet expired and (ii) complete and correct copies of all private letter rulings, revenue agent reports, information document requests, notices of proposed deficiencies, deficiency notices, protests, petitions, closing agreements, settlement agreements, pending ruling requests and any similar documents submitted by, received by, or agreed to by or on behalf of the US Vendor relating to Taxes for all taxable periods for which the statute of limitations has not yet expired.

(v) Other than as set out in Schedule 2.8, no examination or audit or other action of or relating to any Tax Return of a US Vendor by any Governmental Entity is currently in progress or, to the knowledge of any Vendor Party, threatened or contemplated. No deficiencies for Taxes of a US Vendor have been claimed, proposed or assessed by any Governmental Entity. Other than as set out in Schedule 2.8, no US Vendor has been informed by any jurisdiction in which it did not file a Tax Return that the jurisdiction believes that the US Vendor was required to file any Tax Return that was not filed or is subject to Tax in such jurisdiction.

(vi) None of the Purchased Assets is “tax-exempt use property” within the meaning of Section 168(h) of the Tax Code or directly or indirectly secures any debt the interest on which is tax exempt under Section 103(a) of the Tax Code.

(vii) None of the Purchased Assets is a United States real property interest within the meaning of Section 897(c)(1) of the Tax Code.

(viii) There are no liens or other encumbrances with respect to Taxes upon any of the Purchased Assets, other than with respect to Taxes not yet due and payable.

(ix) None of the Purchased Assets is an interest in any joint venture, partnership, or other arrangement that is treated as a partnership for US federal income Tax purposes or any stock of a "controlled foreign corporation" as defined in Section 957 of the Tax Code (or any similar provision of state, local or foreign Law) or "passive foreign investment company" within the meaning of Section 1297 of the Tax Code.

(x) No US Vendor has had a permanent establishment in any country other than the United States as defined in any applicable Tax treaty or convention between the United States and such foreign country.

(h) **Real Property** – No US Vendor, or any Affiliate of any US Vendor, owns any real property in the United States. Schedule 4.3(h) lists and describes briefly any and all real property in the United States leased, subleased or licensed to any US Vendor (or any Affiliate of any US Vendor), or otherwise occupied by any US Vendor (or any Affiliate of any US Vendor). The Vendor Parties have delivered or otherwise made available to the Purchaser correct and complete copies of the leases, subleases, licenses and occupancy agreements, and all guarantees thereof, listed, or required to be listed, on Schedule 4.3(h) (collectively, the "**Leases**"). No US Vendor (or any Affiliate of any US Vendor) occupies or has rights to occupy any real property in the United States except pursuant to the Leases. With respect to each Lease listed, or required to be listed, on Schedule 4.3(h):

(i) the Lease is legal, valid, binding, enforceable and in full force and effect, and has not been amended or modified except as set forth on Schedule 4.3(h);

(ii) the Lease will continue to be legal, valid, binding, enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing;

(iii) no US Vendor and to the knowledge of the Vendors, no other party to the Lease is in breach or default, and no event has occurred which, with notice, lapse of time or both, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(iv) there are no disputes, oral agreements or forbearance programs in effect as to the Lease;

(v) No US Vendor, or any Affiliate of any US Vendor, has assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered such Lease or interest therein;

(vi) no construction, alteration or other leasehold improvement work with respect to such Lease remains to be paid for or performed by any US Vendor (or any Affiliate of any US Vendor); and

(vii) No US Vendor, or any Affiliate of any US Vendor, is obligated to pay any leasing or brokerage commission relating to such Lease, and will not have any obligation to pay any leasing or brokerage commission upon the renewal, expansion or extension of such Lease.

(i) **Environmental** – Each US Vendor has complied with all applicable Environmental Laws. No US Vendor has released, or has any liabilities or obligations arising from the release of, any Hazardous Materials into the environment.

4.4 **Representations & Warranties with respect to the French Vendor**

(a) **Existence, Incorporation & Corporate Powers** – The French Vendor is duly incorporated, validly existing and in good standing under the laws of France. It has full corporate power, capacity and authority to own the French Purchased Assets and carry on the French Business as now owned and conducted, has the full corporate power, capacity and authority to enter into this Agreement and carry out the transactions contemplated hereby and is qualified to carry on its business and is properly registered and in good standing under the laws of the jurisdictions set out in Schedule 4.4(a).

(b) **Title to French Purchased Assets** – The French Vendor has all rights and titles in order to transfer in full ownership the French Business and more generally the French Purchased Assets and the rights derived therefrom, and none of the assets or rights transferred is the subject or is likely to be the subject of any seizure, confiscation or cancellation. Moreover, none of such assets is subject to a title retention clause. The French Vendor is the owner of the French Business which was created in 1978.

(c) **Encumbrances** – The French Business and more generally the French Purchased Assets are not subject to any Encumbrances, or any other rights of any nature whatsoever inuring to the benefit of any third party and on Closing the Purchaser or its Affiliate(s) shall receive title to the French Purchased Assets, free and clear of all Encumbrances whatsoever.

(d) **Employees** – Schedule 4.4(d) provides for a complete and accurate list of the French Transferred Employees assigned to the French Business and transferred to the Purchaser or its designated Affiliate with the French Business in accordance with Article L.1224-1 of the French Labour Code, as well as the employees' seniority, remuneration, usual bonuses and other benefits of any nature whatsoever, and for which the Purchaser or its designated Affiliate will assume the Employee Liabilities from, and based on facts, circumstances or events that arise after the Time of Closing, Except for the French Transferred Employees listed in Schedule 4.4(d) no current or past employees of the French Business will be entitled to

request their transfer in accordance with Article L.1224-1 of the French Labour Code (*Code du Travail*).

(e) **Bankruptcy** – The French Vendor is not insolvent (*en état de cessation de paiement*), nor subject to any bankruptcy, insolvency, moratorium or similar proceedings under Applicable Laws.

(f) **Tax** – Within the legally required time-periods, the French Vendor shall make all declarations to and filings with the relevant tax and social security authorities in order to enable such authorities to assess and notify the French Vendor of the amount of any payment relating to the period prior to the Closing Date which may immediately be due as a consequence of the transfer of the French Business. The French Vendor does not have or ever had a 'permanent establishment' in any country other than France, as such phrase is defined in the Double Tax Treaty concluded between France and Israel on July 31, 1995, nor has the French Vendor any trade or business activities in Israel.

(g) **French Sales Representative Agreement** – The French Vendor has complied in all respect with Applicable Laws for the execution and performance of the French Sales Representative Agreement.

(h) **Real Property** – The French Vendor is the owner of the French Real Property, exclusively used as office space by the French Vendor for having acquired it on 27 August 2014.

4.5 **Representations & Warranties of Miriam**

(a) **Ownership of Canadian Vendors** – Miriam is the registered and beneficial owner of all of the issued and outstanding shares and convertible securities, if any, in each of the Canadian Vendors. Miriam controls each of the Vendors.

ARTICLE 5 – REPRESENTATIONS & WARRANTIES OF THE PURCHASER

5.1 **Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to Vendor Parties as of the date hereof and as of the Closing Date (except to the extent that any such representation or warranty is, by its terms, limited to a specific date, in which case, as of such specific date) as follows and acknowledges that the Vendor Parties are relying upon such representations and warranties in connection with the execution of this Agreement and the sale of the Purchased Assets and the Assumed Liabilities:

(a) **Corporate Powers** – Each of the Purchaser and the Affiliates participating in the purchase transactions contemplated by this Agreement are properly incorporated, validly existing and in good standing under their respective jurisdictions of incorporation (of which the Purchaser's is the State of Israel), has the corporate power, capacity and authority to own assets and to carry on business, has the corporate power, capacity and authority to enter into this Agreement and carry out the transactions contemplated hereby.

(b) **Agreement Binding** – This Agreement, once accepted, constitutes a valid and binding obligation of the Purchaser, and each the documents contemplated hereunder to which any of the Purchaser's Affiliates is a party, is enforceable in accordance with its terms subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought. The execution, delivery and performance by Purchaser and each of such Affiliates of this Agreement and the other documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) conflict with or result in a violation or breach of, or default under, any provision of the governing documents or shareholders agreements of such Person or (ii) conflict with or result in a violation or breach of any provision of any Applicable Law.

(c) **Approvals** – Other than corporate approvals and the consent of the holder(s) of the Purchaser's preferred shares and its lenders, no approval of any Person, body, corporation, authority or administrative agency, government or otherwise, which has not been obtained, is necessary to authorize the acceptance of this Agreement by the Purchaser or with the consummation by the Purchaser and its Affiliates of the transactions contemplated herein.

(d) **Residency** – The Purchaser is, and on the Closing Date shall be, a non-resident of Canada within the meaning of and for all purposes under Tax Act.

ARTICLE 6 – RISK OF LOSS

6.1 **Risk of Purchased Assets**

The Purchased Assets are to be at the risk of the Vendors until the Time of Closing and at the risk of the Purchaser on and following the Time of Closing.

6.2 **Insurance**

Pending Closing, the Vendors will hold all insurance policies and the proceeds thereof in respect of the Purchased Assets in trust for the parties as their interests may appear.

6.3 **Destruction of Purchased Assets**

If, prior to the Closing Date, all or any material part of the Purchased Assets are destroyed or damaged by fire or any other casualty (including non-physical damage to the Intellectual Property or source code by viruses, worms, bugs, time locks, or Trojan horses), the Purchaser shall have the option, exercisable by notice in writing given to the Vendors no later than ten (10) days after the Purchaser has received notice in writing from the Vendors of such destruction or damage, to

(a) extend the Closing Date for up to ten (10) days, and:

(i) to reduce the Purchase Price by an amount equal to the cost of repair, or if destroyed or damaged beyond repair, by an amount equal to the replacement

cost of such of the Purchased Assets so destroyed or damaged, and to complete the purchase, in which case the proceeds of insurance or compensation for the destruction, damage, expropriation or seizure shall be assigned to the Vendors; or

(ii) to complete the purchase without reduction of the Purchase Price in which event all proceeds of insurance or compensation for the destruction, damage, expropriation or seizure shall be payable to the Purchaser; or

(b) terminate this Agreement in accordance with Section 7.4, in which case all obligations of the Purchaser shall terminate forthwith upon the Purchaser giving notice as herein required.

ARTICLE 7 – CONDITIONS PRECEDENT TO CLOSING

7.1 Purchaser's Conditions

The Purchaser's obligations under this Agreement are conditional upon the performance or compliance with the following conditions at or prior to the Closing, each of which is inserted for the benefit of the Purchaser:

(a) Each of the representations and warranties of the Vendor Parties set forth in this Agreement that is qualified by reference to materiality or a Material Adverse Effect and each of the Fundamental Representations will be true and correct in all respects and each of the other representations and warranties of the Vendor Parties set forth in this Agreement that are not qualified by reference to materiality or a Material Adverse Effect will be true and correct in all material respects, in each case as of the date hereof and the Closing Date, with the same force and effect as if made at and as of such time, except for representations and warranties that are made as of a specific date, which representations and warranties will be true and correct at and as of such date.

(b) The Vendor Parties will have performed or complied in all respects with all of the obligations, covenants, agreements and conditions in this Agreement to be performed or complied with by the Vendor Parties at or prior to the Closing, including delivery of those items to the Purchaser as set out at Section 8.2.

(c) The Purchaser will have received a bring-down certificate of the Vendor Parties, dated as of the Closing Date and signed on behalf of each Vendor Party by a duly authorized officer certifying to his or her knowledge, without personal liability, that the conditions in Subsections 7.1(a) and 7.1(b) applicable to such Vendor Parties have been satisfied.0

(d) The Vendor Parties shall have delivered to the Purchaser all Third Party Consents relating to the Major Contracts and to Greenbanktree Power Corporation.

(e) All Regulatory Approvals shall have been completed and obtained.

(f) Each of the Mazet Agreement and La Tôlerie Plastique Agreement shall have been entered into and duly executed by the applicable parties to the satisfaction of the Purchaser.

(g) The Terminated Contracts shall have been terminated.

(h) The Escrow Agreement shall have been duly executed by all parties thereto.

(i) The Purchaser shall have obtained the necessary corporate approvals and the consent of the holder(s) of its preferred shares and its lenders with respect to the execution of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereunder and thereunder.

(j) There shall have been no material loss or destruction of the Purchased Assets and no Material Adverse Change shall have occurred prior to the Time of Closing.

(k) There shall have been obtained from all Governmental Entities, such approvals, consents or licenses as are required to permit the change in ownership of the Purchased Assets and the carrying on of the Business by the Purchaser without interruption as contemplated herein.

(l) No action, litigation or proceeding will be pending or threatened by any Person to enjoin, restrict, prohibit or nullify:

(i) the consummation of the transactions contemplated by this Agreement or the Transaction Documents, including the sale and purchase of the Purchased Assets;

(ii) the right of the Purchaser to conduct the Business following Closing; or

(iii) the Third Party Consents;

(m) The Key Employee shall have accepted an offer of employment with the Purchaser or its designated Affiliates.

(n) INCI Medica Incorporated shall have transferred the Hair Medica Intellectual Property to Solutions Canada or Canadian Vendor Amalco (to the extent not already owned by them), on terms, conditions and documentation satisfactory to the Purchaser.

(o) Other than as expressly contemplated by Subsection 7.1(p), any and all security or Encumbrances affecting the Purchased Assets shall have been discharged or the applicable secured party shall provide the Purchaser and its Affiliates with a no-interest letter in form satisfactory to the Purchaser's Counsel and the Purchaser's US Counsel, including a no-interest letter from Greenbanktree Power Corporation substantially in the form attached hereto as Exhibit G.

(p) The Tax Liabilities listed on Schedule 7.1(p) shall have been paid and the Vendors shall have provided the Purchaser with evidence satisfactory to the Purchaser in its commercially reasonable discretion of such payment and of satisfaction of the amount owing with respect to any associated Tax liens, which shall include at a minimum documentation from the applicable Tax Authorities showing zero balances in the corresponding accounts.

7.2 **Vendor Parties' Conditions**

The Vendor Parties' obligations under this Agreement are conditional upon the performance or compliance with the following conditions, each of which is inserted for the benefit of the Vendor Parties:

(a) Each of the representations and warranties of the Purchaser set forth in this Agreement that is qualified by reference to materiality or a Material Adverse Effect will be true and correct in all respects and each of the other representations and warranties of the Purchaser set forth in this Agreement that are not qualified by reference to materiality or a Material Adverse Effect will be true and correct in all material respects, in each case as of the date hereof and the Closing Date, with the same force and effect as if made at and as of such time, except for representations and warranties that are made as of a specific date, which representations and warranties will be true and correct at and as of such date.

(b) The Purchaser will have performed or complied in all respects with all of the obligations, covenants, agreements and conditions in this Agreement to be performed or complied with by the Purchaser at or prior to the Closing, including delivery of those items to the Vendor Parties as set out at Section 8.2.

(c) The Vendors will have received a bring-down certificate of the Purchaser, dated as of the Closing Date and signed on behalf of the Purchaser by a duly authorized officer certifying to his or her knowledge, without personal liability, that the conditions in Subsections 7.2(a) and 7.2(b) applicable to such Vendor Parties have been satisfied.

(d) No action, litigation or proceeding will be pending or threatened by any Person to enjoin, restrict, prohibit or nullify the consummation of the transactions contemplated by this Agreement or the Transaction Documents, including the sale and purchase of the Purchased Assets;

(e) Other than as expressly contemplated by Subsection 7.1(p), any and all security or Encumbrances affecting the Purchased Assets shall have been discharged or the applicable secured party shall provide the Purchaser and its Affiliates with a no-interest letter in form satisfactory to the Purchaser's Counsel and the Purchaser's US Counsel.

7.3 **Waiver of Condition**

The Purchaser, in the case of a condition set out in Section 7.1, and the Vendor Parties, in the case of a condition set out in Section 7.2, will have, to the extent permitted by Applicable Law, the exclusive right to waive, by written notice to the other Party, the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving Party.

7.4 **Termination**

(a) This Agreement may be terminated, by written notice given prior to the Closing:

(i) by the Vendor Parties or the Purchaser in the event of the issuance of a final and non-appealable Order restraining, enjoining, impeding or otherwise prohibiting or making unlawful the consummation of the transactions contemplated by this Agreement or any Transaction Document;

(ii) by the Vendor Parties or the Purchaser, if (A) a material breach of any representation, warranty, covenant, obligation or other provision of this Agreement that is not qualified by reference to materiality or a Material Adverse Effect has been committed by the other Party or (B) a breach of any representation, warranty, covenant, obligation or other provision of this Agreement that is qualified by reference to materiality or a Material Adverse Effect has been committed by the other Party; and in each case such breach or material breach, as the case may be, has not been waived or cured within five (5) Business Days following the date on which the non-breaching Party notifies the other Party of such breach or material breach, as the case may be, provided that if on the fifth Business Day following such notification, the breach has not been cured despite commercially reasonable efforts on the part of the breaching Party, then such Party shall be permitted to cure such breach within an additional five (5) Business Days;

(iii) by the Purchaser if any of the conditions in Section 7.1 is or becomes incapable of satisfaction (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing;

(iv) by the Vendor Parties if any of the conditions in Section 7.2 is or becomes incapable of satisfaction (other than through the failure of the Vendor Parties to comply with their obligations under this Agreement) and the Vendor Parties have not waived such condition on or before the Closing;

(v) by the Purchaser if all or any material portion of the Purchased Assets are destroyed or damaged by fire or any other casualty (including non-physical damage to the Intellectual Property or source code by viruses, worms, bugs, time locks, or Trojan horses) prior to the Closing Date;

(vi) by written agreement of the Purchaser and the Vendor Parties; or

(vii) by the Vendor Parties or the Purchaser if the Closing has not occurred (other than through the failure of the Party seeking to terminate this Agreement to comply in all material respects with its obligations under this Agreement) on or before the Closing Date; provided, however, that if the Closing has not occurred due solely to the failure to obtain any of the following:

(A) a duly executed La Tôlerie Plastique Agreement;

(B) Third Party Consents relating to Major Contracts; or

(C) Regulatory Approvals;

either the Vendor Parties or the Purchaser may elect to extend the Closing Date to February 22, 2018, in which case the Parties will continue to use their respective commercially reasonable efforts to obtain such duly executed La Tôlerie Plastique Agreement, Third Party Consents or Regulatory Approvals.

(b) If this Agreement is terminated as provided in this Section 7.4, this Agreement will become null and void and of no further force and effect and no Party hereto will have any Liability to any other Party hereto or its respective Affiliates, shareholders, directors, officers or representatives, except that:

(i) nothing in this Section 7.4 will relieve any Party hereto from Liability prior to such a termination arising out of any fraud or willful and material breach by such Party of any of its representations, warranties, covenants or other agreements contained in this Agreement or the Transaction Documents;

(ii) the provisions of this Section 7.4, ARTICLE 10 and the Confidentiality Agreement will remain in full force and effect and will survive the termination of this Agreement; and

(iii) if the Purchaser terminates the Agreement pursuant to Subsection 7.4(a)(ii), 7.4(a)(iii) or 7.4(a)(vii), provided that such situation arises due to the Vendor Parties failing to take all required or necessary action to complete the Closing and the Purchaser was ready, willing and able to complete the Closing prior to such termination, the Vendor Parties shall pay a break fee to the Purchaser in the amount of $250,000 by wire transfer in immediately available funds to the Purchaser or as otherwise directed by the Purchaser within five (5) Business Days of such termination, further provided that the payment of such amount shall relieve the Vendor Parties from all other Liability arising from such termination unless such termination arose from fraud or wilful and material breach of any of their representations, warranties, covenants or other agreements contained in this Agreement or the Transaction Documents.

ARTICLE 8 – CLOSING

8.1 **Time and Place**

The Closing shall take place on the Closing Date at such time and location as the parties may agree. The parties agree that the transfer of the ownership of the Purchased Assets and Assumed Liabilities shall be as of the Time of Closing.

8.2 **Transactions at Closing**

Upon the terms and subject to the conditions and limitations set forth in the Agreement, at the Closing:

(a) the Vendors shall deliver to the Purchaser or its Affiliates actual possession of the Purchased Assets including all copies and tangible embodiments of the Intellectual Property and Trade Secrets (in whatever form or medium) and to the extent practicable, the Business Records;

(b) the Vendors shall deliver to the Purchaser or its Affiliates such duly executed assignments, bills of sale, transfers and other documents as the Purchaser's Counsel, the Purchaser's French Counsel, the Purchaser's Israeli Counsel and the Purchaser's US Counsel may reasonably require for the purpose of vesting in the Purchaser and its Affiliates good title to the Purchased Assets, including:

(i) the French Business Asset Transfer Agreement, duly executed by the French Vendor;

(ii) the reiterative deed agreement in French of the French Business Asset Transfer Agreement, if required under Applicable Law, duly executed by the French Vendor for the purposes of the filing before the French tax authority and public records;

(iii) the US Business Transfer Agreement, duly executed by Canadian Vendor Amalco and the US Vendors; and

(iv) the Trademark Assignment.

(c) the Vendors shall deliver to the Purchaser or its Affiliates evidence, satisfactory to the Purchaser, that:

(i) the Terminated Contracts have been terminated and any termination indemnities under such Terminated Contracts have been paid by the Vendors prior to Closing;

(ii) the amalgamation of the Canadian Vendors to form Canadian Vendor Amalco has been completed;

(iii) the French Transferred Employees have waived their rights to make a proposal to acquire the French Business in accordance with Article L 141-23 of the French Code of commerce (*Code de Commerce*);

(iv) the employment or engagement of each of the selected Employees and Independent Contractors has been terminated effective as of the Time of Closing and all accrued obligations owing to such Employees or Independent Contractors have been paid and satisfied in full (other than such Employees for whom the relevant Vendor is not required to pay unused vacation upon termination, pursuant to such person's employment agreement or unless required by Applicable Law);

(v) any Encumbrances against the Purchased Assets have been discharged, other than those expressly agreed to in writing by the Purchaser; and

(vi) all licenses, consents, and approvals necessary to permit the Purchaser to continue the Business without interruption following the Closing have been granted;

(d) the Vendors shall deliver or cause to be delivered to the Purchaser, and the Purchaser shall deliver to the Vendors, duly executed counterparts of the following:

(i) the Escrow Agreement;

(ii) the Hair Medica Supply Agreement; and

(iii) the Transition Services Agreement;

(e) the Vendors shall deliver to the Purchaser the Third Party Consents, duly executed by the applicable Vendor(s) and the applicable third party(ies);

(f) the Vendors shall deliver to the Purchaser or its Affiliates the following duly executed documents:

(i) certificates of incumbency setting out the names of the directors and officers of each of the Vendors authorized to execute documents;

(ii) a bring-down certificate as described in Subsection 7.1(c); and

(iii) if necessary, an undertaking of the Vendors' Counsel confirming its responsibilities under Section 3.8;

(g) the Purchaser shall deliver to the Vendors the following:

(i) certificates of incumbency setting out the names of the directors and officers of each of Purchaser and its Affiliates authorized to execute documents; and

(ii) a duly executed bring-down certificate as described in Subsection 7.2(c);

(h) the Vendors shall deliver to the Purchaser the Direction to Pay;

(i) the Vendor Parties shall deliver to the Purchaser all documents or consents required from the Vendor Parties to allow the Purchaser to register the following, such documents and consent to be in forms provided by the Purchaser:

(i) the Canadian Business Names in the Province of Ontario;

(ii) the French Business Names in France;

(iii) the US Business Names in the State of Delaware; and

(iv) the transfer of the Intellectual Property;

(j) the Vendor Parties shall deliver to the Purchaser or its Affiliates all keys, usernames and passwords, domain names, codes, account numbers and other information necessary for the Purchaser to continue to conduct the Business in the Ordinary Course of the Business following the Closing Date;

(k) the Vendors shall deliver to the Purchaser or its Affiliates such evidence as the Purchaser's Counsel, the Purchaser's French Counsel, the Purchaser's Israeli Counsel and the Purchaser's US Counsel may reasonably require that all conditions precedent to the Closing have been met or complied with;

(l) the Vendors shall deliver to the Purchaser such evidence as the Purchaser's Counsel, the Purchaser's French Counsel and the Purchaser's US Counsel may reasonably require that all Regulatory Approvals have been obtained and are in good standing;

(m) subject to the consummation of the transactions contemplated by this Agreement and the Transaction Documents, the Purchaser or its Affiliates will satisfy the Purchase Price in accordance with Section 2.5, including by the payment of the Closing Payment in accordance with the Direction to Pay;

(n) the French Vendor shall deliver a tax residency certificate provided by the French Tax Authority stating that the French Vendor is a French tax resident for the purpose of the French tax code (Code général des impôts);

(o) the Purchaser shall deliver the Tax Liabilities Escrow Amount to the Escrow Agent to be held in accordance with ARTICLE 2 and the Escrow Agreement; and

(p) the Purchaser shall deliver the French Escrow Amount as contemplated by Section 2.9.

8.3 **Other Documents**

From time to time subsequent to the Closing Date, the Parties shall, at the request of the other Party, execute and deliver such additional conveyances, transfers and other reasonable assurances

as may, in the option of the Purchaser's Counsel or Vendors' Counsel, be reasonably required to carry out the intent of this Agreement.

ARTICLE 9 – INDEMNIFICATION

9.1 Survival

All covenants, representations and warranties of each Party contained in this Agreement will survive the Closing indefinitely and will continue in full force and effect, subject to the provisions of this Article 9.

9.2 Indemnification by the Vendor Parties

(a) After the Closing and subject to the provisions of this Article 9, the Vendor Parties will, on a joint and several basis, indemnify, defend and hold harmless the Purchaser, its Affiliates, and their respective directors, officers and employees and the respective successors and permitted assigns of the foregoing (collectively, the "**Purchaser Indemnified Parties**") from, against and in respect of all Claims asserted against or imposed on and Losses sustained, incurred or suffered by any Purchaser Indemnified Party arising out of, resulting from, based on or relating to:

(i) any breach of or inaccuracy in any Vendor Fundamental Representations & Warranties made by the Vendor Parties in this Agreement or any Transaction Document (determined, including with respect to the amount of Losses arising therefrom, without regard to any qualification or references to "Material Adverse Effect," "material," "materially" or other materiality qualifications or references contained in any Fundamental Representations & Warranties or the definition of any defined term used therein);

(ii) any breach of or inaccuracy in any representation or warranty (other than the Vendor Fundamental Representations & Warranties) made by the Vendor Parties in this Agreement or any Transaction Document other than the Transition Services Agreement (determined, including with respect to the amount of the Losses arising therefrom, without regard to any qualification or references to "Material Adverse Effect", "material", "materially" or other materiality qualifications or references contained in any specific representation or warranty or the definition of any defined term used therein);

(iii) any breach, nonfulfillment or default by the Vendor Parties in the performance of or compliance with any of the covenants or agreements of the Vendor Parties contained in this Agreement or any Transaction Document, other than the Transition Services Agreement;

(iv) the Excluded Assets;

(v) the Excluded Liabilities;

(vi) any Liabilities in respect of Assumed Contracts to the extent they relate to the period on or prior to the Time of Closing;

(vii) any Liabilities in respect of the Employees or Independent Contractors relating to the period on or prior to the Time of Closing;

(viii) any Creditor Claim or Specific Tax Claim provided such Creditor Claim and/or Specific Tax Claim has not been set off against the French Escrow Amount;

(ix) any Claim, of any nature whatsoever, in relation to the performance and termination of the Terminated Agreements;

(x) any third party Claim based upon or arising out of the Business, operations, properties, assets or obligations of the Vendor Parties conducted, existing or arising on or prior to the Time of Closing regardless of the time of discovery (other than the Assumed Liabilities from after the Time of Closing); and

(xi) any Claim by any Person containing allegations which, if true, would constitute an event described in this Section 9.2.

(b) Notwithstanding any of the other provisions of this Agreement, the Vendor Parties will be liable to any Purchaser Indemnified Party in respect of any Claim or Loss referred to in Section 9.2(a)(i) or any Claim or Loss referred to in Section 9.2(a)(ii) in respect of any breach of or inaccuracy in any Tax Representations & Warranties, in perpetuity, whether or not the Purchaser has discovered or could have discovered such breach or inaccuracy of such matters before such time.

(c) Notwithstanding any of the other provisions of this Agreement, the Vendor Parties will not be liable to any Purchaser Indemnified Party in respect of any Claim or Loss referred to in Section 9.2(a)(ii) unless:

(i) in the case of any Claim or Loss referred to in Section 9.2(a)(ii) in respect of any breach of or inaccuracy in Subsection 4.1(r) notice of any Claim by the Purchaser against the Vendor Parties with respect thereto is given to the Vendor Parties by the Purchaser within thirty-six (36) months after the Closing Date;

(ii) in the case of any Claim or Loss referred to in Section 9.2(a)(ii) in respect of any breach of or inaccuracy in Subsection 4.1(c), 4.1(d), 4.1(o) and 4.1(u) notice of any Claim by the Purchaser against the Vendor Parties with respect thereto is given to the Vendor Parties by the Purchaser within twenty-four (24) months after the Closing Date; or

(iii) in the case of any Claim or Loss referred to in Section 9.2(a)(ii) (other than in respect of any breach of or inaccuracy in any Tax Representations & Warranties, which will be governed by Subsection 9.2(b) above, any breach

of or inaccuracy in Subsection 4.1(r) which will be governed by Subsection 9.2(c)(i) above, or any breach of or inaccuracy in Subsection 4.1(c), 4.1(d), 4.1(o) or 4.1(u) which will be governed by Subsection 9.2(c)(ii)) notice of any Claim by the Purchaser against the Vendor Parties with respect thereto is given to the Vendor Parties by the Purchaser within eighteen (18) months after the Closing Date;

whether or not the Purchaser has discovered or could have discovered such breach or inaccuracy of such matters before such time, but excluding any Claim or Loss arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Vendor Parties in which case there will be no time limit for the Purchaser to make a Claim against the Vendor in respect thereof.

(d) Notwithstanding any of the other provisions of this Agreement, the Vendor Parties will not be liable to any Purchaser Indemnified Party in respect of any Claim or Loss referred to in Section 9.2(a)(iii) solely in respect of any covenants and agreements to be fully performed at or prior to the Closing unless notice of any Claim by the Purchaser against the Vendor with respect thereto is given to the Vendor Parties by the Purchaser within eighteen (18) months after the Closing Date, but excluding Losses arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Vendor, in which case there will be no time limit for the Purchaser to make a Claim against the Vendor Parties in respect thereof. For greater certainty, all covenants and agreements to be performed following the Closing will survive the Closing and remain in effect until fully performed or expire in accordance with their terms; provided that if a covenant has a performance date specified in this Agreement or any Transaction Document, the performance of such covenant will not be extended and nothing will prohibit a Purchaser Indemnified Party from submitting any Claim with respect to a covenant having a specified period after the expiration of such specified period.

(e) For greater certainty, in the case of any Claim or Loss: (a) referred to in Section 9.2(a)(i), referred to in Section 9.2(a)(ii) in respect of any breach of or inaccuracy in any Tax Representations & Warranties and 9.2(a)(iv) to 9.2(a)(xi) inclusive; (b) referred to in Section 9.2(a)(iii) other than in respect of any covenants and agreements to be fully performed at or prior to the Closing; or (c) arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Vendor Parties, the Purchaser may deliver notice of any Claim against the Vendor Parties with respect thereto at any time and the right to be indemnified, defended and held harmless by the Vendor Parties shall survive indefinitely after the Closing Date.

9.3 **Indemnification by the Purchaser**

(a) After the Closing and subject to the provisions of this Article 9, the Purchaser will indemnify, defend and hold harmless the Vendors and their Affiliates, and their respective directors, officers and employees and the respective successors and permitted assigns of the foregoing (collectively, the "**Vendor Indemnified**

Parties") from, against and in respect of all Claims asserted against or imposed on and Losses sustained, incurred or suffered by any Vendor Indemnified Party arising out of, resulting from, based on or relating to:

(i) any breach of or inaccuracy in any Purchaser Fundamental Representations and Warranties made by the Purchaser in this Agreement or any Transaction Document (determined, including with respect to the amount of Losses arising therefrom, without regard to any qualification or references to "Material Adverse Effect," "material," "materially" or other materiality qualifications or references contained in any Fundamental Representations & Warranties or the definition of any defined term used therein);

(ii) any breach of or inaccuracy in any representation or warranty (other than the Purchaser Fundamental Representation and Warranties) made by the Purchaser or any of its Affiliates in this Agreement or any Transaction Document (determined, including with respect to the amount of Losses arising therefrom, without regard to any qualification or references to "material adverse effect," "material," "materially" or other materiality qualifications or references contained in any specific representation or warranty or the definition of any defined term used therein);

(iii) any breach, nonfulfillment or default by the Purchaser or any of its Affiliates in the performance of or compliance with any of the covenants or agreements of the Purchaser or any of its Affiliates contained in this Agreement or any Transaction Document other than the Transition Services Agreement;

(iv) the Assumed Liabilities;

(v) any Liabilities in respect of Assumed Contracts to the extent they relate to the period after the Time of Closing;

(vi) any Liabilities in respect of the Transferred Employees relating to the period after the Time of Closing; and

(vii) any Liabilities associated with the application for the Withholding Tax Certificate contemplated herein.

(b) Notwithstanding any of the other provisions of this Agreement, the Purchaser will be liable to any Vendor Indemnified Party in respect of any Claim or Loss referred to in Sections 9.3(a)(i), in perpetuity, whether or not the Vendor Parties have discovered or could have discovered such breach or inaccuracy of such matters before such time.

(c) Notwithstanding any of the other provisions of this Agreement, the Purchaser will not be liable to any Vendor Indemnified Party in respect of any Claim or Loss referred to in Section 9.2(a)(ii) unless notice of any Claim by the Vendor against the Purchaser with respect thereto is given to the Purchaser by the Vendor within

eighteen (18) months after the Closing Date, whether or not the Vendor Parties have discovered or could have discovered such breach or inaccuracy of such matters before such time, but excluding any Claim or Loss arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Purchaser, in which case there will be no time limit for the Vendor Parties to make a Claim against the Purchaser in respect thereof.

(d) Notwithstanding any of the other provisions of this Agreement, the Purchaser will not be liable to any Vendor Indemnified Party in respect of any Claim or Loss referred to in Section 9.3(a)(iii) solely in respect of any covenants and agreements to be fully performed at or prior to the Closing, unless notice of any Claim by the Vendor Parties against the Purchaser with respect thereto is given to the Purchaser by the Vendor Parties within eighteen (18) months after the Closing Date excluding any Claim or Loss arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Purchaser, in which case there will be no time limit for the Vendor Parties to make a Claim against the Purchaser in respect thereof. For greater certainty, all covenants and agreements to be performed following the Closing will survive the Closing and remain in effect until fully performed or expire in accordance with their terms; provided that if a covenant has a performance date specified in this Agreement, the performance of such covenant will not be extended and nothing will prohibit a Vendor Indemnified Party from submitting any Claim with respect to a covenant having a specified period after the expiration of such specified period.

(e) For greater certainty, in the case of any Claim or Loss: (a) referred to in Section 9.3(a)(i) and 9.3(a)(iv) to 9.3(a)(vii) inclusive; (b) referred to in 9.3(a)(iii) other than in respect of the covenants and agreements to be fully performed at or prior to the Closing; or (c) arising out of, resulting from, based on or relating to any fraud or willful and material breach by the Purchaser, the Vendor Parties may deliver notice of any Claim against the Purchaser with respect thereto at any time indefinitely after the Closing Date.

9.4 **Third Party Indemnification and Direct Claims**

(a) In the event that any Purchaser Indemnified Party or Vendor Indemnified Party (the "**Indemnitee**") becomes aware of any Third Party Claim (a "**Third Party Proceeding**") against such Indemnitee that results or may result in the incurrence by such Indemnitee of any Claim or Loss for which such Indemnitee may be entitled to indemnification pursuant to this Agreement, such Indemnitee will, as promptly as practicable after making a determination to assert a Claim for indemnification hereunder, notify the Party from whom such indemnification is or may be sought (the "**Indemnitor**") of such Third Party Proceeding. Such notice will also specify with reasonable detail (to the extent the information is reasonably available) the factual basis for the Third Party Proceeding, the amount claimed by the third party (if known), or if such amount is not then determinable, a reasonable good faith estimate of the likely amount of the Third Party Claim. Notwithstanding the foregoing, the failure to promptly provide such notice will not relieve the

Indemnitor of any obligation to indemnify the Indemnitee, except and only to the extent such failure actually and materially prejudices the Indemnitor. Thereupon, the Indemnitor will have the right, upon written notice (the "**Defence Notice**") to the Indemnitee within thirty (30) days after receipt by the Indemnitor of notice of the Third Party Proceeding (or sooner if such Third Party Proceeding so requires) to conduct, at its own expense, the defence against the Third Party Proceeding in its own name or, if necessary, in the name of the Indemnitee provided that, prior to the Indemnitor assuming control of such defence, the Indemnitor shall first verify in writing that the Indemnitor shall be obligated to indemnify the Indemnitee with respect to such Third Party Proceeding (with no reservation of rights) for the liabilities and obligations relating to such indemnification and that it shall provide complete indemnification to the Indemnitee with respect to such Third Party Proceeding. The Defence Notice will specify the counsel the Indemnitor will appoint to defend such Third Party Proceeding (the "**Defence Counsel**"), and the Indemnitee will have the right to approve the Defence Counsel, which approval will not be unreasonably withheld. Any Indemnitee will have the right (but not the obligation) to employ separate counsel in any Third Party Proceeding and/or to participate in the defence thereof and such Indemnitee will bear the fees, costs and expenses of such separate counsel unless (i) such Indemnitee has been advised by counsel, reasonably acceptable to the Indemnitor, to the effect that the interests of the Indemnitee and the Indemnitor with respect to the Third Party Proceeding are in actual or potential conflict or sufficiently adverse to prohibit the representation by the same counsel of both Parties under applicable ethical rules or (ii) the employment of such counsel at the expense of the Indemnitor has been specifically authorized by the Indemnitor, in which case the fees, costs and expenses of such separate counsel will be borne by the Indemnitor. In addition, the Indemnitor shall not be entitled to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnitee if (A) the Claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation directed in whole or in part at the Indemnitee; (B) the Claim primarily seeks an injunction or equitable relief against the Indemnitee; (C) the Indemnitee has been advised by counsel in writing that there are legal defenses available to the Indemnitee that are different from or in addition to those available to the Indemnitor; (D) the Indemnitee reasonably believes that the Loss relating to such Claim could exceed the maximum amount that such Indemnitee could then be entitled to recover under the applicable provisions of this Article 9; (E) the Indemnitee reasonably believes an adverse determination with respect to such Claim would be materially detrimental to or materially injurious the Business's customer or supplier relationships, reputation or future business prospects; or (F) upon petition by the Indemnitee, the appropriate court rules that the Indemnitor failed or is failing to vigorously prosecute or defend such Claim. The Party conducting the defence of any Third Party Proceeding will keep the other Party apprised of all significant developments and will not enter into any settlement, compromise or consent to judgment with respect to such Third Party Proceeding unless the Indemnitor and the Indemnitee consent, which consent will not be unreasonably withheld. If the Indemnitor elects not to defend the Indemnitee

against a Third Party Claim, whether by not giving the Indemnitee timely notice of its desire to so defend or otherwise, then the Indemnitee will have the right but not the obligation to assume its own defence, but in such case, without in any way waiving or otherwise affecting the Indemnitee's rights to indemnification pursuant to this Agreement.

(b) In the event that any Indemnitee will determine to assert a Claim that does not involve a Third Party Claim or Third Party Proceeding for indemnification against any Indemnitor, such Indemnitee will, as promptly as practicable after making a determination to assert a Claim for indemnification hereunder, notify the Indemnitor. Such notice will also specify with reasonable detail (to the extent the information is reasonably available) the factual basis for such Claim, the amount of the Claim (if known), or if such amount is not then determinable, a reasonable good faith estimate of the likely amount of the Claim. Notwithstanding the foregoing, the failure to promptly provide such notice will not relieve the Indemnitor of any obligation to indemnify the Indemnitee, except and only to the extent such failure actually and materially prejudices the Indemnitor.

(c) Any payment arising under this Article 9 will be made by wire transfer of immediately available funds to such account or accounts as the Indemnitee will designate to the Indemnitor in writing; provided, that such payments will be made, without duplication, only to an Indemnitee.

9.5 **Exclusive Remedy; Right to Indemnification**

(a) From and after the Closing, except in the case of a breach of Section 3.3(b), Section 3.11 or Section 3.13 and other than any breach of or inaccuracy in any representation or warranty, or breach, nonfulfillment or default in the performance of any covenant, agreement, condition or obligation by another party under the Transition Services Agreement which will be governed by Section 9.5(b) below, the rights of indemnity set forth in this Article 9 are, in the absence of fraud or willful and material breach, the sole and exclusive remedies of each Party in respect of any breach of or inaccuracy in any representation or warranty, or breach, nonfulfillment or default in the performance of any covenant, agreement, condition or obligation by another Party under this Agreement or under any Transaction Document, except, in each case, for the remedies of injunction and specific performance under Section 10.9. This Article 9 will remain in full force and effect in all circumstances and will not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties, covenants, agreements, conditions or obligations under this Agreement or under any Transaction Document or subject to Subsection 7.4(b)(iii), by any termination or rescission of this Agreement by any Party.

(b) The remedies set forth in the Transition Services Agreement shall be the sole and exclusive remedies of the parties thereto in respect of any breach of or inaccuracy in any representation or warranty, or breach, nonfulfillment or default in the

performance of any covenant, agreement, condition or obligation by another party thereto under the Transition Services Agreement.

(c) Notwithstanding any other provision in this Agreement to the contrary, the rights of an Indemnitee under this Article 9 will not be affected by any investigation conducted, or any knowledge acquired (or capable of being acquired), at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any of the representations, warranties, covenants, agreements and obligations set forth in this Agreement or any Transaction Document.

(d) Except as expressly provided in Section 7.3, the waiver of any condition based on the accuracy of any representation or warranty set forth in this Agreement, or on the performance of or compliance with any covenant, agreement, condition and obligation set forth in this Agreement, will not affect the right to indemnification or other remedy based on such representations, warranties, covenants, agreements, conditions and obligations.

9.6 **Payment and Interest**

All Losses for which indemnification is required hereunder shall bear interest at a rate per annum equal to the Prime Rate, calculated and payable monthly, both before and after judgment, with interest on overdue interest at the same rate, from the date that the Indemnitee disbursed funds, suffered damages or losses or incurred a loss, liability or expense in respect of a Loss, to the date of payment by the Indemnitor to the Indemnitee. Each Indemnitor shall pay the amount of any Loss set forth in any Claim with all accrued interest thereon within 10 Business Days of receiving notice of a Claim. If such Claim is subsequently determined not to have been valid, the Indemnitee shall reimburse the Indemnitor for the amount so paid together with interest at the Prime Rate per annum.

9.7 **Adjustment to Purchase Price**

Except as otherwise required by Applicable Law, all amounts payable by the Vendors to the Purchaser under this Article 9 will be deemed to be a decrease to the Purchase Price. Except as otherwise required by Applicable Law, all amounts payable by the Purchaser to the Vendors under this Article 9 will be deemed to be an increase to the Purchase Price.

9.8 **Right of Set-Off**

The Purchaser has the right to satisfy any amount from time to time owing by it to one or more of the Vendor Parties by way of setting off any amount from time to time owing by the Vendors to the Purchaser against any amounts owing by the Purchaser to the Vendors, including any amounts owing to the Purchaser pursuant to the Vendor Parties indemnification obligations pursuant to this Agreement. Notwithstanding the foregoing, the Purchaser shall not have the right to satisfy any amount from time to time owing by it to the Vendors by way of set-off against the Earn-Out Amount.

9.9 **Limitation**

(a) In addition to the time limitations set out in Section 9.2, no Claims for indemnification may be made by the Purchaser Indemnified Parties against the Vendor Parties under this Article 9 in respect of any Loss referred to in Section 9.2 in excess of the Purchase Price in the aggregate with all other Losses recovered in accordance with Article 9 except that the foregoing limitation will not apply in the event of:

(i) any Claims with respect to Losses arising out of, resulting from, based on or relating to Tax Representations & Warranties, or Subsection 9.2(a)(iv) through 9.2(a)(xi);

(ii) willful and material breach of any representation or warranty contained in this Agreement or any Transaction Document; or

(iii) fraud.

(b) In addition to the limitations set out in Section 9.2 and Subsection 9.9(a), no Claims for indemnification may be made by the Purchaser Indemnified Parties against the Vendor Parties under this Article 9 in respect of any Losses arising out of, resulting from, based on or relating to Subsection 9.2(a)(ii) (excluding any breach of or inaccuracy in Subsection 4.1(r) or any Tax Representations & Warranties) in excess of sixty per cent (60%) of the Purchase Price, except that the foregoing limitation will not apply in the event of fraud or willful and material breach of any representation or warranty contained in this Agreement or any Transaction Document.

(c) In addition to the time limitations set out in Section 9.3, no Claims for indemnification may be made by the Vendor Indemnified Parties against the Purchaser under this Article 9 in respect of any Loss referred to in Section 9.3 in excess of the Purchase Price in the aggregate with all other Losses recovered in accordance with Article 9 except that the foregoing limitation will not apply in the event of:

(i) any Claims with respect to Losses arising out of, resulting from, based on or relating to Subsection 9.3(a)(iv) through 9.3(a)(vii);

(ii) willful and material breach of any representation or warranty contained in this Agreement or any Transaction Document; or

(iii) fraud.

(d) In addition to the limitations set out in Section 9.2 and Subsection 9.9(c), no Claims for indemnification may be made by the Vendor Indemnified Parties against the Purchaser under this Article 9 in respect of any Losses arising out of, resulting from, based on or relating to Subsection 9.3(a)(ii) in excess of sixty per cent (60%) of the Purchase Price, except that the foregoing limitations will not apply in the event of

fraud or willful and material breach of any representation or warranty contained in this Agreement or any Transaction Document.

(e) No Claim for indemnification may be made by the Purchaser Indemnified Parties against the Vendor Parties under this Article 9 in respect of any Loss referred to in Section 9.2(a)(i) or 9.2(a)(ii) until such Losses exceed, in the aggregate, $100,000, in which event the Vendor Parties shall be required to pay or be liable for all such Losses from the first dollar.

(f) No Claim for indemnification may be made by the Vendor Indemnified Parties against the Purchaser under this Article 9 in respect of any Loss referred to in Section 9.3(a)(i) or 9.3(a)(ii), until such Losses exceed, in the aggregate, $100,000, in which event the Purchaser shall be required to pay or be liable for all such Losses from the first dollar.

(g) Neither the Vendor Parties nor the Purchaser will be required to indemnify the other Indemnified Parties more than once in respect of a particular Loss, nor will the Vendor Parties be required to indemnify the Purchaser Indemnified Parties or the Purchaser be required to indemnify the Vendor Indemnified Parties for any Loss that has been compensated by way of another adjustment to the Purchase Price.

9.10 **Mitigation**

Each of the Parties will, upon the prior written request of the other Party, use its commercially reasonable efforts to take, or to cause its Affiliates to take, any specific steps as may be reasonably requested by such other Party to assist in mitigating its Losses that are subject to indemnification by such other Party hereunder so long as and to the extent the requesting Party promptly reimburses the mitigating Party for any reasonable, out-of-pocket costs and expenses incurred by the mitigating Party in providing its mitigation assistance hereunder; provided, that no Party will be required to initiate or join any litigation in order to assist in mitigating any Losses. In the event that such a request is not made and a Party determines to mitigate its Losses that are subject to indemnification hereunder by the other Party hereto, the mitigating Party will be entitled to prompt reimbursement for any reasonable, out-of-pocket costs and expenses incurred by such mitigating Party in providing its mitigation actions; provided, that such mitigating Party will have received the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of the other Party hereto, and such mitigating actions will be reasonably within the scope of such consent.

9.11 **Merger; Amalgamation; Consolidation**

In the event that an Indemnitor: (1) consolidates with or amalgamates, combines or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation, amalgamation, combination or merger; or (2) sells, transfers, pledges or otherwise disposes of all or substantially all (measured as of its most recent available balance sheet) of its properties or assets (whether in one transaction or a series of related transactions) to one or more Persons, then, in each such case, proper provision will be made prior to the consummation of any such transaction so that each such Person will assume, by a written instrument entered into for the benefit of, and

enforceable by, the applicable Indemnitee, the obligations of such Indemnitor set forth in this Article 9. No Indemnitor will enter into or participate in any transaction designed to evade, or with the purpose of evading, its indemnification obligations under this Article 9.

9.12 **Tax Benefit**

In determining the amount of any Loss under this Article 9, such Loss will be increased (or decreased) to take into account any Tax cost (or Tax Benefit) actually incurred or enjoyed by the Indemnitee as a result of the matter giving rise to such Loss and the receipt of an indemnity payment hereunder. For purposes of such adjustments, any Tax cost will include any further cost resulting from such increased payment, and any Tax Benefit will result in a decrease to the amount of the Loss at such time as the Tax Benefit is actually realized by the Indemnitee; provided, however, that if any such Tax Benefit is later reduced or eliminated by any Tax Authority, the Indemnitor will indemnify the Indemnitee for the amount of such Tax Benefit to the extent such Tax Benefit had reduced any Loss for which the Indemnitor was liable.

ARTICLE 10 – GENERAL

10.1 **Notices**

All notices, requests, demands or other communication required pursuant to this Agreement shall be in writing and either hand delivered, sent by a recognized next day courier service, by first class, registered or certified mail, by facsimile, or electronic mail and shall be deemed to have been received on the next Business Day following their receipt. The Parties' addresses for the purposes of giving notice and their contact information are as follows:

(a) To any or all of the Vendor Parties:

23 Lesmill Road, Unit 205
Toronto, ON M3B 3P6

Attention: Miriam Merkur
Email: merks3@rogers.com

with a copy to the Vendor's Counsel:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Ted M. Shoub
Email: shoubt@bennettjones.com

(b) To the Purchaser:

255 Consumers Road, Suite 110
Toronto, ON M2J 1R4

Attention: Domenic Di Sisto, General Counsel and Corporate Secretary
Email: ddisisto@venusconcept.com

with a copy to the Purchaser's Counsel:

Stewart McKelvey
Purdy's Wharf Tower One
900 – 1959 Upper Water Street PO Box 997
Halifax, NS B3J 2X2

Attention: David Randell
Email: drandell@stewartmckelvey.com

Any party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the date of giving such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.

10.2 **Assignment**

This Agreement may not be assigned by the Vendor Parties without the written consent of the Purchaser but may be assigned, in whole or in part, by the Purchaser without the consent of the Vendor Parties to an Affiliate of the Purchaser; provided, that the Purchaser will continue to be bound by all the obligations hereunder as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails to do so.

10.3 **Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.

10.4 **Costs**

Except as otherwise expressly provided in this Agreement, each of the Parties shall be responsible for all costs and expenses that it may incur in connection with the transactions provided for in this Agreement.

10.5 **Time of the Essence**

Time shall be of the essence of this Agreement.

10.6 **Further Assurances**

Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may

reasonably require from time to time for the purpose of giving effect to this Agreement or any other agreements provided for in, or delivered in connection with, this Agreement to which it is a party and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

10.7 **Broker's Fees**

The Vendor Parties shall be responsible for any broker's fees respecting commitments that the Vendor Parties have made for such fees arising from this transaction.

10.8 **Publicity**

No public announcement or press release concerning the transactions contemplated hereby may be issued without the consent and joint approval of the Vendor Parties and the Purchaser.

10.9 **Remedies**

The Parties agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached. Accordingly, each of the Parties agrees that the other Party will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in addition to any other remedy to which such Party is entitled at law or in equity, upon application to a court of competent jurisdiction without proof of actual damages. The Parties hereby waive, in any action for specific performance, the defence of adequacy of a remedy at law and the posting of any bond or other undertaking or security in connection therewith. Each Party further agrees that: (a) by seeking any remedy provided in this Section 10.9, a Party will not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement; and (b) nothing contained in this Section 10.9 will require any Party to institute any action for (or limit any Party's right to institute any action for) specific performance under this Section 10.9 before exercising any other right under this Agreement.

10.10 **No Third Party Beneficiaries**

Except for the provisions of Article 9, which after the Closing will be for the benefit of the Indemnified Parties (as defined in Sections 9.1 and 9.2), this Agreement is solely for the benefit of:

(a) the Vendors and their successors (including by way of merger or amalgamation) and permitted assigns, with respect to the obligations of the Purchaser under this Agreement; and

(b) the Purchaser and its successors (including by way of merger or amalgamation) and permitted assigns, with respect to the obligations of the Vendor Parties under this Agreement;

and this Agreement will not be deemed to confer upon or give to any other Person any Claim or other right or remedy.

10.11 **Counterparts & Electronic Execution**

This Agreement may be executed by the Parties in separate counterparts by original or electronic signature, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such Party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the day and year first above written.

NEOGRAFT SOLUTIONS INC.

Per: /s/ Miriam Merkur
Name:
Title:

NEOGRAFTERS LIMITED

Per: /s/ Miriam Merkur
Name:
Title:

1904247 ONTARIO LTD.

Per: /s/ Miriam Merkur
Name:
Title:

NEOGRAFT HOLDING CORP.

Per: /s/ Miriam Merkur
Name:
Title:

NEOGRAFT SOLUTIONS CORP.

Per: /s/ Miriam Merkur
Name:
Title:

NEOGRAFTERS US CORP.

Per: /s/ Miriam Merkur
Name:
Title:

SOCIETE DE PROMOTION ET DIFFUSION D'EQUIPEMENT MEDICAL MEDICAMAT

Per: /s/ Miriam Merkur
Name:
Title:

/s/ Miriam Merkur
MIRIAM MERKUR

VENUS CONCEPT LTD.

Per: /s/ Domenic Serafino
Name: Domenic Serafino
Title: CEO

Exhibit 4.1

DESCRIPTION OF SECURITIES

General

Our authorized capital stock consists of 300,000,000 shares of Common Stock, $0.0001 par value per share, and 10,000,000 shares of preferred stock, $0.0001 par value per share. As of December 31, 2019, there were outstanding:

- 29,894,285 shares of our Common Stock held by approximately 163 stockholders of record;
- 3,278,439 shares of our Common Stock issuable upon exercise of outstanding stock options; and
- 3,990,061 shares of our Common Stock issuable upon exercise of outstanding warrants.

The actual number of stockholders is greater than the 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.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries of material terms and provisions and are qualified by reference to our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed with the SEC and are incorporated by reference as exhibits to the Annual Report on Form 10-K for year ended 2019.

Common Stock

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our Common Stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. However, our current debt instruments restrict our ability to pay dividends.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of our Common Stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our Common Stock. The rights, preferences and privileges of the holders of our Common Stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Anti-Takeover Effects of Provisions of our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws and Delaware Law

Some provisions of Delaware law and our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent

officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the DGCL, which prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a publicly-held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, such as discouraging takeover attempts that might result in a premium over the market price of our Common Stock.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Special Stockholder Meetings

Our amended and restated bylaws provide that a special meeting of stockholders may be called at any time by the board of directors, chief executive officer or president (in the absence of a chief executive officer), but such special meeting may not be called by the stockholders or any other person or persons.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and our amended and restated bylaws eliminate the right of stockholders to act by written consent without a meeting.

Classified Board; Election and Removal of Directors; Filling Vacancies

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders, with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of Common Stock outstanding will be able to elect all of our directors. Our amended and restated certificate of incorporation provides for the removal of any of our directors only for cause and requires a stockholder vote by the holders of at least a 66 2/3% of the voting power of the then outstanding voting stock.

Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of the board, may only be filled by a resolution of the board of directors unless the board of directors determines that such vacancies shall be filled by the stockholders. This system of electing and removing directors and filling vacancies may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Choice of Forum

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. However, the enforceability of similar federal court choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the combined company or its directors, officers or other employees, which may discourage such lawsuits against the combined company and its directors, officers and other employees.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue undesignated preferred stock, would require approval by a stockholder vote by the holders of at least a 662/3% of the voting power of the then outstanding voting stock, voting together as a single class.

The provisions of the DGCL, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Exhibit 4.3

COMMON STOCK PURCHASE WARRANT

VENUS CONCEPT INC.

Warrant Shares: _____ Initial Exercise Date: _____, 2020

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after 181 days following the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on March 18, 2025 (the "Termination Date") but not thereafter, to subscribe for and purchase from Venus Concept Inc., a Delaware corporation (the "Company"), up to _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Registration Statement" means the Company's registration statement on Form S-3 (File No. 333-228562), as the same may be amended or supplemented.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Trading Day" means a day on which the Common Stock is traded on a Trading Market.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing.

"Transfer Agent" means Computershare Inc., the current transfer agent of the Company, with a mailing address of 250 Royall Street, Canton, Massachusetts 02021, and any successor transfer agent of the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price per share of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a

similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Warrants" means this Warrant and other Common Stock purchase warrants issued by the Company pursuant to the Registration Statement.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company or the Transfer Agent (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company), as applicable, of a duly executed facsimile copy (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid the Holder shall deliver the aggregate Exercise Price for the number of Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company or the Transfer Agent for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company or the Transfer Agent. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Transfer Agent (or the Company) shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. **The Holder, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be $3.50, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement under the Securities Act registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing (A-B) (X) by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement under the Securities Act permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this

Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) two (2) Trading Days after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date and the Holder has not exercised its rescission right set forth in clause (iii) below, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section

2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date (other than any such failure that is solely due to any action or inaction by the Holder with respect to such exercise), and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an

amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed

in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination and shall have no liability for exercises of this Warrant that are not in compliance with the Beneficial Ownership Limitation. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder (which may be via email), the Company shall within one Trading Day confirm in writing (which may be via email) to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation percentage from time to time, including for the avoidance of doubt to any percentage in excess of 9.99%. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.[1]

f) Limitation on Exercise. The number of Warrant Shares that may be acquired by the Holder upon any exercise of the Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by the

[1] Upon election by a Holder, this provision regarding restricting ownership to certain threshold amounts may be affirmatively adopted.

Holder and its affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Attribution Parties, does not exceed 19.999% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such conversion) (the "**Threshold Percentage**"). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The Holder shall have the right at any time and from time to time, to waive the provisions of this Section 2(f) in its entirety or to increase or decrease the Threshold Percentage by written instrument delivered to the Company, but any such waiver or increase will not be effective until the 61st day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of the Warrant in excess of the Threshold Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the Exchange Act. No prior inability to exercise the Warrant pursuant to this Section 2(f) shall have any effect on the applicability of the provisions of this Section 2(f) with respect to any subsequent determination of exercisability. The provisions of this Section 2(f) shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(f) to the extent necessary to correct this section or any portion of this section which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 2(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation.[2]

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or

[2] Upon election by a Holder, this provision regarding restricting ownership to certain threshold amounts may be affirmatively adopted.

distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, including through one or more subsidiaries, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, merger, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the

Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, Holder shall only be entitled to receive from the Company or any Successor Entity, as of the date of consummation of such Fundamental Transaction, the same type or form of consideration (and in the same proportion), at the Black Scholes Value (as defined below) of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if the holders of Common Stock are not offered or paid any consideration in such Fundamental Transaction, the holders of Common Stock will be deemed to have received common stock of the Successor Entity, which may be deemed to be common stock of the Company immediately following such Fundamental Transaction, in such Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("Bloomberg") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to

the greater of 50% and the 30-day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds within five (5) Business Days of the Holder's election (or, if later, on the effective date of the Fundamental Transaction). The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(e) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein.

d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

e) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required,

such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company or the Transfer Agent shall register this Warrant, upon records to be maintained by the Company or the Transfer Agent for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company and the Transfer Agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or

consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. Each party hereby irrevocably waives any right it may have, and agrees not to request, a jury trial for the adjudication of any dispute hereunder or in connection with or arising out of this warrant or any transaction contemplated hereby.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by facsimile or e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, 235 Yorkland Blvd., Suite 900, Toronto, Ontario, Canada M2J 4Y8, Attention: Chief Financial Officer, with a copy (which copy shall not constitute notice) to Reed Smith LLP, 599 Lexington Avenue, New York, New York 10022-7650, Attention Danielle Carbone, Esq., or such other facsimile number, email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, e-mail address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holders holding Warrants at least equal to 50% of the Warrant Shares issuable upon exercise of all then outstanding Warrants.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

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(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

VENUS CONCEPT INC.

By:_____
Name:
Title:

NOTICE OF EXERCISE

TO: _____

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:
(Please Print)

Address:
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature:

Holder's Address:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	RESTORATION ROBOTICS, INC. a Delaware corporation
Number of Shares:	[_____] (Subject to Section 1.7)
Type/Series of Stock:	Series C Preferred (Subject to Section 1.7)
Warrant Price:	$0.715 per share (Subject to Section 1.7)
Issue Date:	May 19, 2015
Expiration Date:	May 19, 2025 See also Section 5.1(b)
Credit Facility:	This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement of even date herewith among Oxford Finance LLC, as Lender and Collateral Agent, the Lenders from time to time party thereto, and the Company (as modified, amended and/or restated from time to time, the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, OXFORD FINANCE LLC ("**Oxford**" and, together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase the number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Sections 1.7 and 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's Preferred Stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company; (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power (other than in connection with a bona fide sales or issuance of securities of the Company for capital raising purposes).

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public

Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as

determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the Company shall use commercially reasonable efforts to cause the acquiring, surviving or successor entity to assume the obligations of this Warrant as part of the Acquisition. If the acquiring entity assumes this Warrant then it shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

1.7 Adjustment to Class of Shares; Number of Shares; Warrant Price; Adjustments Cumulative. If, upon the closing of the Next Equity Financing, the Next Equity Financing Price shall be less than the Warrant Price in effect as of immediately prior thereto, then the "Class" shall be Next Equity Financing Securities from and after such closing, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant and the "Warrant Price" shall be the Next Equity Financing Price from and after such closing, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant; provided, that upon such date, if any, as the "Class" becomes Next Equity Financing Securities pursuant to this sentence, this Warrant shall be exercisable for such number of shares of such Class as shall equal (i) One Hundred Ninety-Seven Thousand Five Hundred Dollars ($197,500.00), divided by (ii) the Next Equity Financing Price, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant. As used herein (i) "Next Equity Financing" means the first sale or issuance by the Company on or after the Issue Date of this Warrant set forth above, in a single transaction or series of related transactions, of shares of its Preferred Stock or other senior equity securities to one or more investors for cash for financing purposes; (ii) "Next Equity Financing Securities" means the type, class and series of Preferred Stock or other senior equity security sold or issued by the Company in the Next Equity Financing; and (iii) "Next Equity Financing Price" means the lowest price per share for which Next Equity Financing Securities are sold or issued by the Company in the Next Equity Financing.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares

of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Preferred Stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its common stock pursuant to an effective registration statement under the Act (the "**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, for so long as this Warrant is exercisable for shares of Preferred Stock, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Articles or Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common

stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) at least seven (7) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 1.12 of the Company's Amended and Restated Investors' Rights Agreement, as amended to, and in effect as of, the Issue Date.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Eastern time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares (and each certificate evidencing the securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO OXFORD FINANCE LLC DATED

MAY 19, 2015, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be

transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Oxford of the executed Warrant, Oxford may transfer all or part of this Warrant to one or more of Oxford's affiliates (each, an "**Oxford Affiliate**"), by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Article 5.3 and upon providing the Company with written notice, Oxford, any such Oxford Affiliate and any subsequent Holder, may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any other transferee, provided, however, in connection with any such transfer, the Oxford Affiliate(s) or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable; and provided further, that any subsequent transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Oxford Finance LLC
133 N. Fairfax Street
Alexandria, VA 22314
Attn: Legal Department
Telephone: (703) 519-4900
Facsimile: (703) 519-5225
Email: LegalDepartment@oxfordfinance.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

RESTORATION ROBOTICS, INC.
128 Baytech Drive
San Jose, CA 95134

Attn: Vice President – Finance & Administration
Facsimile: (408) 883-6889
Email: charlotteh@restorationrobotics.com

With a copy (which shall not constitute notice) to:

LATHAM & WATKINS
140 Scott Drive

Menlo Park, CA 94025
Attn: Brian J. Cuneo
Facsimile: (650) 463-2600
Email: brian.cuneo@lw.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

RESTORATION ROBOTICS, INC.

By:
Name:
(Print)
Title: VP - Finance & Administration

"HOLDER"

OXFORD FINANCE LLC

By:
Name:
(Print)
Title: Vice President - Finance, Secretary & Treasurer

Exhibit 4.10

Execution Version

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	Restoration Robotics, Inc.
Number of Shares:	____
Type/Series of Stock:	Common Stock, with par value of $0.0001 per share
Warrant Price:	$1.755 per share
Issue Date:	November 2, 2018
Expiration Date:	May 10, 2028 (See also Section 5.1(b))
Credit Facility:	This Warrant to Purchase Stock ("Warrant") is issued in connection with that certain Loan and Security Agreement dated as of May 10, 2018, between the Holder and the Company (as may be amended from time to time, the "Loan Agreement").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, Western Alliance Bank, an Arizona corporation with an office located at 55 S. Almaden Boulevard, San Jose, CA 95113 (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "Holder") is entitled to purchase the number of fully paid and non-assessable - (the "Shares") of the above-stated Type/Series of Stock (the "Class") of the above-named company (the "Company") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X =the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B =the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market"), the fair market value of a Share shall be the volume-weighted average closing price of a share of common stock reported for the ten (10) Business Days immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "Acquisition" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization; or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b)Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "Cash/Public Acquisition"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c)The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than five (5) Business Days prior to the closing of the proposed Cash/Public Acquisition. Notwithstanding the foregoing, if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder.

(d)Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e)As used in this Warrant, "Marketable Securities" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

1.7 Registration Rights. As to any Shares Holder receives or is entitled to receive upon any exercise or conversion of this Warrant, Holder shall be entitled to such demand registration rights and such piggyback registration rights as are commensurate with such registration rights are set forth in that certain Investors' Rights Agreement, dated as of February 7, 2013 by and among the Company and certain of the Company's stockholders, as the same may be amended from time to time, or similar agreement (the "Investors' Rights Agreement").

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a)The initial Warrant Price referenced on the first page of this Warrant is equal to the lesser of (a) the ten (10) day trailing average of the Company's common stock price, as determined as of the close of business on the business day immediately prior to the Issue Date, and (b) the Company's common stock price, as determined as of the close of business on the business day immediately prior to the Issue Date.

(b)All Shares which may be issued upon the exercise of this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a)declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(c)effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class; or

(d)effect an Acquisition or to liquidate, dissolve or wind up. then, in connection with each such event, the Company shall give Holder:

(1)at least five (5) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; and

(2)in the case of the matters referred to in (c) and (d) above at least five (5) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event).

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Reserved.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term and Automatic Conversion Upon Expiration.

(a)Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b)Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. The Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO WESTERN ALLIANCE BANK DATED

NOVEMBER 2, 2018, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to Holder's parent company, Western Alliance Bancorporation, or any affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Holder of the executed Warrant, Holder may transfer all of this Warrant to Holder's parent company, Western Alliance Bancorporation, or an affiliate thereof or successor thereto (the "Subsequent Holder"), by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, Subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, the Subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Western Alliance Bank
55 S. Almaden Boulevard

San Jose, CA 95113
Attn: Robert Lake

Email: rob.lake@bridgebank.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Restoration Robotics, Inc. 128 Baytech Drive
San Jose, CA
Attn: Chief Financial Officer
Email: markh@restorationrobotics.com

With a copy (which shall not constitute notice) to:

Latham & Watkins LLP 140 Scott Drive
Menlo Park, CA 94025 Attn: Brian J. Cuneo
Email: Brian.Cuneo@lw.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "Business Day" is any day that is not a Saturday, Sunday or a day on which banks in New York, New York are closed.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

RESTORATION ROBOTICS, INC.

By: _____
Name: Mark Hair
Title: Chief Financial Officer

"HOLDER"

WESTERN ALLIANCE BANK

By: _____
Name:
Title:

Exhibit 4.11

WARRANT TO PURCHASE STOCK

Company:	Restoration Robotics, Inc.
Number of Shares:	____
Type/Series of Stock:	Common Stock, with par value of $0.0001 per share
Warrant Price:	$1.755 per share
Issue Date:	November 2, 2018
Expiration Date:	May 10, 2028 (See also Section 5.1(b))
Credit Facility:	This Warrant to Purchase Stock ("Warrant") is issued in connection with that certain Loan and Security Agreement dated as of May 10, 2018, between the Holder and the Company (as may be amended from time to time, the "Loan Agreement").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SUNS SPV LLC, a Delaware limited liability company with an office located at 500 Park Avenue, 3rd Floor, New York, NY 10022 (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "Holder") is entitled to purchase the number of fully paid and non-assessable - (the "Shares") of the above-stated Type/Series of Stock (the "Class") of the above-named company (the "Company") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market"), the fair market value of a Share shall be the volume-weighted average closing price of a share of common stock reported for the ten (10) Business Days immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a)Acquisition. For the purpose of this Warrant, "Acquisition" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization; or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "Cash/Public Acquisition"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated

Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than five (5) Business Days prior to the closing of the proposed Cash/Public Acquisition. Notwithstanding the foregoing, if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "Marketable Securities" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is then current in its filing of all

required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

1.7 Registration Rights. As to any Shares Holder receives or is entitled to receive upon any exercise or conversion of this Warrant, Holder shall be entitled to such demand registration rights and such piggyback registration rights as are commensurate with such registration rights are set forth in that certain Investors' Rights Agreement, dated as of February 7, 2013 by and among the Company and certain of the Company's stockholders, as the same may be amended from time to time, or similar agreement (the "Investors' Rights Agreement").

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a)The initial Warrant Price referenced on the first page of this Warrant is equal to the lesser of (a) the ten (10) day trailing average of the Company's common stock price, as determined as of the close of business on the business day immediately prior to the Issue Date, and (b) the Company's common stock price, as determined as of the close of business on the business day immediately prior to the Issue Date.

(b)All Shares which may be issued upon the exercise of this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock or other securities and whether or not a regular cash dividend;

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class; or

(d) effect an Acquisition or to liquidate, dissolve or wind up. then, in connection with each such event, the Company shall give Holder:

(1) at least five (5) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above; and

(2)in the case of the matters referred to in (c) and (d) above at least five (5) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event).

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience

in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Reserved.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term and Automatic Conversion Upon Expiration.

(a)Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b)Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. The Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SUNS SPV LLC DATED NOVEMBER 2, 2018, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to any entity under common management control with Holder, or any affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Holder of the executed Warrant, Holder may transfer all of this Warrant to any entity under common management control with Holder, or an affiliate thereof or successor thereto (the "Subsequent Holder"), by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, Subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, the Subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SUNS SPV LLC
c/o Solar Capital Ltd.
500 Park Avenue, 3rd Floor
New York, NY 10022
Attn: Anthony Storino Telephone: (646) 308 - 8730
Fax: (212) 993-1698
Email: storino@solarcapltd.com

With a copy (which shall not constitute notice) to:

Baker Botts L.L.P.
101 California Street, Suite 3600 San Francisco, CA 94111
Attn: Jeff Kayes Fax: (415) 291-6331
Email: jeff.kayes@bakerbotts.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Restoration Robotics, Inc. 128 Baytech Drive
San Jose, CA
Attn: Chief Financial Officer
Email: markh@restorationrobotics.com

With a copy (which shall not constitute notice) to:

Latham & Watkins LLP 140 Scott Drive
Menlo Park, CA 94025 Attn: Brian J. Cuneo
Email: Brian.Cuneo@lw.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "Business Day" is any day that is not a Saturday, Sunday or a day on which banks in New York, New York are closed.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

RESTORATION ROBOTICS, INC.

By: _____
Name: Mark Hair
Title: Chief Financial Officer

"HOLDER"

SUNS SPV LLC

By: _____
Name: Richard Peteka
Title: Authorized Signatory

Exhibit 4.12

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (the "**Agreement**"), dated as of March 18, 2020, by and among Venus Concept Inc., a Delaware corporation (the "**Company**"), and the investors listed on the Schedule of Buyers attached hereto as Exhibit A and any additional investor that becomes party to this Agreement in accordance with Section 1(c) hereof (individually, a "**Buyer**" and collectively, the "**Buyers**").

WHEREAS:

A. The Company and each Buyer are executing and delivering this Agreement in reliance upon an exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**1933 Act**"), and Rule 506 of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the 1933 Act.

B. Each Buyer wishes to purchase, and the Company wishes to issue and sell to each Buyer, severally and not jointly, upon the terms and conditions set forth in this Agreement, (a) units which include (i) that aggregate number of shares of the Common Stock, par value $0.0001 per share, of the Company (the "**Common Stock**"), set forth opposite such Buyer's name in column (4) on the Schedule of Buyers (the "**Common Shares**"), and (ii) a warrant to acquire 0.75 additional shares of Common Stock (the "**Warrant Shares**") at an exercise price of $3.50 per share, in substantially the form attached hereto as Exhibit B (the "**Warrants**"); each share of Common Stock and a Warrant is referred to herein as a "**Common Unit** and collectively as the "**Common Units**", and/or (b) units which include (i) that aggregate number of shares of Series A Convertible Preferred Stock, par value $0.0001 per share, of the Company (the "**Preferred Stock**"), set forth opposite such Buyer's name in column (5) on the Schedule of Buyers (the "**Preferred Shares**"), and (ii) a Warrant; each share of Preferred Stock and a Warrant is referred to herein as a "**Preferred Unit** and collectively as the "**Preferred Units**."

C. The Series A Preferred Stock will have the terms set forth in the certificate of designation (the "**Certificate of Designation**") in the form attached hereto as Exhibit C, which shares of Preferred Stock shall be convertible into shares of Common Stock in accordance with the terms of the Certificate of Designation (the "**Conversion Shares**"); and

D. The Common Shares, the Preferred Shares, the Conversion Shares and the Warrant Shares collectively are referred to herein as the "**Securities**".

E. In connection with the offering and sale of the Securities, the Company entered into an engagement letter dated on March 17, 2020 (the "**Engagement Letter**") with Stifel, Nicolaus & Company, Incorporated and BTIG, LLC, who are acting as Placement Agents (the "**Agents**").

F. Concurrently with the Closing (as defined below), the Company and the Buyers are executing and delivering a Registration Rights Agreement, substantially in the form attached hereto as Exhibit D (the "**Registration Rights Agreement**"), pursuant to which the Company has agreed to provide certain registration rights with respect to the Common Shares, Conversion Shares, and the Warrant Shares under the 1933 Act.

NOW, THEREFORE, in consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Buyer hereby agree as follows:

1. PURCHASE AND SALE OF THE SECURITIES

(a) Purchase of the Securities. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below, the Company shall issue and sell to each Buyer, and each Buyer severally, but not jointly, shall purchase from the Company on the Closing Date (as defined below): (i) in the case of Common Units, the number of Common Shares as is set forth opposite such Buyer's name in column (4) on the Schedule of Buyers, together with Warrants to acquire up to that number of Warrant Shares as is set forth opposite such Buyer's name in column (6) on the Schedule of Buyers; *provided*, *however*, that (A) no fractional number of Common Shares shall be sold hereunder, (B) any fractional number of Common Shares shall be rounded down to the nearest whole number of Common Shares, and (C) the Common Share Purchase Price will be reduced by the value of any fractional share, and (ii) in the case of Preferred Units, the number of Preferred Shares as is set forth opposite such Buyer's name in column (5) on the Schedule of Buyers, together with Warrants to acquire up to that number of Warrant Shares as is set forth opposite such Buyer's name in column (6) on the Schedule of Buyers; *provided*, *however*, that (A) no fractional number of Conversion Shares shall be sold hereunder and (B) any fractional number of Conversion Shares shall be paid in cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Company (the "**Closing**").

(i) Closing. The date and time of the Closing (the "**Closing Date**") shall be 9:00 a.m., New York City time, on or before March 20, 2020 (or such later date and time as is mutually agreed to by the Company and each Buyer) after notification of satisfaction (or waiver) of the conditions to the Closing set forth in Sections 6 and 7 below, remotely at the offices of Reed Smith LLP, 599 Lexington Avenue, 22nd Floor, New York, New York, 10022.

(ii) Purchase Price. The aggregate purchase price for the Common Units to be purchased by each Buyer at the Closing (the "**Common Stock Purchase Price**") shall be $2.50 per unit (consisting of one Common Share and 0.75 of a Warrant, with each whole Warrant exercisable for one share of Common Stock at an exercise price of $3.50 per share) (as adjusted for the value of any fractional shares). The aggregate purchase price for the Preferred Units to be purchased by each Buyer at the Closing (the "**Preferred Stock Purchase Price**" and together with the Common Stock Purchase Price, the "**Purchase Price**") shall be $2.50 per unit (consisting of one-tenth of one share of Preferred Stock and 0.75 of a Warrant, with each whole Warrant exercisable for one share of Common Stock at an exercise price of $3.50 per share) (as adjusted for the value of any fractional shares).

(b) Form of Payment. On the Closing Date, (i) each Buyer shall pay its respective Purchase Price to the Company for the applicable Securities to be issued and sold to such Buyer at the Closing, by wire transfer of immediately available funds in accordance with the Company's written wire instructions and (ii) the Company shall deliver to each Buyer the applicable Securities (allocated in the amounts as such Buyer shall request) which such Buyer is then purchasing hereunder, in each case, duly executed on behalf of the Company and registered in the name of such Buyer or its designee, and, in the case of the Common Shares, on the applicable balance account at Computershare Inc., as the Company's transfer agent (the "**Transfer Agent**") and in the case of the Preferred Shares in in either book-entry or certificated form. Upon the request of a Buyer, the Company shall instruct the Transfer Agent to provide such Buyer with a copy of such Buyer's balance account at the Transfer Agent.

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

Each Buyer, severally and not jointly, represents and warrants with respect to only itself that:

(a) Organization and Good Standing. If the Buyer is an entity, such Buyer is a corporation, partnership, limited liability company or other entity duly incorporated or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

(b) Authorization and Power. Such Buyer has the requisite power and authority to enter into and perform the Transaction Documents (as defined below) to which such Buyer is a party and to purchase the Securities being sold to it hereunder. If such Buyer is an entity, the execution, delivery and performance of the Transaction Documents to which such Buyer is a party by such Buyer and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate, limited liability company or partnership action, and no further consent or authorization of such Buyer or its board of directors, stockholders, partners or similar body, as the case may be, is required. The Transaction Documents to which such Buyer is a party have been duly authorized, executed and delivered by such Buyer and assuming due authorization, execution and deliver by the Company, constitute valid and binding obligations of such Buyer enforceable against such Buyer in accordance with the terms thereof, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(c) No Public Sale or Distribution. Such Buyer is acquiring (i) the Common Shares, and upon exercise of the Warrants will acquire the Warrant Shares, and/or (ii) the Preferred Shares, and upon conversion of the Preferred Shares will acquire the Conversion Shares and upon exercise of the Warrants, will acquire the Warrant Shares for its own account and not with a view toward, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act of 1933 Act, as amended (the "**1933 Act**"); *provided*, *however*, that by making the representations herein, such Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of all or any part of the Securities at any time in accordance with or pursuant to a registration statement or an exemption from registration under the 1933 Act and pursuant to the applicable terms of the Transaction Documents. Such Buyer is acquiring the Securities hereunder in the ordinary course of its business. Such Buyer does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities. As used in this Agreement, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(d) Accredited Investor Status. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D. Such Buyer has executed and delivered to the Company a questionnaire in substantially the form attached hereto as Exhibit E (the "**Investor Questionnaire**"), which such Buyer represents and warrants is true, correct and complete. Such Buyer will promptly notify the Company of any changes to its status as an "accredited investor".

(e) Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth in the Transaction Documents and the Investor Questionnaire in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

(f) Information. Such Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities that have been requested by such Buyer as it has deemed necessary or appropriate to conduct its due diligence investigation. Such Buyer has sufficient knowledge and experience in investing in companies similar to the Company so as to be able to evaluate the risks and merits of its investment in the Company. Such Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Neither such inquiries nor any other due diligence investigations conducted by such Buyer or its advisors, if any, or its representatives shall modify, amend or affect such Buyer's right to rely on the Company's representations and warranties contained herein and the truth, accuracy, and completeness thereof. Such Buyer understands that its investment in the Securities involves a high degree of risk and represents and warrants that it is able to bear the economic risk and complete loss of such investment. Such Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(g) No Governmental Review. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(h) Transfer or Resale. Such Buyer understands that, except as provided in the Registration Rights Agreement: (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, or (B) such Buyer shall have delivered to the Company an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to Rule 144, as amended, promulgated under the 1933 Act (or a successor rule thereto) ("**Rule 144**") or an exemption from such registration, (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder, and (iii) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

(i) Legends. Such Buyer understands that the certificates or other instruments representing the Securities, including any applicable balance account at the Transfer Agent, except as set forth below, shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such Securities):

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH ANY OF THESE SECURITIES ARE CONVERTIBLE OR EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

(j) Legend Removal. Unless otherwise required by state securities laws, the legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of the Securities upon which it is stamped or issue to such holder by electronic delivery at the applicable balance account at The Depository Trust Company ("**DTC**") or the Transfer Agent, as applicable, and at the Buyer's election so long as the Buyer is not an affiliate of the Company, if (i) with respect to the Common Shares and the Warrant Shares, such shares are registered for resale under the 1933 Act, (ii) in connection with a sale, assignment or other transfer of the Securities, such holder provides the Company with an opinion of a law firm reasonably acceptable to the Company, in a form reasonably acceptable to the Company, to the effect that such sale, assignment or transfer of the Securities may be made without registration under the applicable requirements of the 1933 Act, or (iii) such holder provides the Company with an opinion of a law firm reasonably acceptable to the Company, in a form reasonably acceptable to the Company, to the effect that the Securities can be sold, assigned or transferred pursuant to Rule 144 or an exemption from registration.

(k) No Conflicts. The execution, delivery and performance by such Buyer of the Transaction Documents and the consummation by such Buyer of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of such Buyer, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Buyer is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Buyer, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Buyer to perform its obligations hereunder.

(l) No General Solicitation and Advertising. Such Buyer represents and acknowledges that it has not been solicited to offer to purchase or to purchase any Securities by means of any general solicitation or advertising within the meaning of Regulation D.

(m) Residency. Such Buyer is a resident of that jurisdiction specified below its address on the Schedule of Buyers.

(n) Brokers. There is no broker, investment banker, financial advisor, finder or other Person which has been retained by or is authorized to act on behalf of such Buyer who might be entitled to any fee or commission for which the Company will be liable in connection with the execution of this Agreement and the consummation of the transactions contemplated hereby.

(o) Independent Evaluation. Such Buyer confirms and agrees that (i) it has independently evaluated the merits of its decision to purchase the Securities, (ii) it has not relied on the advice of, or any representations by, the Agents or any affiliate thereof or any representative of the Agents or their affiliates in making such decision and (iii) neither the Agents nor any of their representatives has any responsibility with respect to the completeness or accuracy of any information or materials furnished to such Buyer in connection with the transactions contemplated hereby. Such Buyer has furnished to the Agents a non-reliance letter addressed to the Agents in the form attached hereto as Exhibit F (the "**Non-reliance Letter**").

(p) Bad Actor Disclosure. Such Buyer acknowledges and agrees that it has received and reviewed the disclosure set forth on Exhibit G attached hereto a reasonable time prior to the date hereof.

(q) ERISA. Such Buyer represents and acknowledges that it is not an employee benefit plan subject to the ERISA (as defined below) or a "plan" subject to Section 4975 of the Code (as defined below).

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Buyers that, unless otherwise specified, as of the date hereof and as of the Closing Date:

(a) Organization and Qualification. The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the SEC Documents (as defined below), and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to so qualify or have such power or authority would not reasonably be expected to (i) have, singularly or in the aggregate, a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business or (ii) impair in any material respect the ability of the Company to perform its obligations under the Transaction Documents to which it is a party or to consummate the transactions contemplated hereby and thereby (any such effect as described in clauses (i) or (ii), a "**Material Adverse Effect**").

(b) Authorization; Enforcement; Validity. The Company has the requisite power and authority to execute and deliver this Agreement, the Registration Rights Agreement, the Irrevocable Transfer Agent Instructions (as defined below), the Warrants and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement, if any (collectively, the "**Transaction Documents**") and to perform its obligations thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of the Transaction Documents and the consummation by it of the transactions contemplated thereby have been duly and validly taken other than in connection with the Required Approvals (as defined below). This Agreement has been duly authorized, executed and delivered by the Company, and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(c) Subsidiaries. Each of the Company's Subsidiaries (as defined below) has been duly incorporated, organized or formed, as the case may be, and is validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation with full power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the SEC Documents, and is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to so qualify would not reasonably be expected to have a Material Adverse Effect. "**Subsidiary**" of any Person means any entity in which such Person, directly or indirectly, owns more than 50% of the outstanding capital stock, equity or similar interests or voting power of such entity at the time of this Agreement. As of the Initial Closing, the Company has no Subsidiaries except those set forth in Schedule 3(c).

(d) Issuance of the Securities. The Company's capitalization as of December 31, 2019 and giving effect to the issuance of the Securities hereunder, is set forth on Schedule 3(d). As of the date hereof and as of the Closing Date, the Company will have 310,000,000 authorized shares, of which 300,000,000 are shares of Common Stock, and 10,000,000 are shares of preferred stock, par value

$0.0001 per share. The Common Shares, the Warrants have been duly authorized and, upon issuance in accordance with the terms hereof and payment of the Common Purchase Price, shall be validly issued, fully paid and nonassessable and free from all preemptive or similar rights. The Preferred Shares and the Warrants have been duly authorized and, upon issuance in accordance with the terms hereof and payment of the Preferred Purchase Price, shall be validly issued, fully paid and nonassessable and free from all preemptive or similar rights. Upon conversion of the Preferred Shares in accordance with the Certificate of Designation, the Conversion Shares will be validly issued, fully paid and nonassessable and free from all preemptive or similar rights. Upon exercise of the Warrants in accordance with the terms thereof payment of any applicable exercise price therefore, the Warrant Shares will be validly issued, fully paid and nonassessable and free from all preemptive or similar rights. As of the Closing, (i) a number of shares of Common Stock shall have been duly authorized and reserved for issuance which equals 100% of the aggregate of the maximum number of Conversion Shares issuable upon conversion of the Preferred Stock, and (ii) a number of shares of Common Stock shall have been duly authorized and reserved for issuance which equals 100% of the aggregate of the maximum number of shares of Common Stock issuable upon exercise of the Warrants. Assuming the accuracy of each of the representations and warranties set forth in Section 2 of this Agreement, the offer and issuance by the Company of the Securities does not require registration under the 1933 Act. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in compliance with applicable state and federal securities law and any rights of third parties. Except as described on Schedule 3(d), no Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. As of the Closing Date, except as disclosed on Schedule 3(d), there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company has an obligation, contingent or otherwise, to issue any equity securities.

(e) No Conflicts. The execution and delivery of the Transaction Documents by the Company, the performance by the Company of its obligations thereunder and the consummation by the Company of the transactions contemplated hereby and thereby (including the issuance of the Securities) will not, subject to the Required Approvals, conflict with, result in a breach or violation of, or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, (i) the organizational documents of the Company or any of its Subsidiaries, (ii) the terms of any material indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its Subsidiaries is a party or bound or to which its or their property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its Subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its Subsidiaries or any of its or their properties; except, in the case of clauses (ii) and (iii) above, for any such conflict, breach, violation or imposition that would not, individually or in the aggregate, have a Material Adverse Effect.

(f) Consents. No consent, approval, authorization, filing with or order of any court, governmental agency or body, or other Person is required in connection with the transactions contemplated by this Agreement, except (i) such as have been obtained under the blue sky laws of any jurisdiction in connection with the purchase of the Securities, (ii) such as maybe required under the 1933 Act in connection with the registration of the Common Shares, Conversion Shares and Warrant Shares pursuant to the Registration Rights Agreement, (iii) the filing of a Form D with the SEC, (iv) the filing of the Certificate of Designation with the Secretary of State of the State of Delaware (the "**Delaware Secretary of State**"), and (v) such as have been obtained under the securities laws and regulations of jurisdictions outside of the United States in which the Securities are sold (collectively, the "**Required Approvals**").

(g) Absence of Defaults. As of the Closing Date, and after giving effect the funding of the aggregate amount set forth on the Schedule of Buyers, the Company is not in default (and no event that, with the passage of time or giving of notice or both, would be a default) in the performance or observance of any material obligation, covenant or condition contained in any loan agreement to which it is a party.

(h) No General Solicitation; Agents' Fees. Neither the Company, nor any of its Subsidiaries or affiliates, nor any Person acting on its behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities. The Company shall be responsible for the payment of the Agents' fees under the Engagement Letter and shall not have any responsibility for any fees or brokers' commissions incurred by any Buyer or its investment advisor relating to or arising out of the transactions contemplated hereby. The Company acknowledges that it has engaged the Agents in connection with the sale of the Securities. Other than the Agents, neither the Company nor any of its Subsidiaries has engaged any placement agent or other agent in connection with the sale of the Securities.

(i) No Integrated Offering. Neither the Company, nor any of its Subsidiaries or affiliates, nor any Person acting on its behalf, has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Securities under the 1933 Act, whether through integration with prior offerings or otherwise.

(j) Application of Takeover Protections; Rights Agreement. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable (and accordingly the Buyers are exempt from) any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Certificate of Incorporation, as amended and as in effect on the date hereof (the "**Certificate of Incorporation**"), or the laws of the State of Delaware which are or could become applicable to any Buyer as a result of the transactions contemplated by the Transaction Documents, including the Company's issuance of the Securities and any Buyer's ownership of the Securities.

(k) SEC Documents; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it (the "**SEC Documents**") with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). As of their respective filing dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the 1933 Act applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the filing date, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. The financial statements of the Company have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company, as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). The Company has never been an issuer subject to Rule 144(i) under the 1933 Act. The pro forma financial information and the related notes included in the SEC Documents have been prepared in accordance with the applicable requirements of the 1933 Act and the rules and regulations thereunder and present fairly the information shown therein, and the assumptions

used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(l) Absence of Certain Changes. Since the date of the Company's last audited financial statements included in or incorporated by reference in its SEC Documents, there has been no Material Adverse Effect and no circumstances exist that could reasonably be expected to be, cause or have a Material Adverse Effect. Neither the Company nor any of its respective Subsidiaries has taken any steps to seek protection pursuant to any bankruptcy law nor does any of the Company have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact that would reasonably lead a creditor to do so.

(m) Transfer Taxes. On the Closing Date, all stock transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the sale and transfer of the Securities to be sold to each Buyer hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

(n) Disclosure. The Company confirms that neither it nor any other Person acting on its behalf has provided any of the Buyers with any information that would constitute material, nonpublic information which has not otherwise been disclosed publicly as of the Closing Date. The Company acknowledges and agrees that no Buyer makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 2 hereof and in the Investor Questionnaire.

(o) Manipulation of Price. The Company has not, and to its knowledge no one acting on its behalf has, taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(p) Capital Stock of Subsidiaries. All of the outstanding units, limited liability company interests, limited company interests or other equity ownership interests issued by each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable (to the extent applicable under the laws of the relevant jurisdiction).

(q) Investment Company. The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds therefrom, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

(r) Exhibits. There is no agreement, contract or other document of a character required to be described in the SEC Documents, or to be filed as an exhibit thereto, which is not described or filed as required.

(s) Registration Rights. Except as disclosed in the SEC Documents, there are no persons with registration or other similar rights to have any equity or debt securities of the Company registered for sale under a registration statement, except for rights (i) contained in the Registration Rights Agreement, or (ii) as have been duly waived.

(t) Legal Proceedings. No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries or its or their property is pending or, to the best knowledge of the Company, threatened, that could reasonably be expected to have a Material Adverse Effect, except as set forth in or contemplated in the SEC Documents.

(u) Real Property. The Company and its Subsidiaries own or lease all such properties as are necessary for the conduct of their operations as presently conducted.

(v) Independent Accountants. Deloitte LLP who has certified certain financial statements of the Venus Concept Ltd. and its consolidated subsidiaries and delivered its report with respect to the audited consolidated financial statements and schedules included in the SEC Documents, are Chartered Professional Accountants/Licensed Public Accountants and are independent with respect to Venus Concept Ltd. within the meaning of the 1933 Act and the applicable published rules and regulations thereunder and Grant Thornton LLP, who have certified certain financial statements of the Company and its consolidated subsidiaries and delivered it report with respect to the audited consolidated financial statements and schedules included in the SEC Documents, are independent public accountants with respect to the Company within the meaning of the 1933 Act and the applicable published rules and regulations thereunder.

(w) Taxes. The Company and its Subsidiaries have (a) filed all foreign, federal, state and local tax returns (as defined below) required to be filed with taxing authorities prior to the date hereof or have duly obtained extensions of time for the filing thereof and (b) paid all taxes (as hereinafter defined below) shown as due and payable on such returns that were filed and have paid all taxes imposed on or assessed against the Company or its Subsidiaries, except in each case, as would not reasonably be expected to result in a Material Adverse Effect. The provisions for taxes payable, if any, shown on the financial statements included in the SEC Documents are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. The term "**taxes**" means all federal, state, local, foreign, and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments, or charges of any kind whatever, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto. The term "**returns**" means all returns, declarations, reports, statements, and other documents required to be filed in respect to taxes.

(x) Employment Matters. There is (A) no unfair labor practice complaint pending against the Company or any of its Subsidiaries, nor to the Company's knowledge, threatened against it or any of its Subsidiaries, before the National Labor Relations Board, any state or local labor relation board or any foreign labor relations board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or any of its Subsidiaries, or, to the Company's knowledge, threatened against it and (B) no labor disturbance by the employees of the Company or any of its Subsidiaries exists or, to the Company's knowledge, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or its Subsidiaries, principal suppliers, manufacturers, customers or contractors, that could reasonably be expected, singularly or in the aggregate, to have a Material Adverse Effect.

(y) Compliance with Occupational Laws. The Company and each of its Subsidiaries (A) is in compliance, in all material respects, with any and all applicable foreign, federal, state and local laws, rules, regulations, treaties, statutes and codes promulgated by any and all governmental authorities (including pursuant to the Occupational Health and Safety Act) relating to the protection of human health and safety in the workplace ("**Occupational Laws**"); (B) has received all material permits, licenses or other approvals required of it under applicable Occupational Laws to conduct its business as currently conducted; and (C) is in compliance, in all material respects, with all terms and conditions of such permit, license or approval. No action, proceeding, revocation proceeding, writ, injunction or claim is pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries relating to Occupational Laws that could be reasonably expected to have a Material Adverse Effect.

(z) Insurance. The Company, on a consolidated basis with its Subsidiaries, carries, or is covered by, insurance in such amounts and covering such risks as it believes is adequate for the conduct of its business as currently conducted as described in the SEC Documents and to cover its properties.

(aa) Permits. The Company and each of its Subsidiaries holds, and is in compliance with, all franchises, grants, authorizations, licenses, permits, easements, consents, certificates and orders ("**Permits**") of any governmental authority required for the conduct of its business as currently conducted as described in the SEC Documents, and all such Permits are in full force and effect, in each case except where the failure to hold, or comply with, any of them is not reasonably likely to result in a Material Adverse Effect or adversely affect the consummation of the transactions contemplated by the Transaction Documents.

(bb) Accounting and Disclosure Controls. Except as disclosed in the SEC documents, the Company, on a consolidated basis with its Subsidiaries, maintains a system of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the 1934 Act) that has been designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the date of the latest audited financial statements included in the SEC Documents, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company maintains disclosure controls and procedures that have been designed to ensure that material information relating to the Company and any subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective.

(cc) Environmental Matters. The Company and its Subsidiaries are in compliance with all foreign, federal, state and local rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety or the environment which are applicable to their businesses ("**Environmental Laws**"), except where the failure to comply has not had and would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect. There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or other wastes or other hazardous substances by, due to, or caused by the Company or any of its Subsidiaries (or, to the Company's knowledge, any other entity for whose acts or omissions the Company or any of its Subsidiaries is or may otherwise be liable) upon any of the property now or previously owned or leased by the Company or any of its Subsidiaries, or upon any other property, in violation of any law, statute, ordinance, rule, regulation, order, judgment, decree or permit or which would, under any law, statute, ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which has not had and would not reasonably be expected to have, singularly or in the aggregate, a Material Adverse Effect; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances with respect to which the Company or any of its Subsidiaries has knowledge.

(dd) ERISA Compliance. No "prohibited transaction" (as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published

interpretations thereunder ("**ERISA**"), or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time (the "**Code**")) or "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the thirty (30)-day notice requirement under Section 4043 of ERISA has been waived) has occurred or could reasonably be expected to occur with respect to any employee benefit plan of the Company or any of its Subsidiaries which would reasonably be expected to, singularly or in the aggregate, have a Material Adverse Effect. Each employee benefit plan of the Company or any of its Subsidiaries is in compliance in all material respects with applicable law, including ERISA and the Code. The Company and its Subsidiaries have not incurred and could not reasonably be expected to incur liability under Title IV of ERISA with respect to the termination of, or withdrawal from, any pension plan (as defined in ERISA). Each pension plan for which the Company or any of its Subsidiaries would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified, and, to the Company's knowledge, nothing has occurred, whether by action or by failure to act, which could, singularly or in the aggregate, cause the loss of such qualification.

(ee) SOX Compliance. The Company has taken all actions it deems reasonably necessary or advisable to take on or prior to the date of this Agreement to assure that it is and will continue be in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof that are then in effect.

(ff) Foreign Corrupt Practices Act. Neither the Company nor any of its Subsidiaries, nor any director or officer of the Company or any Subsidiary, nor, to the knowledge of the Company, any employee, representative, agent, affiliate of the Company or any of its Subsidiaries or any other person acting on behalf of the Company or any of its Subsidiaries, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "**FCPA**"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(gg) Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any governmental entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(hh) OFAC. Neither the Company nor any of its Subsidiaries nor any director or officer of the Company or any of its Subsidiaries, nor, to the knowledge of the Company, any employee, representative, agent or affiliate of the Company or any of its Subsidiaries or any other person acting on behalf of the Company or any of its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not directly or indirectly use the proceeds of the offering of the Securities contemplated hereby, or lend,

contribute or otherwise make available such proceeds to any person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(ii) Intellectual Property. The Company and each of its Subsidiaries owns or possesses or has valid right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("**Intellectual Property**") necessary for the conduct of the business of the Company and its Subsidiaries as currently conducted as described in the SEC Documents. To the knowledge of the Company, no action or use by the Company or any of its Subsidiaries involves or gives rise to any infringement of, or license or similar fees for, any Intellectual Property of others, except where such action, use, license or fee is not reasonably likely to result in a Material Adverse Effect. Except as disclosed in the SEC Documents, neither the Company nor any of its Subsidiaries has received any notice alleging any such infringement or fee which would reasonably likely to result in a Material Adverse Effect. To the Company's knowledge, none of the technology employed by the Company or any of its Subsidiaries has been obtained or is being used by the Company or such Subsidiary in violation of any contractual obligation binding on the Company or such Subsidiary or, to the Company's knowledge, any of the officers, directors or employees of the Company or any Subsidiary, or, to the Company'sknowledge, otherwise in violation of the rights of any persons, except in each case for such violations as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(jj) Compliance with Health Care Laws. The Company and, to the Company's knowledge, its directors, officers, employees, and agents (while acting in such capacity) are, and at all times since January 1, 2017 have been, in compliance with, all health care laws and regulations applicable to the Company, including all such health care laws and regulations pertaining to development and testing of health care products or medical devices, fraud and abuse, kickbacks, recordkeeping, documentation requirements, the hiring of employees (to the extent governed by health care laws), quality, safety, privacy, security, licensure, ownership, manufacturing, packaging, labeling, processing, use, distribution, storage, import, export, advertising, promotion, marketing or disposal of health care products or medical devices (collectively, "**Health Care Laws**"), except where such noncompliance would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the SEC Documents, the Company, and to the Company's knowledge, its contract manufactures (while acting on behalf of the Company) has not received any written notification, correspondence or any other written communication, including notification of any pending or threatened claim, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Authority, including, without limitation, the United States Food and Drug Administration ("**FDA**"), the Centers for Medicare & Medicaid Services, and the U.S. Department of Health and Human Services Office of Inspector General, of material non-compliance by, or liability of, the Company under any Health Care Laws. To the Company's knowledge, there are no facts or circumstances that would reasonably be expected to give rise to liability of the Company under any Health Care Laws, except that would not individually or in the aggregate have a Material Adverse Effect. To the Company's knowledge, the manufacture of products by or on behalf of the Company is being conducted in compliance in all material respects with all Health Care Laws applicable to the Company or any of its products or activities, including, without limitation, the FDA's current good manufacturing practice regulations at 21 C.F.R. Part 820 for products sold in the United States, and the respective counterparts thereof promulgated by governmental authorities in countries outside the United States. Except as disclosed in the SEC Documents or as would not reasonably be expected to have a Material Adverse Effect, during the two year period ended on December 31, 2018 and through the date hereof, the Company has not had any product or Company-owned manufacturing site subject to a governmental authority (including FDA) shutdown or import or export prohibition, nor received any FDA Form 483 or other governmental authority notice of inspectional observations, "warning letters," "untitled letters," written requests to make changes to the Company's products, processes or operations, or similar written correspondence or notice from the FDA or other governmental

authority alleging or asserting material noncompliance with any applicable Health Care Laws that has not been resolved. To the Company's knowledge, neither the FDA nor any other Governmental Authority has threatened such action.

(kk) Clinical Data and Regulatory Compliance. The clinical and preclinical studies and tests conducted by the Company and, to the knowledge of the Company, the clinical and preclinical studies conducted on behalf of or sponsored by the Company, were, and if still pending, are, being conducted in all material respects in accordance with all applicable Health Care Laws, including, but not limited to, the Federal Food, Drug and Cosmetic Act and its applicable implementing regulations at 21 C.F.R. Parts 50, 54, 56, 58 and 812. Any descriptions of clinical, preclinical and other studies and tests, including any related results and regulatory status, contained in the SEC Documents are complete, accurate, and fairly represented in all material respects. No marketing authorization, including any 510(k) clearance held by the Company, has been terminated or suspended by the FDA, and neither the FDA nor any applicable foreign regulatory agency has commenced, or, to the Company's knowledge, threatened to initiate, any action to place a clinical hold order on, or otherwise terminate, delay or suspend, any proposed or ongoing clinical investigation conducted or proposed to be conducted by or on behalf of the Company.

(ll) No Safety Notices. Except as would not reasonably be expected to have a Material Adverse Effect or as disclosed in the SEC Documents, there have been no recalls, field notifications, corrections or removals, market withdrawals or replacements, warnings, "dear doctor" letters, investigator notices, safety alerts, safety communications or other notice of action relating to an alleged lack of safety, efficacy, or regulatory compliance of the Company's products ("**Safety Notices**") during the two year period ended on December 31, 2018 and through the date hereof. To the Company's knowledge, there are no facts that would be reasonably likely to result in (i) a material Safety Notice with respect to the Company's products, (ii) a material change in labeling of any of the Company's products, or (iii) a termination or suspension of marketing or testing of any of the Company's products, except, in each case, as would not reasonably be expected to have a Material Adverse Effect.

(mm) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation, within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Buyer's request.

4. COVENANTS.

(a) Blue Sky. The Company, on or before the Closing Date, shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Securities for sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or "blue sky" laws of the states of the United States (or to obtain an exemption from such qualification). The Company shall make all filings and reports relating to the offer and sale of the Securities required under applicable securities or "blue sky" laws of the states of the United States following the Closing Date.

(b) Reporting Status; Public Information. From the date of this Agreement until the first date on which no Buyer owns any Securities (the "**Reporting Period**"), the Company shall timely file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act would otherwise permit such termination.

(c) Listing. The Company shall promptly secure the listing of all of the Common Shares, the Conversion Shares and the Warrant Shares upon each national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) (the "**Principal Market**") and shall maintain, so long as any other shares of Common Stock

shall be so listed, such listing of all Registrable Securities from time to time issuable under the terms of the Transaction Documents. The Company shall take all actions necessary to remain eligible for quotation of the Common Stock on the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or The New York Stock Exchange and neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock thereon. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(c).

(d) Fees. The Company shall be responsible for the payment of any Agents' fees, financial advisory fees, or broker's commissions (other than for Persons engaged by any Buyer) relating to or arising out of the transactions contemplated by this Agreement, including, without limitation, any fees or commissions payable to the Agents. Except as otherwise set forth in the Transaction Documents, each party to this Agreement shall bear its own expenses in connection with the sale of the Securities to the Buyers, provided, however, the Company has agreed to reimburse the SEDCO Buyers $25,000 for legal fees and expenses and the Agents for $100,000 for legal fees and expenses.

(e) Disclosure of Transactions and Other Material Information. No later than 5:30 p.m., New York City time, on the fourth Business Day following the date of this Agreement, the Company shall issue a press release and file a Current Report on Form 8-K describing the terms of the transactions contemplated by the Transaction Documents in the form required by the 1934 Act and attaching the material Transaction Documents (including, without limitation, this Agreement and the form of the Registration Rights Agreement) as exhibits to such filing. Without the prior written consent of any applicable Buyer, neither the Company nor any of its Subsidiaries or affiliates shall disclose the name of such Buyer in any filing, announcement, release or otherwise other than in connection with the registration statement contemplated by the Registration Rights Agreement, unless such disclosure is required by law, regulation or the Principal Market.

(f) Subsequent Equity Sales. The Company shall not, and shall use its commercially reasonable efforts to ensure that no affiliate of the Company shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the 1933 Act) that will be integrated with the offer or sale of the Securities in a manner that would require the registration under the 1933 Act of the sale of the Securities to the Buyers, or that will be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any trading market such that it would require stockholder approval prior to the closing of such other transaction unless stockholder approval is obtained before the closing of such subsequent transaction.

(g) No Avoidance of Obligations. The Company shall not, and shall cause each of its Subsidiaries not to, enter into any agreement which would prevent the Company's or any of its Subsidiaries' ability to perform under, or take any other voluntary action to avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it under, this Agreement and the other Transaction Documents.

(h) Regulation M. Neither the Company, nor the Subsidiaries nor any affiliates of the foregoing shall take any action prohibited by Regulation M under the 1934 Act, in connection with the offer, sale and delivery of the Securities contemplated hereby.

(i) Use of Proceeds. The net proceeds from the sale of the Securities hereunder shall be used for general corporate purposes, including the funding of research and development activities. The Company's management will retain broad discretion over the allocation of the net proceeds from the sale of the Securities.

(j) Reservation of Common Stock. The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations in full under the Transaction Documents but in no event less than the Required Minimum. If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than 130% of the Required Minimum on such date, then the Board of Directors shall use commercially reasonable efforts to amend the Certificate of Incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 75th day after such date; provided that the Company will not be required at any time to authorize a number of shares of Common Stock greater than the maximum remaining number of shares of Common Stock that could possibly be issued after such time pursuant to the Transaction Documents. For purposes of this Agreement, "**Required Minimum**" means, as of any date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Conversion Shares issuable upon the conversion of the Preferred Shares and the issuance of any Warrant Shares upon exercise of the Warrants, ignoring any conversion limits set forth therein.

(k) Stockholder Approval. The Company shall use its best efforts to file a preliminary proxy statement with the SEC for the purpose of obtaining such approval as may be required by (i) the applicable rules and regulations of the Nasdaq Stock Market (or any successor entity) from the stockholders of the Company with respect to the issuance of all Conversion Shares issuable upon conversion of the Preferred Shares in excess of 19.99% of the issued and outstanding Common Stock on the date hereof, and (ii) any other applicable rule or regulation of the Nasdaq Stock Market (or any successor entity) from the stockholders of the Company with respect to the issuance of all Conversion Shares (the "**Stockholder Approval**"). The Company shall use its best efforts to hold a special meeting of its stockholders (which may also be the annual meeting of stockholders) at the earliest practical date after the date hereof, but in no event later than 120 days after the filing of the Company's Form 10-K for the fiscal year ended December 31, 2019 for the purpose of obtaining Stockholder Approval, with the recommendation of the Board of Directors that such proposals are approved, and the Company shall solicit proxies from its stockholders in connection therewith in the same manner as all other management proposals in such proxy statement and all management-appointed proxyholders shall vote their proxies in favor of such proposal. If the Company does not obtain Stockholder Approval at the first meeting held for such purpose, upon the written request of holders of Preferred Shares representing at least a majority of the amount of the outstanding Preferred Shares, the Company shall use its best efforts to call another meeting of stockholders within six (6) months of the first meeting of stockholders held pursuant to this Section 4(k).

5. REGISTER; TRANSFER AGENT INSTRUCTIONS.

(a) Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to each holder of the Securities), a register for (i) the Warrants in which the Company shall record the name and address of the Person in whose name the Warrants have been issued (including the name and address of each transferee) and the number of Warrant Shares issuable upon exercise of the Warrants held by such Person and (ii) the Preferred Shares in which the Company shall record the name and address of the Person in whose name the Preferred Shares have been issued (including the name and address of each transferee) and the number of Conversion Shares issuable upon conversion of the Preferred Shares held by such Person.

(b) Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent, and any subsequent transfer agent, to issue certificates or credit shares to the applicable balance accounts of such transfer agent, registered in the name of each Buyer or its respective nominee(s), for (i) the Warrant Shares in such amounts as specified from time to time by each Buyer to the Company

upon exercise of the Warrants (including payment of any applicable exercise price) and (ii) the Conversion Shares in such amounts as specified from time to time by each Buyer to the Company upon conversion of the Preferred Shares substantially in the form of Exhibit H attached hereto (the "**Irrevocable Transfer Agent Instructions**"). The Company represents and warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, and stop transfer instructions to give effect to Section 2(h) hereof, will be given by the Company to its transfer agent with respect to the Common Shares, Conversion Shares and Warrant Shares. If a Buyer effects a sale, assignment or transfer of the Common Shares, Conversion Shares or Warrant Shares in accordance with Section 2(h), the Company shall permit the transfer and shall promptly instruct its transfer agent to issue one or more certificates or credit shares to the applicable balance accounts of such transfer agent in such name and in such denominations as specified by such Buyer to effect such sale, transfer or assignment; provided that the Buyer has complied with Section 2(h) through (j). In the event that such sale, assignment or transfer involves Common Shares, Warrant Shares or Conversion Shares sold, assigned or transferred pursuant to an effective registration statement or pursuant to Rule 144, the transfer agent shall issue such securities to the Buyer, assignee or transferee, as the case may be, without any restrictive legend upon such sale.

(c) Breach. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to a Buyer. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5, that a Buyer shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The obligation of the Company hereunder to issue and sell the Common Units and the Preferred Units to each Buyer as set forth on the Schedule of Buyers at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, *provided* that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

(a) Each Buyer shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

(b) Each Buyer shall have executed and delivered to the Company an Investor Questionnaire, in the form attached hereto as Exhibit E, pursuant to which each such Buyer shall provide information necessary to confirm each such Buyer's status as an "accredited investor" (as such term is defined in Rule 501 promulgated under the 1933 Act) and to enable the Company to comply with the Registration Rights Agreement.

(c) Each Buyer shall have delivered to the Company its respective Purchase Price for the Common Units and/or Preferred Units being purchased by such Buyer by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company.

(d) The representations and warranties of each Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date), and each Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or

complied with by such Buyer at or prior to the Closing Date. By delivering its respective Purchase Price for the Common Units and/or Preferred Units being purchased by such Buyer at the Closing, each Buyer shall be deemed to have confirmed the foregoing as of the Closing Date.

(e) Each of the Buyers affiliated with EW, HealthQuest and SEDCO shall have concurrently funded at the Closing its respective Purchase Price as set forth in the Schedule of Buyers.

7. CONDITIONS TO EACH BUYER'S OBLIGATION TO PURCHASE.

The obligation of each Buyer hereunder to purchase the Common Units and/or Preferred Units set forth on the Schedule of Buyers at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, *provided* that these conditions are for each Buyer's sole benefit and may be waived by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

(a) The Company shall have duly executed and delivered to such Buyer (i) each of the Transaction Documents and (ii) the Common Units and/or Preferred Units being purchased by such Buyer at the Closing pursuant to this Agreement.

(b) Such Buyer shall have received the opinion of Reed Smith LLP, counsel for the Company ("**Company Counsel**"), dated as of the Closing Date, in substantially the form of Exhibit I attached hereto.

(c) The Company shall have delivered to such Buyer a copy of the Irrevocable Transfer Agent Instructions, in the form of Exhibit H attached hereto, which instructions shall have been delivered to and acknowledged in writing by the Company's transfer agent.

(d) The Company shall have delivered to such Buyer a certificate evidencing the good standing of the Company issued by the Delaware Secretary of State as of a date within five Business Days of the Closing Date.

(e) The Company shall have filed with the Nasdaq Stock Market a Notification Form: Listing of Additional Shares for the listing of the Shares, and Nasdaq shall have raised no objection to the consummation of the Transaction.

(f) The Company shall have delivered to such Buyer a certified copy of the Certificate of Incorporation or organization of the Company as certified by the Delaware Secretary of State within five Business Days of the Closing Date.

(g) The Company shall have delivered to such Buyer a certificate, executed by the Secretary of the Company and dated as of the Closing Date, as to (i) the resolutions of the Board of Directors of the Company or an authorized committee thereof, approving the Transaction Documents and the transactions contemplated thereby, and (ii) the Bylaws of the Company, each as in effect at the Closing, in the form attached hereto as Exhibit J.

(h) The representations and warranties of the Company shall be true and correct as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specified date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Buyer shall have received one or more

certificates, executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect in the form attached hereto as Exhibit K.

(i) The Company shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Common Units and the Preferred Units. No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Transaction Documents.

8. MISCELLANEOUS.

(a) Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan and each of their respective appellate courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

(b) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; *provided* that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

(c) Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

(d) Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(e) Entire Agreement; Amendments. This Agreement and the other Transaction Documents supersede all other prior oral or written agreements between the Buyers, the Company, their affiliates and Persons acting on their behalf with respect to the matters discussed herein, and this Agreement, the other Transaction Documents and the instruments referenced herein and therein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as

specifically set forth herein or therein, neither the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company, the SEDCO Buyers, and the holders of the Common Shares representing at least a majority of the amount of the Common Shares on an as converted basis. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Common Shares on an as converted basis then outstanding. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration also is offered to all of the parties to the Transaction Documents. The Company has not, directly or indirectly, made any agreements with any Buyers relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents. Without limiting the foregoing, the Company confirms that, except as set forth in this Agreement, no Buyer has made any commitment or promise or has any other obligation to provide any financing to the Company or otherwise.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally, (ii) when sent, if sent by email (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's email server that such email could not be delivered to such recipient, or (iii) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Venus Concept Inc.
235 Yorkland Blvd, Suite 900
Toronto, Ontario M2J 4Y8
Attention: Domenic DiSisto
Email: ddisisto@venusconcept.com

with a copy (for informational purposes only) to:

Reed Smith LLP
599 Lexington Avenue
New York, NY 10022
Facsimile: (212) 521 5450
Attention: Mark Pedretti
Email: mpedretti@reedsmith.com

If to the Transfer Agent:

Computershare
150 Royall Street
Canton, MA 02021.

If to a Buyer, to its physical or electronic address set forth on the Schedule of Buyers, with copies to such Buyer's representatives as set forth on the Schedule of Buyers.

With a copy (for informational purposes only) to:

Proskauer Rose LLP
One International Place
Boston, MA 02110-2600
Attention: Steve Peck
Facsimile: 617.526.9899
Email: speck@proskauer.com

or to such other physical or electronic address or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's email containing the time, date and recipient email address of such transmission, or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by email or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the holders of at least a majority of the aggregate number Common Shares on an as converted basis issued and issuable hereunder, including by merger or consolidation. A Buyer may assign some or all of its rights hereunder with the consent of the Company, in which event such assignee shall be deemed to be a Buyer hereunder with respect to such assigned rights; *provided* that such assignee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Buyers."

(h) No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as set forth in Section 9(p) below and except that each Indemnitee shall have the right to enforce the obligations of the Company with respect to Section 9(k) below.

(i) Survival. The representations and warranties of the Company and the Buyers contained in Sections 2 and 3 and in the Secretary's Certificate and Officer's Certificate delivered on the Initial Closing, and the agreements and covenants set forth in Sections 4, 8 and 9 shall survive the Initial Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

(j) Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Indemnification. The Company agrees to indemnify and hold harmless each of the Buyers, the officers, directors, partners, members, and employees of each Buyer, each Person, if any, who controls any such Buyer (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act) and the officers, directors, partners, members and employees of each such controlling Person (each, an "**Indemnified Party**"), against any losses, claims, damages, liabilities or expenses, joint or several, to which such Indemnified Party may become subject under the 1933 Act, the 1934 Act, or any other federal or state statutory law or regulation, or at common law (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based in

whole or in part on the inaccuracy in the representations and warranties of the Company contained in the Transaction Documents or the failure of the Company to perform its obligations hereunder or thereunder, and will reimburse each Indemnified Party for legal and other expenses reasonably incurred as such expenses are reasonably incurred by such Indemnified Party in connection with investigating, defending, settling, compromising or paying such loss, claim, damage, liability, expense or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon (i) the failure of such Indemnified Party to comply with the covenants and agreements contained in Section 2(h) above respecting sale of the Shares, or (ii) the inaccuracy of any representations made by such Indemnified Party herein. Notwithstanding the foregoing, in no event shall the Company have any liability under this Section 8(k) in an amount that exceeds the proceeds received by the Company pursuant to this Agreement.

(i) Each Buyer shall severally, and not jointly, indemnify and hold harmless the other Buyers and the Company, its directors, officers, and employees, each Person who controls the Company (within the meaning of Section 15 of the 1933 Act and Section 20 of the 1934 Act) and the directors, officers, partners, members or employees of such controlling Persons, against any losses, claims, damages, liabilities or expenses to which the Company, each of its directors or each of its controlling Persons may become subject, under the 1933 Act, the 1934 Act, or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Buyer) insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon (i) any failure by such Buyer to comply with the covenants and agreements contained in Section 2(h) above respecting the sale of the Securities or (ii) the inaccuracy of any representation made by such Buyer in any of the Transaction Documents, in each case to the extent, and will reimburse the Company, each of its directors, and each of its controlling Persons for any legal and other expense reasonably incurred, as such expenses are reasonably incurred by the Company, each of its directors, and each of its controlling Persons in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. No Buyer shall be liable for the indemnification obligations of any other Buyer.

(l) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

(m) Remedies. Each Buyer shall have all rights and remedies set forth in the Transaction Documents and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

(n) Independent Nature of Buyers' Obligations and Rights. The obligations of each Buyer under any Transaction Document are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Buyer pursuant hereto or thereto, shall be deemed to constitute the Buyers as, and the Company acknowledges that the Buyers do not so constitute, a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Buyers are in any way acting in concert or as a group, and the Company will not assert any such claim with respect to such obligations or the transactions contemplated by the Transaction Documents and the Company acknowledges that the Buyers are not acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. The Company acknowledges and each Buyer confirms that it has

independently participated in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors. Each Buyer shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Buyer to be joined as an additional party in any proceeding for such purpose.

(o) Reliance by the Agents. The parties agree and acknowledge that the Agents may rely on the representations, warranties, agreements and covenants of the Company contained in this Agreement and may rely on the representations and warranties of the respective Buyers contained in this Agreement as if such representations, warranties, agreements, and covenants, as applicable, were made directly to the Agents. The parties further agreement that the Agents may rely on or, if the Agents so request, be specifically named as an addressee of, the legal opinions to be delivered pursuant to Section 7(d) of this Agreement.

(p) Exculpation of Agents. Each party hereto agrees for the express benefit of the Agents, their respective affiliates and their respective representatives that:

(i) Neither Agents nor any of their affiliates or any of their representatives (A) have any duties or obligations other than those specifically set forth herein or in the Engagement Letter, (B) make any representation or warranty, or have any responsibilities as to the validity, accuracy, value or genuineness of any information, certificates or documentation delivered by or on behalf of the Company pursuant to this Agreement or the Transaction Documents or in connection with any of the transactions contemplated hereby, or (C) shall be liable (i) for any action taken, suffered or omitted by any of them in good faith and reasonably believed to be authorized or within the discretion or rights or powers conferred upon it by this Agreement or any Transaction Document or (ii) for anything which any of them may do or refrain from doing in connection with this Agreement or any Transaction Document, except for such party's own gross negligence, willful misconduct or bad faith.

(ii) Each of the Agents, their respective affiliates and their respective representatives shall be entitled to rely on, and shall be protected in acting upon, any certificate, instrument, opinion, notice, letter or any other document or security delivered to any of them by or on behalf of the Company.

(iii) Each Buyer represents and warrants, for the express benefit of the Agents, their respective affiliates and their respective representatives, that (A) it has independently made its own analysis and decision to enter into the transactions contemplated by this Agreement and the Transaction Documents based on such information as it deems appropriate and without reliance on the Placement Agents and (B) it is relying exclusively on its own sources of information and advisors with respect to all business, legal, regulatory, accounting, credit and tax matters.

(q) Waiver of Conflicts. Each party to this Agreement acknowledges that Reed Smith LLP, counsel for the Company, has in the past performed and may continue to perform legal services for certain of the Buyers in matters unrelated to the transactions described in this Agreement, including the representation of such Buyers in financings and other matters. Accordingly, each party to this Agreement hereby (a) acknowledges that they have had an opportunity to ask for information relevant to this disclosure; and (b) gives its informed consent to Reed Smith LLP's representation of certain of the Buyers in such unrelated matters and Reed Smith LLP's representation of the Company in connection with this Agreement and the transactions contemplated hereby.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

VENUS CONCEPT INC.

By: /s/ Domenic Serafino
Name: Domenic Serafino
Title: Chief Executive Officer

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

SEDCO Capital Global Funds – SC Private Equity Global Fund IV

By: /s/ Valerio Salvati
Name: Valerio Salvati
Title: Director

By: /s/ Nawaf JamJoom
Name: Nawaf JamJoom
Title: Director

SEDCO Capital Cayman Limited

By: /s/ Rasheed Yar Khan
Name: Rasheed Yar Khan
Title: Director

By: /s/ Samer Shaaban
Name: Samer Shaaban
Title: Director

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

EW HEALTHCARE PARTNERS, L.P.

By: Essex Woodlands Fund IX-GP, its General Partner

By: Essex Woodlands IX, LLC, its General Partner

By: /s/ R. Scott Barry
Name: R. Scott Barry
Title: Authorized Signatory

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

EW HEALTHCARE PARTNERS-A, L.P.

By: Essex Woodlands Fund IX-GP, its General Partner

By: Essex Woodlands IX, LLC, its General Partner

/s/ R. Scott Barry
R. Scott Barry
Authorized Signatory

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

HEALTHQUEST PARTNERS II, L.P.

By: Healthquest Venture Management II, L.L.C., its General Partner

By: /s/ Garheng Kong
Name: Garheng Kong
Title: Managing Partner

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

By: /s/ Peter Giannoulis
Name: Peter Giannoulis
Title:

EXHIBIT A

SCHEDULE OF BUYERS

(1) Buyer	(2) Address	(3) Email Address	(4) Number of Common Shares	(5) Number of Preferred Shares	(6) Number of Warrant Shares	(6) Aggregate Purchase Price	(7) Common upon Series A Conversion	(8) Legal Representative's Address
EW Healthcare Partners, L.P.	21 Waterway Avenue, Suite 225 The Woodlands, TX 77380	rkolodziejcyk@ewhealthcare.com	-	519,114.70	3,893,360.00	$12,977,867.50	5,191,147.00	
EW Healthcare Partners-A, L.P.	21 Waterway Avenue, Suite 225 The Woodlands, TX 77380	rkolodziejcyk@ewhealthcare.com	-	20,885.30	156,640.00	$522,132.50	208,853.00	
HealthQuest Partners II, L.P.	c/o HealthQuest Capital Management Company, LLC 1301 Shoreway Road, Suite 350 Belmont, CA 94002	garheng@hqcap.com,with cc to manfred@hqcap.com (Manfred Yu, CFO)	-	120,000.00	900,000.00	$3,000,000.00	1,200,000.00	Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP 550 Allerton Street Redwood City, CA 94063 Attn: Jason Ford & Sally Yi
SEDCO Capital Global Funds – SC Private Equity Global Fund IV	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands Attn: Rasheed Yar Khan; Eisa Matouk Abdulatie	rasheedk@sedcocapital.com	1,600,000.00	-	1,200,000.00	$4,000,000.00	-	Proskauer Rose LLP One International Place Boston, MA 02110-2600 Attention: Steve Peck Facsimile: 617.526.9899 Email: speck@proskauer.com
SEDCO Capital Cayman Limited	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands Attn: Rasheed Yar Khan; Eisa Matouk Abdulatie	rasheedk@sedcocapital.com; eisaa@sedcocapital.com	660,000.00	-	495,000.00	$1,650,000.00	-	Proskauer Rose LLP One International Place Boston, MA 02110-2600 Attention: Steve Peck Facsimile: 617.526.9899 Email: speck@proskauer.com
Peter Giannoulis	49 Harmony Hill Crescent, Richmond Hill, ON Canada, L4C 8Z4	peter@source44.net	40,000.00	-	30,000.00	$100,000.00	-	

Exhibit 4.13

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, the "Agreement"), dated as of March [ ], 2020, is made by and among Venus Concept Inc., a Delaware corporation (the "Company"), and the investors listed on Schedule I hereto (together with their Permitted Transferees that become party hereto, the "Investors"). Terms that are not defined herein, shall have the meaning set forth in the Securities Purchase Agreement (as defined below).

RECITALS

WHEREAS, the Company and the Investors entered into that certain Securities Purchase Agreement dated as of March 18, 2020 (the "Securities Purchase Agreement"), pursuant to which the Company issued to the Investors (i)(a) an aggregate of 2,300,000 shares of its common stock ("Common Stock"), par value $0.0001 per share (the "Shares") and (b) warrants to purchase up to an aggregate of 1,725,000 shares of Common Stock (the "Common Stock Warrant Shares") at an exercise price of $3.50 per share, and (ii)(a) an aggregate of 660,000 shares of its Series A Preferred Stock, par value $0.0001 per share, convertible into 6,600,000 shares of Common Stock (the "Conversion Shares") and (b) warrants to purchase up to an aggregate of 4,950,000 shares of Common Stock (the "Preferred Stock Warrant Shares") at an exercise price of $3.50 per share;

WHEREAS, pursuant to the terms of the Securities Purchase Agreement, the Company agreed to provide certain registration rights to the Investors.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
EFFECTIVENESS

Section 1.1 Effectiveness. This Agreement shall become effective on the Closing Date.

ARTICLE 2
DEFINITIONS

Section 2.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Adverse Disclosure" means public disclosure of material non-public information that, in the good faith judgment of the board of directors of the Company: (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement, from and after its effective date, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the

statements therein not misleading; (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such Registration Statement; and (iii) the Company has a bona fide business purpose for not disclosing publicly.

"Affiliate" means, with respect to any specified Person, (a) any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person or (b) in the event that the specified Person is a natural Person, a Member of the Immediate Family of such Person; provided that the Company and each of its subsidiaries shall be deemed not to be Affiliates of any Investor. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"Common Stock" shall have the meaning set forth in the recitals.

"Common Stock Warrant Shares" shall have the meaning set forth in the recitals.

"Conversion Shares" shall have the meaning set forth in the recitals.

"Event" shall have the meaning set forth in Section 3.1.2.

"Event Date" shall have the meaning set forth in Section 3.1.2.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Filing Date" shall have the meaning set forth in Section 3.1.1.

"FINRA" means the Financial Industry Regulatory Authority.

"Issuer Free Writing Prospectus" means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

"Loss" shall have the meaning set forth in Section 3.4.1.

"Member of the Immediate Family" means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trustee, solely in his or her capacity as trustee, for a trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

"Permitted Transferee" means any Affiliate of any Investor.

"Person" means an individual, partnership, corporation, trust, joint venture, limited liability company, unincorporated organization, or any government, governmental department or agency or political subdivision thereof.

"Piggyback Notice" shall have the meaning set forth in Section 3.2.1.

"Piggyback Registration" shall have the meaning set forth in Section 3.2.1.

"Preferred Stock Warrant Shares" shall have the meaning set forth in the recitals.

"Prospectus" means (i) the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments and supplements, and all other material incorporated by reference in such prospectus, and (ii) any Issuer Free Writing Prospectus.

"Public Offering" means the offer and sale of Registrable Securities for cash pursuant to an effective Registration Statement under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8 or any successor form).

"Registrable Securities" means (i) all Shares, (ii) all Common Stock Warrant Shares, (iii) all Conversion Shares (iv) all Preferred Stock Warrant Shares, and (v) all shares of common stock of the Company directly or indirectly issued or then issuable with respect to the securities referred to in clauses (i), (ii), (iii) or (iv) above by way of a stock dividend or stock split, or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (w) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (x) such securities shall have been Transferred pursuant to Rule 144, (y) such holder is able to immediately sell such securities under Rule 144 without any restrictions on transfer (including without application of paragraphs (c), (d), (e), (f) and (h) of Rule 144, and for purposes of Section 3.2, Rule 144(e) shall be applied as if such holder is an Affiliate), as reasonably determined by the Investor, or (z) such securities shall have ceased to be outstanding.

"Registration" means registration under the Securities Act of the offer and sale to the public of any Registrable Securities under a Registration Statement. The terms "register", "registered" and "registering" shall have correlative meanings.

"Registration Statement" means any registration statement (including the Shelf Registration Statement) of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other than a registration statement (and related Prospectus) filed on Form S-4 or Form S-8 or any successor form thereto.

"Representatives" means, with respect to any Person, any of such Person's officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing

partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

"Rule 144" means Rule 144 under the Securities Act (or any successor rule).

"SEC" means the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

"SEC Guidance" means (i) any publicly-available written or oral guidance of the SEC staff, or any comments, requirements or requests of the SEC staff and (ii) the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Selling Stockholder Information" shall have the meaning set forth in Section 3.4.1.

"Shares" shall have the meaning set forth in the recitals.

"Shelf Period" shall have the meaning set forth in Section 3.1.4.

"Shelf Registration" shall have the meaning set forth in Section 3.1.1(a).

"Shelf Registration Statement" shall have the meaning set forth in Section 3.1.1(a).

"Shelf Suspension" shall have the meaning set forth in Section 3.1.4.

"Transfer" means, with respect to any Registrable Security, any interest therein, or any other securities or equity interests relating thereto, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition thereof, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise. "Transferred" shall have a correlative meaning.

Section 2.2 Other Interpretive Provisions. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(a) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.

(b) The term "including" is not limiting and means "including without limitation."

(c) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(d) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE 3
REGISTRATION RIGHTS

The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Each Investor will perform and comply with such of the following provisions as are applicable to such Investor.

Section 3.1 Shelf Registration.

Section 3.1.1 Request for Shelf Registration. As soon as reasonably practicable, but in any event on or prior to 30th day following the Closing Date (the "Filing Date"), the Company shall file with the SEC a shelf Registration Statement pursuant to Rule 415 under the Securities Act ("Shelf Registration Statement") relating to the offer and sale of Registrable Securities held by the Investors and any other Investors from time to time in accordance with the methods of distribution elected by the Investors, and the Company shall use its reasonable best efforts to cause such Shelf Registration Statement to become effective under the Securities Act as soon as reasonably practicable following its initial filing. Any such Registration pursuant to a Shelf Registration Request shall hereinafter be referred to as a "Shelf Registration." The Shelf Registration Statement shall be on Form S-3 or, if Form S-3 is not then available to the Company, on Form S-1 or such other form of registration statement as is then available to effect a registration for resale of such Registrable Securities.

Section 3.1.2 If: (i) the Shelf Registration Statement is not filed on or prior to its Filing Date, (ii) the Company fails to file with the SEC a request for acceleration of a Registration Statement in accordance with Rule 461 promulgated by the SEC pursuant to the Securities Act, within five Business Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be "reviewed" or will not be subject to further review, or (iii) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement, or the Investors are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities (other than due to the fault of an Investor), for more than twenty (20) consecutive calendar days or more than an aggregate of twenty-five (25) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event," and for purposes of clause (i), the date on which such Event occurs, and for purpose of clause (ii) the date on which such five (5) Business Days period is exceeded, and for purpose of clause (iii) the date on which such twenty (20) or twenty-five (25) calendar day period, as applicable, is exceeded being referred to as "Event Date"), then, in addition to any other rights the Investors may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Investor an amount in cash, as partial liquidated damages and not as a penalty, equal to the product of 0.5% multiplied by the aggregate purchase price paid by such Investor pursuant to the Securities Purchase Agreement for such Registerable Securities held by such Investor on such Event Date, provided, however, that the Company shall not be required to make any payments pursuant to this Section 3.1.2 if an Event occurred at such time that all Registrable Securities are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information

requirements) promulgated by the SEC pursuant to the Securities Act; provided, further, that the Company shall not be required to make any payments pursuant to this Section 3.1.2 with respect to any Registrable Securities the Company is unable to register due to limits imposed by the SEC's interpretation of Rule 415 under the Securities Act. The parties agree that the maximum aggregate liquidated damages payable to an Investor under this Agreement and the Securities Purchase Agreement shall be 8.0% of the aggregate Subscription Amount paid by such Investor pursuant to the Securities Purchase Agreement. If the Company fails to pay any partial liquidated damages pursuant to this Section 3.1.2 in full within seven (7) Business Days after the date payable, the Company will pay interest thereon at a rate of 1.0% per month (or such lesser maximum amount that is permitted to be paid by applicable law) to the Investor, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event. Such payments shall constitute the Investors' exclusive monetary remedy for such Events, but shall not affect the right of the Investors to seek injunctive relief.

Section 3.1.3 Continued Effectiveness. The Company shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming part of the Shelf Registration Statement to be usable by an Investor until the earlier of: (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); and (ii) the date as of which all Investors no longer hold Registrable Securities (such period of effectiveness, the "Shelf Period").

Section 3.1.4 Suspension of Registration. If the continued use of such Shelf Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Investors, suspend use of the Shelf Registration Statement (a "Shelf Suspension"); provided, however, that the Company shall not be permitted to exercise a Shelf Suspension more than one time during any twelve (12)-month period for a period not to exceed ninety (90) consecutive days. In the case of a Shelf Suspension, the Investors agree to suspend use of the applicable Prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Investors in writing upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Investors such numbers of copies of the Prospectus as so amended or supplemented as the Investors may reasonably request. The Company shall, if necessary, supplement or amend the Shelf Registration Statement, if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Investors of a majority of the Registrable Securities then outstanding.

Section 3.1.5 Limitation of Shelf Registration. Notwithstanding any other provision of this Agreement, if the SEC or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used diligent efforts to

advocate with the SEC for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by an Investor as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows:

(a) First, the Company shall reduce or eliminate any securities to be included by any Person other than the Investors;

(b) Second, the Company shall reduce Registrable Securities represented by Common Stock Warrant Shares and Preferred Stock Warrant Shares (applied, in the case that some Common Stock Warrant Shares and Preferred Stock Warrant Shares may be registered, to the Investors on a pro rata basis based on the total number of unregistered Common Stock Warrant Shares and Preferred Stock Warrant Shares held by such Investors); and

(c) Third, the Company shall reduce Registrable Securities represented by Shares and Conversion Shares (applied, in the case that some Shares and Conversion Shares may be registered, to the Investors on a pro rata basis based on the total number of unregistered Shares and Conversion Shares held by such Investors).

In the event of a cutback hereunder, the Company shall give the Investor at least two (2) Business Days prior written notice along with the calculations as to such Investor's allotment. In the event the Company amends the initial Registration Statement filed pursuant to this Agreement in accordance with the foregoing, the Company will use its best efforts to file with the SEC, as promptly as allowed by the SEC or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on such initial Registration Statement, as amended.

Section 3.2 Piggyback Registration.

Section 3.2.1 Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act or to conduct a Public Offering with respect to any offering of its equity securities for its own account or for the account of any other Persons (other than (i) a Registration under Section 3.1, (ii) a Registration on Form S-4 or Form S-8 or any successor form to such forms or (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company or its subsidiaries pursuant to any employee stock plan or other employee benefit plan arrangement), then, as soon as practicable (but in no event less than ten (10) Business Days prior to the proposed date of filing of such Registration Statement or, in the case of a Public Offering under a Shelf Registration Statement, the anticipated pricing or trade date), the Company shall give written notice (a "Piggyback Notice") of such proposed filing or Public Offering to the Investors, and such Piggyback Notice shall offer the Investors the opportunity to register under such Registration Statement, or to sell in such Public Offering, such number of Registrable Securities as the Investors may request in writing (a "Piggyback Registration"). Subject to Section 3.2.2, the Company shall include in such Registration Statement or in such Public Offering as applicable, all such Registrable Securities that are requested to be included therein within seven (7) Business Days after the receipt from the Investor of any such notice; provided, however, that if at any time after giving written notice of its intention to register or sell any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, or the pricing or trade date of a Public

Offering under a Shelf Registration Statement, the Company determines for any reason not to register or sell or to delay the Registration or sale of such securities, the Company shall give written notice of such determination to the Investors and, thereupon, (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such Registration or Public Offering (but not from its obligation to pay the Registration Expenses in connection therewith), and (ii) in the case of a determination to delay Registration or sale, shall be permitted to delay registering or selling any Registrable Securities, for the same period as the delay in registering or selling such other securities. The Investors shall have the right to withdraw all or part of their request for inclusion of its Registrable Securities in a Piggyback Registration by giving written notice to the Company of its request to withdraw. The parties hereto understand and agree that any failure of an Investor to timely provide any required information pursuant to this Section 3.2.1 shall be deemed a waiver by such Investor of its rights to include its Registrable Securities in a Piggyback Registration and to receive related liquidated damages hereunder.

Section 3.2.2 Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed offering of Registrable Securities included in a Piggyback Registration informs the Company and the Investors in writing that, in its or their opinion, the aggregate number of securities that the Investors and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the securities that the Company proposes to sell, and (ii) second, and only if all the securities referred to in clause (i) have been included, the aggregate number of the Investors' Registrable Securities who have sought to include such Registrable Securities in the proposed offering, on a pro rata basis based on such aggregate number of such securities, that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

Section 3.2.3 No Effect on Other Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 3.2 shall be deemed to have been effected pursuant to Section 3.1 or shall relieve the Company of its obligations under Section 3.1.

Section 3.3 Registration Procedures.

Section 3.3.1 Requirements. In connection with the Company's obligations under Sections 3.1 – 3.2, the Company shall use its reasonable best efforts to effect such Registration and to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall:

(a) prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith and Prospectus, and, before filing a Registration Statement or Prospectus or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to the Investors, copies of all documents prepared to

be filed, which documents shall be subject to the review of such underwriters and the Investors and their respective counsel and (y) make such changes in such documents concerning an Investor prior to the filing thereof as such Investor, or its counsel, may reasonably request;

(b) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus as may be (x) reasonably requested by the Investors with Registrable Securities covered by such Registration Statement, (y) reasonably requested by any Investor (to the extent such request relates to information relating to such Investor), or (z) necessary to keep such Registration Statement effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) notify the Investors and the managing underwriter or underwriters, if any, and (if requested) confirm such notice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any amendment or supplement thereto has been filed, (b) of any written comments by the SEC, or any request by the SEC or other federal or state governmental authority for amendments or supplements to such Registration Statement or such Prospectus, or for additional information (whether before or after the effective date of the Registration Statement) or any other correspondence with the SEC relating to, or which may affect, the Registration, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(d) promptly notify the Investors and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the Investors and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, which shall correct such misstatement or omission or effect such compliance;

(e) to the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner) in order to ensure that any Investor may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment;

(f) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order or notice preventing or suspending the use of any preliminary or final Prospectus;

(g) promptly incorporate in a Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment such information as the managing underwriter or underwriters, if any, and Investors of a majority of any Registrable Securities being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment;

(h) furnish to the Investors and each underwriter, if any, without charge, as many conformed copies as the Investors or such underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment or supplement thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(i) deliver to the Investors and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto and such other documents as the Investors or such underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by the Investors or underwriter (it being understood that the Company shall consent to the use of such Prospectus or any amendment or supplement thereto by the Investors and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto);

(j) on or prior to the date on which the applicable Registration Statement becomes effective, use its reasonable best efforts to register or qualify, and cooperate with the Investors, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the Registration or qualification of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of each state and other jurisdiction as the Investors holding a majority of the Registrable Securities included in any such Registration Statement, managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable at Investors' expense to keep such Registration or qualification in effect for such period as required by Section 3.1, provided that the Company shall not be required to qualify generally to do business

in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(k) cooperate with the Investors and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request prior to any sale of Registrable Securities to the underwriters;

(l) use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(m) make such representations and warranties to the Investors, and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in public offerings similar to the offering then being undertaken;

(n) enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as the Investors or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the Registration and disposition of such Registrable Securities;

(o) obtain for delivery to the Investors and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the most recent effective date of the Registration Statement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to the Investors or underwriters, as the case may be, and their respective counsel;

(p) cooperate with each Investor selling Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(q) use its reasonable best efforts to comply with all applicable securities laws and, if a Registration Statement was filed, make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(r) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement;

(s) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company’s equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company’s equity securities are then quoted;

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act;

(u) take all reasonable action to ensure that any Issuer Free Writing Prospectus utilized in connection with any Registration complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(v) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms of this Agreement.

Section 3.3.2 Company Information Requests. The Company may require the Investors to furnish to the Company such information regarding the distribution of such securities and such other information relating to the Investors and their ownership of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such Registration or sale the Registrable Securities of the Investors who unreasonably fails to furnish such information within a reasonable time after receiving such request. Each Investor agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary for inclusion in the Shelf Registration Statement and otherwise to enable the Company to comply with the provisions of this Agreement.

Section 3.4 Indemnification.

Section 3.4.1 Indemnification by the Company. The Company shall indemnify and hold harmless, to the full extent permitted by law, the Investors, each shareholder, member, limited or general partner of any Investor, each shareholder, member, limited or general partner of each such shareholder, member, limited or general partner, each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective Representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses as incurred and any indemnity and contribution payments made to underwriters) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or any other disclosure document produced by or on behalf of the Company or any of its subsidiaries including any report and other document filed under the Exchange Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading or (iii) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation

applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or other document or report; provided, that the Investors shall not be entitled to indemnification pursuant to this Section 3.4.1 in respect of any untrue statement or omission contained in any information relating to any Investor furnished in writing by such Investor to the Company specifically for inclusion in a Registration Statement and used by the Company in conformity therewith (such information "Selling Stockholder Information"). This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Investors or any indemnified party and shall survive the Transfer of such securities by any Investor and regardless of any indemnity agreed to in the underwriting agreement that is less favorable to the Investors. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above (with appropriate modification) with respect to the indemnification of the indemnified parties.

Section 3.4.2 Indemnification by the Investors. Each Investor shall (severally and not jointly) indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in such Investor's Selling Stockholder Information. In no event shall the liability of any Investor hereunder be greater in amount than the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by such Investor pursuant to Section 3.4.4 and any amounts paid by such Investor as a result of liabilities incurred under the underwriting agreement, if any, related to such sale.

Section 3.4.3 Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it forfeits substantive legal rights by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim

within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation without the prior written consent of such indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 3.4.3, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

Section 3.4.4 Contribution. If for any reason the indemnification provided for in Section 3.4.1 and Section 3.4.2 is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein (other than as a result of exceptions or limitations on indemnification contained in Section 3.4.1 and Section 3.4.2), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.4.4 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this

Section 3.4.4. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 3.4.1 and 3.4.2 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.4.4, in connection with any Registration Statement filed by the Company, no Investor shall not be required to contribute any amount in excess of the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by such Investor pursuant to Section 3.4.2 and any amounts paid by such Investor as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. If indemnification is available under this Section 3.4, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.4.1 and 3.4.2 hereof without regard to the provisions of this Section 3.4.4. The remedies provided for in this Section 3.4 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

Section 3.5 Rules 144 and 144A and Regulation S

. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of any Investor, make publicly available such necessary information for so long as necessary to permit sales that would otherwise be permitted by this Agreement pursuant to Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC), and it will take such further action as any Investor may reasonably request, all to the extent required from time to time to enable the Investors to sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemptions provided by (i) Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Investor, the Company will deliver to the Investors a written statement as to whether it has complied with such requirements and, if not, the specifics thereof.

Section 3.6 Notification. As promptly as practicable, each Investor of Registrable Securities shall notify the Company when all of such Investor's Registrable Securities have been sold.

Section 3.7 Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to each Investor, a Registration Statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided that such previously filed Registration Statement may be, and is, amended or, subject to applicable securities laws, supplemented to add

the number of Registrable Securities, and, to the extent necessary, to identify the Investors as selling stockholders demanding the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other Registration Statements, by or at a specified time and the Company has, in lieu of then filing such Registration Statements or having such Registration Statements become effective, designated a previously filed or effective Registration Statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended or supplemented in the manner contemplated by the immediately preceding sentence.

ARTICLE 4
MISCELLANEOUS

Section 4.1 Authority; Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association. The Company and its subsidiaries shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

Section 4.2 Notices. Any notices, requests, demands and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by facsimile or e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

If to the Company to:

Venus Concept Inc.
235 Yorkland Blvd, Suite 900
Toronto, Ontario M2J 4Y8
Attention: Domenic DiSisto
Email: ddisisto@venusconcept.com

With a copy to (which shall not constitute notice):

Reed Smith LLP
599 Lexington Avenue
New York, NY 10022
Facsimile: (212) 521 5450
Attention: Mark Pedretti
Email: mpedretti@reedsmith.com

If to an Investor, to address, telephone, facsimile and email address set forth on the Schedule of Buyers attached to the Stock Purchase Agreement.

Notice to the holder of record of any Registrable Securities shall be deemed to be notice to the holder of such securities for all purposes hereof.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (i) on the date received, if personally delivered, (ii) on the date received if delivered by facsimile or e-mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and (iii) two (2) Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

Section 4.3 Registration Expenses

. All reasonable and documented expenses, other than any underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Section 3 herein, including all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company shall be paid by the Company ("Registration Expenses").

Section 4.4 Termination and Effect of Termination

. This Agreement shall terminate upon the date on which the Investors no longer holds any Registrable Securities, except for the provisions of Sections 3.4, which shall survive any such termination. No termination under this Agreement shall relieve any Person of liability for breach or Registration Expenses incurred prior to termination. In the event this Agreement is terminated, each Person entitled to indemnification rights pursuant to Section 3.4 hereof shall retain such indemnification rights with respect to any matter that (i) may be an indemnified liability thereunder and (ii) occurred prior to such termination.

Section 4.5 Permitted Transferees

. The rights of the Investors hereunder may be assigned (but only with all related obligations as set forth below) in connection with a Transfer of Registrable Securities to a Permitted Transferee of the Investor. Without prejudice to any other or similar conditions imposed hereunder with respect to any such Transfer, no assignment permitted under the terms of this Section 4.5 will be effective unless the Permitted Transferee to which the assignment is being made, if not an Investor, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that the Permitted Transferee will be bound by, and will be a party to, this Agreement. A Permitted Transferee to whom rights are transferred pursuant to this Section 4.5 may not again transfer those rights to any other Permitted Transferee, other than as provided in this Section 4.5.

Section 4.6 Remedies. The parties to this Agreement shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies that may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances. No delay of or omission in the exercise of any right, power or

remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

Section 4.7 Amendments. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and the Investors holding a majority of the outstanding Registrable Securities. Each such amendment, modification, extension or termination shall be binding upon each party hereto.

Section 4.8 Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 4.9 Consent to Jurisdiction

. Each party to this Agreement, by its execution hereof, (i) hereby irrevocably submits to the exclusive jurisdiction of the state courts sitting in the State of Delaware for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (iii) hereby agrees not to commence or maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this Agreement, the court in which such litigation is being heard shall be deemed to be included in clause (i) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 4.2 hereof is reasonably calculated to give actual notice.

Section 4.10 WAIVER OF JURY TRIAL

. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.10 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 4.11 Merger; Binding Effect, Etc

. This Agreement constitutes the entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, neither the Investors nor any other party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

Section 4.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one instrument.

Section 4.13 Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 4.14 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and the Investors covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of any Investor or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise

be incurred by any current or future officer, agent or employee of any Investor or any current or future member of any Investor or any current or future director, officer, employee, partner or member of any Investor or of any Affiliate or assignee thereof, as such, for any obligation of any Investor under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

Company:

Venus Concept Inc.

By: /s/ Domenic Serafino
Name: Domenic Serafino
Title: Chief Executive Officer

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

Investors:

SEDCO Capital Global Funds – SC Private Equity Global Fund IV

By: /s/ Valerio Salvati
Name: Valerio Salvati
Title: Director

By: /s/ Talal AlJedaibi
Name: Talal AlJedaibi
Title: Authorized Signatory

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

SEDCO Capital Cayman Limited

By: /s/ Rasheed Yar Khan
Name: Rasheed Yar Khan
Title: Director

By: /s/ Samer Shaaban
Name: Samer Shaaban
Title: Director

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

EW HEALTHCARE PARTNERS, L.P.

By: Essex Woodlands Fund IX-GP, its General Partner

By: Essex Woodlands IX, LLC, its General Partner

By: /s/ R. Scott Barry
Name: R. Scott Barry
Title: Authorized Signatory

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

EW HEALTHCARE PARTNERS-A, L.P.

By: Essex Woodlands Fund IX-GP, its General Partner

By: Essex Woodlands IX, LLC, its General Partner

/s/ R. Scott Barry
R. Scott Barry
Authorized Signatory

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

HEALTHQUEST PARTNERS II, L.P.

By: Healthquest Venture Management II, L.L.C., its General Partner

By: /s/ Garheng Kong
Name: Garheng Kong
Title: Managing Partner

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first written above.

By: /s/ Peter Giannoulis
Name: Peter Giannoulis
Title:

Exhibit 10.24

VENUS CONCEPT INC.

2019 INCENTIVE AWARD PLAN
STOCK OPTION GRANT NOTICE AND STOCK OPTION AGREEMENT

Venus Concept Inc. (the "***Company***"), pursuant to its 2019 Incentive Award Plan (the "***Plan***"), hereby grants to the participant set forth below ("***Participant***"), an Option to purchase the number of shares of the Company's Common Stock (referred to herein as "***Shares***") set forth below. This Option is subject to all of the terms and conditions as set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the "***Stock Option Agreement***") and the Plan, each of which is incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Stock Option Grant Notice and the Stock Option Agreement.

Grantee's Name and Address:	%%FIRST_NAME%-% %%LAST_NAME%-% %%ADDRESS_LINE_1%-% %%CITY%-%, %%STATE%-% %%ZIPCODE%-%
Award Number	%%OPTION_NUMBER%-%
Date of Award	%%OPTION_DATE,'Month DD, YYYY'%-%
Vesting Commencement Date	%%VEST_BASE_DATE,'Month DD, YYYY'%-%
Exercise Price per Share	%%OPTION_PRICE ,'$999,999,999.99'%-%
Total Number of Shares Subject to the Option (the "Shares"), subject to adjustment as provided in Section 14.2 of the Plan	%%TOTAL_SHARES_GRANTED ,'999,999,999'%-%
Total Exercise Price	%%TOTAL_OPTION_PRICE,'$999,999,999.99'%-%
Type of Option:	%%OPTION_TYPE_LONG%-%
Expiration Date:	%%EXPIRE_DATE_PERIOD1, 'Month DD, YYYY'%-%%-%
Post-Termination Exercise Period:	Three (3) Months, subject to Section 2.3(b) of the Option Agreement

Vesting Schedule:

1/48 of the unvested Shares subject to the Option shall vest on each of the forty-eight (48) monthly anniversaries of the Vesting Commencement Date thereafter.

For purposes of the foregoing schedule, any fractional share for any monthly anniversary shall be rounded down to the next whole share, except for the last monthly anniversary set forth above which shall include the balance of unvested Shares subject to the Option. The foregoing vesting schedule is subject to the Change in Control provisions of Section 14.2 of the Plan.

By his or her signature and the Company's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice. Participant has reviewed the Stock Option Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan or the Option.

VENUS CONCEPT INC.:

By: _____

Name: Domenic Serafino
Title: Chief Executive Officer

PARTICIPANT:

By: %%FIRST_NAME%-% %%LAST_NAME%-%
Name: %%FIRST_NAME%-% %%LAST_NAME%-%

Exhibit 10.44

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

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PERSONAL EMPLOYMENT AGREEMENT

Duly made and executed on this 28th day of April 2019

This Employment Agreement (this "**Agreement**") is entered by and between Venus Concept Ltd., with offices at 2nd Hyetzira st, Yokneam, Israel (the "**Company**"); and Mr. Boris Vaynberg I.D No. [***] residing at [***] (the "**Employee**").

WHEREAS the Company and the Employee have entered into an Employment Agreement dated March 1st, 2013 as amended on January 1st, 2016 (the "**Employment Agreement**"); and

WHEREAS at the request of the Employee, the Company and the Employee have entered into a Consulting Agreement dated March 1st, 2016 (the "**Consulting Agreement**") in addition to the Employment Agreement; and

WHEREAS the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement (the "**Agreement**") which shall replace and supersede, subject to the terms hereof, all prior agreements, proposals, understandings and arrangements, if any, whether oral or written, between the parties hereto with respect to the subject matter hereof, including (but not limited to) the Employment Agreement and the Consulting Agreement, but excluding that certain License Agreement dated as of August 8, 2013, as amended and any grant letters issued to the Employee; and

WHEREAS By signing the Agreement, the Employee hereby waives any claims in connection with or as a result of the Employment Agreement and/or the Consulting Agreement other than such bonuses under the Employment Agreement to which the Employee is entitled as of the date hereof.

NOW, THEREFORE, in consideration of the mutual premises, covenants and undertakings contained herein, the parties hereto have hereby agreed as follows:

1. EMPLOYMENT

1.1 Employee's employment with Company has commenced on March 1st 2013 (the "**Commencement Date of Employment**") and shall continue until terminated in accordance with the provisions of Section 3 hereof.

1.2 The Employee shall be employed with the Company as CTO or in any other senior position of similar capacity, from time to time (the "**Position**"). During Employee's employment with Company, Employee shall have the authority, functions, duties and responsibilities, commensurate with his Position, as from time to time may be stipulated by the Company's CEO (the "**Direct Superior**") or as may be appropriate for his/her position, as defined by the Direct Superior.

1.3 The Employee shall report to the Direct Superior.

1.4 The Employee agrees to render his/her services under this Agreement faithfully, to the best of his/her abilities and in a proper and sufficient manner and use his/her best endeavors to promote the best interests and reputation of the Company, and in substantial conformance with all laws, rules and Company policies.

1.5 The Employee agrees to refrain from engaging in any activity that does, will or could reasonably be deemed to conflict with the best interests of the Company.

1.6 The Employee undertakes to devote his/her entire business time, know-how, energy, expertise, talent, experience, and best effort exclusively to the business and affairs of the Company and the performance of his/her duties in the Company with the Company.

1.7 The Employee and undertakes not to engage, whether as an employee or otherwise in any rival business, or any other business, commercial or professional activities, whether for consideration or for no consideration, which might create a conflict of interests or avert him/her from fulfilling his/her duties to the Company without the prior written consent of the Company.

2. <u>SCOPE OF WORK</u>

2.1 The scope of a full time job shall be equal to working 5 days a week and shall consist of 8 hours (including a 30 minute break) on Sunday and 9 hours (including a 30 minute break) on Monday - Thursday. The general working hours in the Company are 9:00¬18:00 (the "**Standard Monthly Scope**"). The Employee's employment shall be on a full time basis, as provided above. Saturday (Shabbat) shall be considered to be the official rest day.

2.2 Employee agrees and acknowledges that due to the Employee's senior managerial position in the Company and the special amount of trust involved in the Position in which the Employee shall be employed the Hours of Work and Rest Law, 1951 (the "**Hours of Work and Rest Law**") does not apply to the Employee's employment. The Employee acknowledges that the set amount of the Salary (as defined hereunder) agreed upon reflects the requirements of the position to work additional and irregular hours. Therefore, the Employee shall not be entitled to claim or receive payments or any additional pay for overtime working hours, or work performed on Fridays, Saturdays or Jewish festival holidays. Notwithstanding the foregoing, the Employee shall not generally be required to work on Fridays,

Saturdays or Jewish holidays. The Employee's work shall be performed at the Company's premises in Yokneam.

2.3 The Employee hereby acknowledges that he/she is aware of a time clock located in the office, and that he/she is required to swipe his time card every day, upon entering and leaving the office. If, for any justifiable reason, the employee did not do so, he/she is required to provide a signed report of his/her working hours in respect of the day at which he did not swipe his/her card, to his Direct Supervisor, by electronic mail or in writing. Employee's Direct Supervisor will approve the aforementioned report.

2.4 Under no circumstances should an employee ask another employee to swipe his/her card for him/her, or swipe a card of another employee.

3. TERM AND TERMINATION

3.1 This Agreement shall come into force as of the date hereof and shall be for a non-rationed term and shall continue until terminated in accordance with the provisions of Sections 3.2-3.4 hereof (the "**Term**").

3.2 This Agreement may be terminated by either party at any time by giving the other party hereto prior written notice of such termination ("**Termination Notice**") as follows:

3.2.1 Upon termination by the Employee: Employee shall provide the Company with a Termination Notice of 90 days.

3.2.2 Upon termination by the Company for any reason other than during a Change of Control (as defined below): subject to the Employee executes a general release of all claims against the Company and its affiliates in a customary form (subject to the specific case's adjustments) (a "**Release of Claims**") the Company shall provide the Employee with a Termination Notice of 9 months.

3.2.3 Upon termination by the Company during a Change of Control: subject to the Employee executes a Release of Claims, the Company shall provide the Employee with a Termination Notice of 12 months.

Each of the notice periods set forth under subsections 3.2.2 or 3.2.3 (as the case may be) shall be referred to herein as the "**Notice Period**"

"**Change of Control**" shall mean (i) a consolidation or merger of the Company, transfer of the Company's shares or any other transaction or series of related transactions, provided that following such consolidation, merger or transaction the Company's shareholders do not retain solely by virtue of their pre-transaction shares (or shares received in consideration thereof) voting control of the Company or the resulting entity after the transaction, or (ii) a sale of all or substantially all of the Company's assets or shares, or a transfer or grant of an exclusive license to all

or substantially all of the Company's assets (other than an exclusive license in the ordinary course of business which does not amount to a de-facto sale of the Company or substantial part thereof), other than to a wholly-owned subsidiary of the Company, and excluding a transaction in which shareholders of the Company prior to the transaction will retain solely by virtue of their pre-transaction shares (or shares received in consideration thereof) voting control of the resulting entity after the transaction.

3.3 The Termination Notice may be with or without Cause (as defined below).

3.4 In the event that a Termination Notice is delivered by either party hereto, the following shall apply:

3.4.1 During the Notice Period, Employee shall be obligated to continue to discharge and perform all of his/her duties and obligations with Company and to take all steps, satisfactory to the Company, to ensure the orderly transition to any persons designated by Company of all matters handled by Employee during the course of his employment with Company. It is clarified that if the Employee refuses to perform his duties and obligation during the Notice Period, the Company shall not be obligated to pay him any Notice Period payments.

3.4.2 Notwithstanding the provisions of Section 3.4.1 above to the contrary, by notifying Employee concurrently with or at any time after a Termination Notice is delivered by either party hereto, Company shall be entitled to waive Employee's services with Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period; In such event the Company shall pay Employee, at the time of such waiver or termination, in one installment, the Salary and social benefits in respect of the entire Notice Period, as if the Employee was to continue to be employed by the Company for the duration (or balance, as applicable) of the Notice Period. For the removal of doubt, it is clarified that, in the event Company waives any and/or all of Employee's services with Company during the Notice Period as aforesaid, Employee shall, immediately, upon receipt of notice of such waiver and receipt of the aforesaid installment, return to Company any and all equipment (e.g., company car, cellular phone, laptop computer, and/or any other equipment, as applicable) provided to him for purposes of the performance of his duties under this Agreement.

3.4.3 Notwithstanding the aforesaid, the Company may immediately cease the Employee's employment and may shorten all or part of the Notice Period, regardless of whether notice of termination was given by the Company or by the Employee, and in such event the Employee shall be entitled to receive solely his/her Basic Salary.

3.5 The Company shall be entitled to terminate the Employee's employment with Company with immediate effect where said termination is a Termination for Cause. In the event of such termination, without derogating from the rights of Company under this Agreement and/or any applicable law, Employee shall not be entitled to any of the consideration specified in Section 3.2 - 3.4 above. In addition, and in the event of the occurrence of the circumstances set forth in Section 3.7 below, Employee shall not be entitled to the Company's contributions in respect of severance payments, in accordance with applicable law.

3.6 As used in this Agreement, the term "**Cause**" shall mean termination of Employee's employment with Company as a result of the occurrence of any one of the following: (i) Employee has materially breached the terms and conditions of this Agreement; (ii) it has become evident beyond any doubt that Employee has breached his duty of trust to the Company or acted in a dishonest way towards the Company and/or its customers; (iii) Employee's material breach of discipline; (iv) Employee has deliberately caused harm to Company's business affairs or injured the reputation of the Company or any of its affiliates; (v) Employee has been indicted (whether by the State of Israel or any foreign country) in a criminal offense involving moral turpitude; (vi) the commission by the Employee of an act which entitles a company to terminate employment without severance payments and Notice Period payments under Israeli law and/or under any judicial decision of a competent tribunal in Israel; and (vii) the Employee's breach of the confidentiality and/or non-competition and/or non-solicitation and/or assignment of inventions provisions of the IP Undertakings (as defined in Section 5.8 below).

3.7 Following the termination of the Employee's employment pursuant hereto, the Company shall have no further obligation to the Employee and no further payments shall be made to the Employee, except to the extent provided herein.

3.8 The Employee may not delegate the performance of any of his obligations or duties hereunder, or assign any rights hereunder, without the prior written consent of the Company, provided the Employee may delegate such duties to other employees of the Company, as may be reasonable and customary in the ordinary course of the Company's business. Any improper delegation or assignment in the absence of such written consent shall be void.

3.9 Without derogating from his obligations set forth in this Agreement and the IP Undertakings (as defined below), the Employee hereby acknowledges and agrees that all Personal Property (as defined below) and equipment furnished to, or prepared by, Employee in the course of, or incident to, Employee's employment, belongs to the Company and shall be promptly returned to the Company upon termination of Employee's employment (and will not be kept in Employee's possession or delivered to anyone else). For purposes of this Agreement, "**Personal Property**" includes, without limitation, all books, manuals, records, reports, notes, contracts, lists, blueprints, and other documents, or materials, or copies thereof (including computer files), keys, building card keys, company credit cards, telephone calling cards, computer hardware and software, cellular and portable

telephone equipment, personal digital assistant ("**PDA**") devices, and all other proprietary information relating to the business of the Company or its subsidiaries or affiliates. Following termination, Employee shall not retain any written or other tangible material containing any proprietary information of the Company or its subsidiaries or affiliates. In addition, Employee shall continue to be subject to the IP Undertakings which shall survive the termination of Employee's employment and the termination of this Agreement.

4. COMPENSATION

In consideration for the performance of his duties, the Employee shall be entitled to the compensation set forth in **Appendix B** attached hereto.

5. REPRESENTATIONS AND UNDERTAKINGS

The Employee hereby represents and undertakes that:

5.1 There are no other undertakings or agreements preventing him/her from committing himself/herself in accordance with this agreement and performing his/her obligations hereunder.

5.2 To the best of Employee's knowledge: (i) he/she is not currently, nor will he by entering into this Agreement be deemed to be, violating any rights of any former employer; and (ii) he/she is not currently, nor will he/she by entering into this Agreement be deemed to be, in breach of any of his/her obligations towards any former employer.

5.3 He/she shall not assume, directly or indirectly, whether with or without consideration, any employment, consulting, advisory, directorship or other similar obligations unrelated to Company. Any engagements with entities outside the scope of the Employee's time and efforts devoted to the Company, shall require the prior written consent of the Company.

5.4 The Employee shall inform the Company, immediately upon becoming aware, of every matter in which he/she or his/her immediate family has a personal interest and which might give rise to a conflict of interest with his/her duties under the terms of his/her employment.

5.5 In carrying out his/her duties under this agreement, the Employee shall not make any representations or give any guarantees on behalf of the Company, except as expressly and in advance authorized so to do.

5.6 The Employee acknowledges and agrees that from time to time he may be required by the Company to travel and stay abroad as part of his duties towards the Company.

5.7 He shall not receive any payment and/or benefit from any third party, directly or indirectly in connection with his/her employment. In the event the Employee

breaches this subsection, without derogating from any of the Company's rights by law or contract, such benefit or payment shall become the sole property of the Company and the Company may set-off such amount from any sums due to the Employee.

5.8 The Confidentiality, Non-Competition and Proprietary Rights Undertakings, attached to the Employment Agreement and the Consulting Agreement and attached hereto as Appendix A (the "**IP Undertakings**") shall continue to be in full force and effect and shall constitute an integral part of this Agreement. The Employee agrees, inter alia, that all Inventions (as such term is defined therein) shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents and other rights in connection with such Inventions and by which the Employee assigns to the Company any rights the Employee may have or acquire in such Inventions.

5.9 The Employee shall keep the contents of this Agreement confidential and to not disclose the contents of this Agreement to any person without the prior written consent of the Company.

5.10 The Employee shall not disparage the Company or its Affiliates, their reputation or business or any of their products or practices, or any of their directors, officers, agents, representatives, shareholders or Affiliates, either orally or in writing, at any time.

5.11 The Employee shall comply with all Company's disciplinary regulations, work rules, policies, procedures and objectives, as may be determined by Company from time to time.

5.12 Notwithstanding anything to the contrary contained herein, the Employee hereby approves and ratifies the provisions of Section 5 of the Consulting Agreement and irrevocably confirms that such provisions shall continue to be in full force and effect. Without derogating from the foregoing, the Employee hereby irrevocably relinquishes and discharges the Company from any cost, damages and/or expenses, and further waives any demand, claim and/or lawsuit, of whatever nature and kind, arising out of or in connection with the Consulting Agreement.

6. MEDIA EQUIPMENT AND COMPUTIZATION POLICY

6.1 The Company may provide the Employee with a cellular phone, a computer, an e-mail or any other property of the Company for communication needs during the Employee's work (the "Media Equipment"). The Company's Media Equipment and facilities shall be used for the purpose of the employment but the Employee may use such Company's Media Equipment and facilities for a reasonable personal use. The Employee acknowledges that all of the Media Equipment is the property of the Company.

6.3 The employee will act in accordance with the Company's computerization policy, as shall be from time to time regarding the computerization, monitoring,

surveillance, control, blocking, etc. The Employee acknowledges that all the personal information found in this agreement and its appendixes, including other details that will be provided by him to the Company from time to time (the "**Employee's Information**"), were delivered by the employee to Company according to his/her free will and consent.

6.4 The Employee hereby grants his/her consent to utilize and process the Employee's Information for any need and activity in connection with the operations of the Company, including transferring the Employee's Information to "Public Authority", as such term is defined in the Protection Of Privacy Law 5741-1981, to the Company's controlling shareholder and to any corporation affiliated or controlled by the Company. The Employee further grants his consent to that Employee's Information will be held in automated or other databases of the Company or its affiliates. The Employee's Information will be transferred and held by the Company for the purpose of operating the company and its abovementioned affiliates.

6.5 The Employee undertakes to inform the Company's management, of any change or update in the Employee's Information, as it was delivered to the Company while its candidacy was viewed by the company.

6.6 The Employee undertakes to safeguard the tools and equipment entrusted to him by the Company, and to make the necessary effort to prevent any damage, spoilage or impairment to any tool, equipment, machines of any other abovementioned raw materials.

7. <u>GENERAL PROVISIONS</u>

7.1 This Agreement and all Appendicesis attached hereto constitute the entire agreement between the parties hereto and replace and supersedes all prior agreements, proposals, understandings and arrangements, if any, whether oral or written, between the parties hereto with respect to the subject matter hereof, except that, for the avoidance of doubt: (i) Section 5 to the Consulting Agreement; (ii) the License Agreement dated as of August 8, 2013, as amended; and (iii) the IP Undertakings (as defined above) shall all continue to be in full force and effect. Neither this Agreement nor any provision hereof may be waived, modified, amended, changed, discharged or terminated, except by an agreement in writing signed by the party against whom enforcement of any waiver, modification, change, amendment, discharge or termination is sought. Upon death of the Employee, the Employee's inheritors shall receive all of the amounts then receivable and all rights then entitled to by the Employee in accordance with the terms hereof.

7.2 This Agreement shall inure to the benefit of the Company's successors and assigns. Without derogating from the forgoing, in the event of (i) a merger, acquisition or reorganization of the Company with one or more other entities, in which the Company is not the surviving entity; or (ii) a sale of all or substantially all of the assets or shares of the Company, the Company may assign or transfer this

Agreement or any right, claim or obligation provided herein, provided however that none of Employee's rights under this Agreement are thereby diminished.

7.3 Company shall withhold, or charge Employee with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Employee in connection with his employment with Company.

7.4 Company shall be entitled to offset from any and/or all payments to which Employee shall be entitled thereof, any and/or all amounts to which Company shall be entitled from Employee at such time, subject to applicable law.

7.5 A party's failure or delay in enforcing any of the provisions of this Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent such party thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.

7.6 Notices given hereunder shall be in writing and shall be deemed to have been duly given: (i) on the date of personal delivery, (ii) 72 hours from the date of postmark, if mailed by certified or registered mail, (iii) on the date sent by facsimile upon transmission and electronic confirmation of receipt, or if transmitted and received on a non-business day on the first business day following transmission and electronic confirmation of receipt, addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid procedure.

7.7 This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the State of Israel in any dispute related to this Agreement.

7.8 Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof. Words in the masculine gender shall include the feminine and vice versa.

7.9 This Agreement constitutes a "Notice Regarding Details of Terms of Employment" pursuant to the Notice to Employee Law (Terms of Employment), 2002.

EMPLOYEE ACKNOWLEDGES THAT HE IS FAMILIAR WITH AND UNDERSTANDS THE ENGLISH LANGUAGE AND DOES NOT REQUIRE TRANSLATION OF THIS UNDERTAKING TO ANY OTHER LANGUAGE. EMPLOYEE FURTHER ACKNOWLEDGES THAT THE COMPANY HAS ADVISED HIM/HER THAT HE/SHE MAY CONSULT AN ATTORNEY BEFORE EXECUTING THIS UNDERTAKING AND THAT HE/SHE HAS BEEN AFFORDED AN OPPORTUNITY TO DO SO.

העובד/ת מצהיר/ה בזאת כי השפה האנגלית מוכרת ומובנת לו/לה וכי הוא/היא אינו/אינה זקוק/ה לתרגום התחייבות זו לשפה אחרת. העובד/ת גם מצהיר/ה ומודיע/ה כי הומלץ בפניו/ה על ידי החברה לקבל ייעוץ משפטי בקשר להסכם זה בטרם החתימה עליו וכי ניתנה לו/לה הזדמנות נאותה לעשות כן.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

/s/ Domenic Serafino
Venus Concept Ltd.

By: Domenic Serafino

Title: Chief Executive Officer

/s/ Boris Vaynberg
Boris Vaynberg

APPENDIX A

IP UNDERTAKINGS

APPENDIX B

COMPENSATION

1. **Salary**

1.1. Subject to and in consideration of Employee's fulfillment of his obligations pursuance of this Agreement, the Company shall pay Employee, during the Term, a monthly gross salary of NIS [***] (the "**Salary**"):

1.2. The Salary, as aforementioned, and it only, shall be considered for the purpose of calculating social rights including employees rights according to any law, and no bonus, Travel Expenses or any other additional benefits, shall be considered to be part of the Salary for these calculations or secretions.

1.3. The Company shall make the required statutory deductions from the Salary and from any other amount paid to the Employee by the Company under this Agreement and shall make the appropriate payments on behalf of or with respect to the Employee to the Tax Authority, the National Insurance Institute and any other relevant authority.

1.4. The Salary shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.

2. Severance Pay and Pension Arrangements

2.1. The Company shall insure the Employee with a manager's insurance policy (the: "**Manager's Insurance Fund**") and/or an extensive pension fund (the "**Pension Fund**"), Subject to the percentages as follows:

(a) **Pension Fund** – [***] % of the Salary shall be contributed towards pension savings component (including disability insurance) and [***] % from the Salary shall be contributed towards severance pay component. The Employee's share to pension savings component shall be equal to [***] % of which shall be deducted from the Salary.

(b) **Manager's Insurance** – [***] % of the Salary shall be contributed towards savings component (including disability insurance and survivors insurance) and [***] % from the Salary shall be towards severance pay component. If due to the Employee's medical condition (or any other personal reason) an allocation of [***]% (with respect to pension savings component disability and survivors insurance) shall not be sufficient for disability insurance to insure the Employee up to [***] % of the Salary, the Company shall contribute an additional allocation that shall be no more than [***] % of the Salary. The Employee's share to the pension savings in such policy shall be equal to [***] %.

2.2. The Employee will be entitled to choose whether Company's contribution shall be made under Section (a), (b) or any combination of these two options; provided that any

contribution made under this Section will be calculated based on an amount not exceeding the Salary.

2.3. The Company shall deduct any and all taxes on behalf of the Employee with respect of contributions exceeding the ceiling provided under income tax laws (should such contributions be permissible).

2.4. The Employee's rights shall be secured in accordance with the provisions of the Order published pursuant to section 14 of the Severance Pay Law, 1963, as amended and as shall be amended from time to time (the "**Order**"). The Order as published up to the date of this Notice is attached hereto as **Exhibit A**.

2.5. The parties agree that the Company's contributions and deductions to the Policy shall come in lieu of the Company's obligation to pay the Employee (or in the event of a demise during Term, the Employee's survivors under section 5 of the Severance Pay Law, 1963 (the: "**Severance Pay Law**") severance pay due under the Severance Pay Law in accordance and subject to the provisions of the Order.

2.6. According to the provisions of the Order and without derogating from there, the Company waives any right it may have to recover sums from its contributions, unless the Employee's entitlement to severance pay has been denied in a judgment under sections 16 or 17 of the Severance Pay Law, unless the Employee withdraws sums from pension fund or the insurance fund otherwise than in the circumstances of an "entitling event" as defined in the Order.

2.7. Notwithstanding anything to the contrary, in the event that Employee's employment shall be terminated for Cause, the Company may withhold and deny the release of the severance portion.

3. Vacation

3.1. Employee shall be entitled to an annual vacation of 25 days per year at full pay, in accordance with the Company's policies with respect thereto as in effect from time to time ("**Vacation Days**").

3.2. Employee shall be entitled to carry forward 30 accrued and unused vacation days from one year to the next year. Any accrued vacation days in excess of the aforesaid amount shall be forfeited.

3.3. Employee shall not be entitled to redemption of any accrued and unused vacation day, except in accordance with law upon termination of employment.

3.4. Each such leave shall be coordinated with the Direct Supervisor at least 14 days prior to designated date of vacation, with adequate regard to the needs of the Company. Employee acknowledges that the Company has the right to decide, from time to time, that the employees must take vacation leave in certain dates, as shall be determined by the Company, at it sole discretion.

3.5. **Advanced Study Fund** The Company shall contribute an aggregate monthly amount equal to [***]% of the Salary, provided that such contribution shall not exceed the ceiling under the income tax laws ("**the Salary Ceiling Amount**") towards an advanced study fund (Keren Hishtalmut) (the "**Advanced Study Fund**").

3.6. Employee shall contribute, and for that purpose, Employee hereby irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to [***]% of the Salary Ceiling Amount as Employee's participation in such Advanced Study Fund.

3.7. Employee shall bear any and all taxes applicable in connection with amounts payable by Employee and/or Company to the Advanced Study Fund pursuant to this Section. It is hereby agreed and understood that all payments by the Company pursuant to this Section shall not be deemed as an integral part of the Salary for any intent and purpose.

4. Sick Leave

4.1. Employee shall be entitled to sick leave pursuant to the Sickness Pay Law - 1976.

4.2. Sick days are not redeemable or accumulative by the Employee.

4.3. Employee shall be required to provide the Company with appropriate medical certificates with respect to any sick leave promptly after his/her return to work.

5. Recreation Pay

Employee shall be entitled to Recreation Pay ("Dmei Havra'a") pursuant to applicable law.

6. Travel Expenses.

6.1. Employee is eligible to monthly travel expenses in a gross sum of NIS [***] (the " Travel Expenses").

6.2. Travel Expenses shall not be considered as part of the Salary for purpose of calculation of social benefits.

7. Cellular Phone

7.1. Employee shall be entitled to a Company Cellular Phone (the "Cellular Phone"). The Company shall bear expenses, relating in an amount that does not exceed NIS [***] per month, to the Employee's use and maintenance of Cellular Phone attributed to the Employee.

7.2. The value of the Cellular Phone shall not be considered as part of the Salary for purpose of calculation of social benefits.

7.3. Employee shall return to the Company the Cellular Phone, upon termination of this Agreement. Employee shall have no rights of lien with respect to the Cellular Phone.

8. Military Reserve Duty ("Miluim")

The Employee shall be entitled, against submission to the Company of any appropriate supporting documentation, to receive the Salary during any period which the Employee serves in military reserve duty ("miluim").

9. Bonuses

9.1. The Employee shall be eligible for an annual bonus in the amount of up to [***]% of his annual base Salary (the "**Annual Bonus**"), payable by the Company pursuant to the following terms:

9.1.1. [***]% of the Annual Bonus shall be paid based on achievement against the management score-card as established by the Company and the Board, after consultation with the Employee;

9.1.2. [***]% of the Annual Bonus (the "**New Product Bonus**") shall be paid if: (a) the Company has Launched (as defined below) at least one New Product (as defined below) in the respective year; and (b) the Company has presented at least one significant upgrade to a currently marketed product as shall be determined by the Direct Superior, in which case, the Company shall pay such New Product Bonus for each Launch of New Product in the respective year;

9.1.3. Without derogating from subsection 9.1.2 above, the Company shall pay the Employee [***]% of the Annual Bonus if the Company Launches treatment for a new indication by existing device of the Company, which is not treated by such device prior to such Launch (e.g., tattoos), provided that the Employee has met the objective in subsection 9.1.2(b).

9.2. For the purpose of this Section 9, (A) "**Launch**" shall mean the commencement of sales, following receipt of the necessary regulatory approvals by either one of the following regulatory agencies/bodies: Health Canada, FDA, CE; (B) "**New Product**" shall mean a new finished product that is using a new energy source (e.g., shockwave)).

9.3. Except for the above-mentioned in this section 9, the Employee shall not be entitled to any other payments of bonuses and / or any other *ex-gratia* amounts.

10. Taxes.

The Company shall withhold or charge the Employee with all taxes and other compulsory payments as required under law in respect of, or resulting from, the compensation paid to or received by him and in respect of all the benefits that the Employee is or may be entitled to.

EXHIBIT A

General Order and Confirmation Regarding Payments of Employers to Pension Funds and Insurance Funds instead of Severance Pay

Pursuant to the power granted to me under section 14 of the Severance Pay Law 5723-1963 ("**Law**") I hereby confirm that payments paid by an employer, commencing the date hereof, to an employee's comprehensive pension fund into a provident fund which is not an insurance fund, as defined in the Income Tax Regulations (Registration and Management Rules of a Provident Fund) 5724-1964 ("**Pension Fund**"), or to a Manager's Insurance Fund that includes the possibility of an allowance or a combination of payments to an Allowance Plan and to a plan which is not an Allowance Plan in an Insurance Fund ("**Insurance Fund**"), including payments which the employer paid by combination of payments to a Pension Fund and to an Insurance Fund whether there exists a possibility in the Insurance Fund to an allowance plan ("**Employer Payments**"), will replace the severance pay that the employee is entitled to for the salary and period of which the payments were paid ("**Exempt Wages**") if the following conditions are satisfied:

(1) Employer Payments –

(A) for Pension Funds are not less than 14.33 % of the Exempt Wages or 12% of the Exempt Wages, if the employer pays for his employee an additional payment on behalf of the severance pay completion for a providence fund or Insurance Fund at the rate of 2.33% of the Exempt Wages. If an employer does not pay the additional 2.33% on top of the 12%, then the payment will constitute only 72% of the Severance Pay.

(B) to the Insurance Fund are not less than one of the following:

(1) 13.33% of the Exempt Wages if the employer pays the employee additional payments to insure his monthly income in case of work disability, in a plan approved by the Supervisor of the Capital Market, Insurance and Savings in the Finance Ministry, at the lower of, a rate required to insure 75% of the Exempt Wages or 2.5% of the Exempt Wages ("**Disability Payment**").

(2) 11% of the Exempt Wages if the employer pays an additional Disability Payment and in this case the Employer Payments will constitute only 72% of the employee's severance pay; if, in addition to the abovementioned sum, the employer pays 2.33% of the Exempt Wages for the purpose of Severance Pay completion to providence fund or Insurance Funds, the Employer Payments will constitute 100% of the severance pay.

(2) A written agreement must be made between the employer and employee no later than 3 months after the commencement of the Employer Payments that include —

(A) the agreement of the employee to the arrangement pursuant to this confirmation which details the Employer Payments and the name of the Pension Fund or Insurance Fund; this agreement must include a copy of this confirmation;

(B) an advanced waiver of the employer for any right that he could have to have his payments refunded unless the employee's right to severance pay is denied by judgment according to sections 16 or 17 of the Law, and in case the employee withdrew monies from the Pension Fund or Insurance Fund not for an Entitling Event; for this matter, Entitling Event or purpose means death, disablement or retirement at the age of 60 or over.

(3) This confirmation does not derogate from the employee's entitlement to severance pay according to the Law, Collective Agreement, Extension Order or personal employment agreement, for any salary above the Exempt Wages.

Exhibit 10.48

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (this "Second Amendment") is made and entered into as of the 7th day of November, 2019, by and between **BRIDGE III CA ALVISO TECH PARK, LLC**, a Delaware limited liability company ("Landlord"), and **VENUS CONCEPT INC.**, a Delaware corporation formerly known as Restoration Robotics, Inc. ("Tenant").

R E C I T A L S:

A. Pursuant to that certain Lease Agreement dated April 16, 2012, by and between Landlord and Tenant (the "Original Lease"), as amended by that certain First Amendment to Lease Agreement dated April 27, 2016, by and between Landlord and Tenant (the "First Amendment", along with the Original Lease, collectively, the "Lease"), Landlord leases to Tenant approximately 23,155 rentable square feet in the building located at 128 Baytech Drive, San Jose, California (the "Building").

B. Landlord and Tenant desire to amend and modify the Lease as hereinafter set forth to memorialize Tenant's name change and for other purposes as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Tenant. The Basic Lease Information portion of the Lease is hereby amended to reflect Tenant'sa name change from Restoration Robotics, Inc., a Delaware corporation, to Venus Concept Inc., a Delaware corporation. Henceforth, any reference in the Lease to Tenant shall mean Venus Concept Inc., a Delaware corporation.

2. Notices.

a) Landlord's address for all notices, as set forth in the Basic Lease Information portion of the Lease is hereby deleted in its entirety and replaced with the following:

For all notices:

Bridge III CA Alviso Tech Park, LLC
c/o Bridge Investment Group
Five Concourse Parkway, Suite 3100
Atlanta, GA 30328
Attention: Asset Management
Email: David.McCleve@bridgeig.com

with a copy to:

Bridge Investment Group
Five Concourse Parkway, Suite 3100
Atlanta, GA 30328
Attention: Travis D. Hughes, Counsel
Email: Travis.Hughes@bridgeig.com

b) Tenant's address for all notices, including notices of default, as set forth in the Basic Lease Information portion of the Lease is hereby deleted in its entirety and replaced with the following:

For all notices:
Venus Concept Inc.
128 Baytech Drive
San Jose, California 95134-2303
Attention: Vice President - Legal

3. Broker. Tenant represents and warrants to Landlord that it has not entered into any agreement with, or otherwise had any dealings with, any broker or agent in connection with this Second Amendment. Tenant hereby indemnifies and holds Landlord harmless from and against all losses, costs, damages or expenses (including, but not limited to, court costs, investigation costs and reasonable attorneys' fees) as a result of any agreement or dealings, or alleged agreement or dealings, between Tenant and any such broker or agent.

4. Time of the Essence. Time is of the essence with respect to all time periods set forth in this Second Amendment.

5. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. Additionally, facsimile and scanned emailed signatures shall be deemed original and binding on the parties.

6. Miscellaneous. The parties hereby acknowledge and agree that the recitals set forth above are true and accurate as of the date hereof. Whenever terms are used in this Second Amendment, but are not defined, such terms shall have the same meaning as set forth in the Lease. Except as modified by this Second Amendment, Landlord and Tenant do hereby ratify and reaffirm each and every provision, term, covenant, agreement and condition of the Lease. The Lease, as modified by this Second Amendment, sets forth the entire agreement between Landlord and Tenant and cancels all prior negotiations, arrangements, agreements and understandings, if any, between Landlord and Tenant regarding the subject matter of this Second Amendment. In the event of any conflict between the terms of the Lease and the terms of this Second Amendment, the terms of this Second Amendment shall control. Tenant represents and warrants that the person executing this Second Amendment is authorized to execute and deliver this Second Amendment and that all necessary approvals and consents have been obtained to bind Tenant under this

Second Amendment and the Lease in accordance with their terms. Landlord represents and warrants that the person executing this Second Amendment is authorized to execute and deliver this Second Amendment and that all necessary approvals and consents have been obtained to bind Landlord under this Second Amendment and the Lease in accordance with their terms.

IN WITNESS WHEREOF, the duly authorized officials of Landlord and Tenant have signed and sealed this Second Amendment as of the day and year first set forth above.

LANDLORD:

BRIDGE III CA ALVISO TECH PARK, LLC,
a Delaware limited liability company

By: ROC III Real Estate Holdings 2, LLC,
a Delaware limited liability company
Its: Managing Member

By:
Name:
Its:

[Signatures continue on the following page]

TENANT:

VENUS CONCEPT INC.,
A Delaware corporation

By: /s/ Domenic Di Sisto

Name: Domenic Di Sisto

Title: **General Counsel**

Exhibit 10.49

LEASE

BETWEEN

235 INVESTMENT LIMITED
(the "Landlord")

- and -

VENUS CONCEPT CANADA CORP.
(the "Tenant")

SUITES 106 AND 900
THE ENTIRE 9th FLOOR AND
A PORTION OF THE 1st FLOOR
235 YORKLAND BOULEVARD
TORONTO, ONTARIO

TABLE OF CONTENTS

THIS LEASE, dated March 29, 2019, is made by the Landlord and the Tenant named in it who, in consideration of the rents, covenants and agreements contained in this Lease, covenant and agree as follows:

ARTICLE 1 - BASIC TERMS

1.1 Basic Terms

(a)(i)Landlord	235 INVESTMENT LIMITED
(ii)Address of Landlord	2 Carlton Street Suite 909 Toronto, Ontario M5B 1J3
(b)(i)Tenant:	Venus Concept Canada Corp.
(ii)Address of Tenant:	Suite 900 235 Yorkland Boulevard Toronto, Ontario M2J 4Y8
(c)(i)Indemnifier:	Venus Concept Ltd.
(ii)Indemnifier's Address:	Suite 900 235 Yorkland Boulevard Toronto, Ontario M2J 4Y8
(iii)Indemnity Agreement:	See Schedule "F"
(d)Building	235 Yorkland Boulevard Toronto, Ontario M2J 4Y8
(e)Premises:	A portion of the 1st floor, designated as Suite 106 and the entire 9th floor, designated as Suite 900 (collectively the "Premises")
(f)Rentable Area of Premises:	An aggregate Rentable Area of 17,812 square feet: comprised of: Suite 900 containing approximately 15,678 square feet **(the "Ninth Floor Premises")** and Suite 106 containing approximately 2,134 square feet (**the "Ground Floor Premises"**)

(g)(i)Term: Ten (10) years

(ii)Commencement Date: September 1, 2020

(iii)Expiry Date: August 31, 2030 (or the last day of the calendar month in which the Commencement Date occurs, if the Commencement Date is not the first day of a calendar month).

(h)Fixturing Period: Schedule “E”

(i)Basic Rent is payable as follows:

Lease Year	(i) Per Sq. Ft./Year	(ii) Per Year	(iii) Per Month
September 1, 2020 to August 31, 2022	$13.50	$240,462.00	$20,038.50
September 1, 2022 to August 31, 2025	$14.50	$258,274.00	$21,522.83
September 1, 2025 to August 31, 2030	$15.50	$276,086.00	$23,007.17

(j)(i) (a)Rent Deposit: $100,201.70 to be held by the Landlord, without interest and applied to the first **and second months’** Basic Rent, Additional Rent and applicable taxes becoming due under the Lease;

(i) (b)Second Rent Deposit **In addition to the Rent Deposit and the Security Deposit, the sum of $50,100.85, shall be delivered by the Tenant on or before June 30, 2019, to be held, in accordance with Section 5.6 (b); and**

(ii)Security Deposit: **Subject to Section 5.6 (b),** $50,100.85 to be held by the Landlord, without interest, in accordance with Section 5.7.

ARTICLE 2 - SPECIAL PROVISIONS

2.1 Schedule "E"

1. Indemnifier
2. Fixturing Period / Early Occupancy Period
3. Extended Term
4. Parking

ARTICLE 3 - DEFINITIONS AND INTERPRETATION

3.1 Definitions

(a) **"Additional Rent"** means all amounts in addition to Basic Rent payable by the Tenant to the Landlord or any other Person pursuant to this Lease, other than Rental Taxes.

(b) **"Alterations"** has the meaning set out in Section 9.2.

(c) **"Applicable Laws"** means all statutes, laws, by-laws, regulations, ordinances, orders and requirements of governmental or other public authorities having jurisdiction in force from time to time.

(d) **"Basic Rent"** means the rent payable pursuant to Section 5.1.

(e) **"Building"** means the Lands and the building and all other structures, improvements, facilities and appurtenances that have been or will be constructed on the Lands (above, at or below grade), including the Building Systems and the Common Areas and Facilities, all as may be altered, expanded, reduced or reconstructed from time to time.

(f) "**Building Systems"** means at any time: (i) all heating, ventilating and air-conditioning and other climate control systems and other systems, services, installations and facilities installed in or servicing the Building including, without limitation, the following systems, services, installations and facilities: elevators and escalators, mechanical (including plumbing, sprinkler, drainage and sewage), electrical and other utilities, lighting, sprinkler, life safety (including fire prevention, communications, security and surveillance), computer (including environmental, security and lighting control), ice and snow melting, refuse removal, window washing and music; (ii) all machinery, appliances, equipment, apparatus, components, computer software and appurtenances forming part of or used for or in connection with any of such systems, services, installations and facilities including, but not limited to, boilers, motors, generators, fans, pumps, pipes, conduits, ducts, valves, wiring, meters and controls, and the structures and shafts housing and enclosing any of them; and (iii) all Landlord owned or controlled telecommunications facilities, pathways, installations and equipment.

(g) **"Business Day"** means any day which is not a Saturday, Sunday or a day observed as a holiday under the Applicable Laws in the province in which the Building is situate.

(h) **"Business Hours"** means the normal business hours determined by the Landlord, for the Building, which are Monday to Friday 8:00 a.m. to 6:00 p.m. on Business Days.

(i) **"Business Taxes"** means all taxes, rates, duties, levies, assessments, licence fees and other charges in respect of the use or occupancy of, or any business carried on by, tenants or other occupants of the Building.

(j) **"Capital Tax"** means the amount determined by multiplying each of the "Applicable Rates" by the "Capital" and totalling the products. "Capital" is the amount of capital which the Landlord determines, without duplication, is invested from time to time by the Landlord, the owner(s) of the Building (including any interest in the Building), any company related to the Landlord or the owner(s) within the meaning of the Income Tax Act (Canada), or all of them, in doing all or any of: acquiring, developing, expanding, redeveloping and improving the Building. Capital will not be increased by any financing or re-financing except to the extent that the proceeds are invested in doing all or any of the foregoing. "Applicable Rate" is the capital tax rate specified from time to time under any law which imposes a tax in respect of the capital of corporations and for greater certainty includes Large Corporations Tax levied under the Income Tax Act (Canada) as amended from time to time. Each Applicable Rate will be considered to be the rate that would apply if each of the Landlord, the owner(s) of the Building and the related companies referred to above were taxable corporations that employed no capital outside the province in which the Building is located.

(k) **"Change of Control"** means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of such corporation or partnership, unless such change occurs as a result of trading in the shares of a public corporation listed on a recognized stock exchange in Canada or the United States.

(l) **"Commencement Date"** means the date set out in or determined pursuant to Section 1.1(g)(ii).

(m) **"Common Areas and Facilities"** means those areas, facilities, improvements, installations and equipment in or around the Building existing from time to time that: (i) are neither rented nor designated nor intended by the Landlord to be rented: and (ii) are provided or designated from time to time by the Landlord for use in common by the Landlord, the Tenant, other tenants of the Building or their sublessees, agents, employees, customers, invitees or licensees, whether or not those areas are open to the general public or to all tenants of the Building including, without limitation, the Building Systems, entrances, lobbies, access and service corridors, stairways, indoor and outdoor walkways

(both open and enclosed), malls, courts and arcades (both open and enclosed), public seating areas and facilities, public washrooms, indoor and outdoor landscaping and landscaped areas, passageways or tunnels leading to any public walkway or other facilities or to other buildings or concourses, mailrooms, electrical, telecommunications, cable, meter, valve, mechanical, storage and janitor rooms, telecommunication and electrical risers, shipping and receiving areas and loading docks, package or passenger pick-up areas, waste disposal or recycling facilities, parking facilities, driveways, laneways and ramps and sidewalks, parks and other municipal facilities for which the Landlord directly or indirectly is subject to obligations in its capacity as owner of the Building or an interest in it, all as may be altered, expanded, reduced, reconstructed or relocated from time to time.

(n) **"Default Rate"** means the lesser of: (i) the Prime Rate plus five percent per annum; and (ii) the maximum rate permitted by Applicable Laws, calculated and compounded monthly not in advance.

(o) **"Early Termination"** has the meaning set out in Section 12.3.

(p) **"Event of Default"** has the meaning set out in Section 15.1.

(q) **"Expert"** means any architect, engineer, land surveyor or other professional consultant appointed by the Landlord who, in the opinion of the Landlord, is qualified to perform the function for which he or she is retained.

(r) **"Expiry Date"** means the date set out in or determined pursuant to Section 1.1 (g)(iii).

(s) **"Fiscal Year"** means the fiscal period(s) as designated by the Landlord from time to time. The Landlord may have different Fiscal Years for any one or more of the components of Additional Rent.

(t) **"Fixturing Period"** means the period, if any, specified in Section 1.1(h) provided to the Tenant to perform its fixturing of the Premises.

(u) **"Indemnifier"** means the party named in Section 1.1(c)(i).

(v) **"Indemnity Agreement" means the agreement attached hereto as Schedule "F"**

(w) **"Landlord"** means the party named in Section **1.1 (a)(i).**

(x) **"Lands"** means the lands described in Schedule "A" (or such portion thereof as may be designated by the Landlord from time to time), as altered, expanded or reduced from time to time.

(y) **"Lease"** means this lease, including all schedules, as it may be amended.

(z) **"Lease Year"** means: (i) in the case of the first Lease Year, the period beginning on the Commencement Date and ending on the last day of the 12th consecutive full month after the expiry of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall end on the day prior to the first anniversary of the Commencement Date) and; (ii) in the case of each subsequent Lease Year, consecutive 12 month periods, provided that the final Lease Year shall end on the Expiry Date.

(aa) **"Leasehold Improvements"** means all alterations, fixtures and improvements in or serving the Premises made from time to time by or on behalf of the Tenant or any prior occupant of the Premises including, without limitation, internal stairways, doors, hardware, partitions (excluding moveable partitions), lighting fixtures, Building standard window coverings and wall-to-wall carpeting (excluding carpeting laid over a finished floor and removable without damage to such floor), but excluding trade fixtures and furniture and equipment not of the nature of fixtures.

(bb) **"Measurement Standards"** means the Building Owners and Managers Association ("BOMA") International Measurement Standards **referred to as ANSI / BOMA Z65.11996,** provided that notwithstanding the foregoing or anything else contained in this Lease, the Landlord may, at its option from time to time, choose to measure the area of the Premises or any space included in the Building in accordance with the BOMA standard method of measurement then in effect from time to time.

(cc) **"Mortgage"** means any mortgage, charge or security instrument (including a deed of trust or mortgage securing bonds) and all extensions, renewals, modifications, consolidations and replacements of any such item which may now or hereafter affect the Building or any part of it.

(dd) **"Mortgagee"** means the mortgagee, chargee or other secured party (including a trustee for bondholders), as the case may be, who from time to time holds a Mortgage.

(ee) **"Notice"** has the meaning set out in Section 16.7.

(ff) **"Operating Costs"** has the meaning set out in Section 6.5.

(gg) **"Permitted Transferee"** means any entity which is an affiliate (as that term is defined as of the date of this Lease in the *Canada Business Corporations Act)* of the original named Tenant. and only for so long as it remains an affiliate of such original named Tenant.

(hh) **"Person"** means any individual, partnership, corporation, trust, trustee or other entity or any combination of them.

(ii) **"Premises"** means **collectively, the Ground Floor Premises and the Ninth Floor Premises,** that part of the Building identified in Section 1.1(e) and approximately shown on Schedule `B", extending to: (i) the interior face of all exterior walls, doors and windows; (ii) the interior face of all interior walls, doors and windows separating the Premises from Common Areas and Facilities; (iii) the centre line of all interior walls separating the Premises from adjoining leaseable premises; and (iv) the top surface of the structural subfloor and the top surface of the suspended or plaster ceiling (or the bottom surface of the structural ceiling if there is no suspended or plaster ceiling). Any Building Systems located in the Premises do not form part of the Premises. **The Ground Floor Premises are shown hatched on Schedule "B" attached hereto.**

(jj) **"Prime Rate"** means the annual rate of interest announced from time to time by the Canadian chartered bank chosen by the Landlord as the daily rate of interest used by such bank as a reference rate in setting rates of interest for Canadian dollar commercial loans and commonly referred to by such bank as its Canadian "prime rate".

(kk) **"Property Taxes"** means the aggregate of all taxes, rates, duties, levies, fees, charges (including local improvement charges) and assessments whatsoever, imposed, assessed, levied, rated or charged against or in respect of the Building (or any part of the Building) from time to time by any lawful taxing or assessing authority, whether school, municipal, regional, provincial, federal, or otherwise, and any taxes or other amounts which are imposed in lieu of, or in addition to, any of the foregoing whether or not in existence on the Commencement Date and whether of the foregoing character or not, but excluding taxes on the income or profits of the Landlord except to the extent that they are levied in lieu of the foregoing.

(ll) **"Proportionate Share"** means a fraction which has: (i) as its numerator, the Rentable Area of the Premises, and (ii) as its denominator, the Rentable Area of the Building.

(mm) **"Rent"** means all Basic Rent and Additional Rent.

(nn) **"Rent Deposit"** means the amount specified in Section 1.1(j)(i).

(oo) **"Rentable Area"** means: (i) in the case of the Premises and any other premises included in the Building, the area of all floors of such premises determined in accordance with the Measurement Standards; and (ii) in the case of the Building the aggregate of the area of all premises in the Building that are rented, or designated or intended by the Landlord to be rented (whether actually rented or not) but excluding storage areas, determined in accordance with the Measurement Standards. The Rentable Area of the Building may be adjusted from time to time to reflect any alteration, expansion, reduction, recalculation or other change.

(pp) **"Rental Taxes"** means any tax or duty imposed upon either the Landlord or the Tenant which is measured by or based in whole or in part directly upon the Rent payable under

this Lease or in respect of the rental or rental value of premises under this Lease whether existing at the date of this Lease or hereafter imposed by any governmental authority including, without limitation, goods and services tax, harmonized sales tax, value added tax, business transfer tax, sales tax, federal sales tax, excise taxes or duties or any tax similar to the foregoing.

(qq) **"Required Conditions"** means that:

(i) the Tenant is the original named Tenant, has not undergone a Change of Control and is itself in occupation of and carrying on business from the whole of the Premises; and

(ii) the Tenant has paid all Basic Rent and Additional Rent as and when due and has not been in default under this Lease.

(rr) **"Rules and Regulations"** means the Rules and Regulations annexed hereto as Schedule "D" together with any amendments, deletions and additions made by the Landlord from time to time pursuant to Section 10.4, all of which shall form part of this Lease.

(ss) **"Security Deposit"** means the amount specified in Section 1 .1(j)(ii).

(tt) **"Tenant"** means the party named in Section 1.1(b)(i).

(uu) **"Term"** means the period of time specified in Section 1.1(g)(i) which commences on the Commencement Date and expires on the Expiry Date, unless terminated earlier pursuant to the provisions of this Lease.

(vv) **"Transfer"** means all or any of the following, whether by conveyance, written agreement or otherwise: (i) an assignment of this Lease in whole or in part; (ii) a sublease of all or any part of the Premises; (iii) the sharing or transfer of any right of use or occupancy of all or any part of the Premises; (iv) any mortgage, charge or encumbrance of this Lease or the Premises or any part of the Premises or other arrangement under which either this Lease or the Premises become security for any indebtedness or other obligation; and (v) a Change of Control, and includes any transaction or occurrence whatsoever (including, but not limited to, expropriation, receivership proceedings, seizure by legal process and transfer by operation of law), which has changed or might change the identity of the Person having use or occupancy of any part of the Premises.

(ww) **"Transferee"** means the Person to whom a Transfer is or is to be made.

(xx) **"TSP"** has the meaning set out in Section 7.6(b).

(yy) **"Unavoidable Delay"** has the meaning set out in Section 16.5.

3.2 Entire Agreement, Amendments, Waiver

This Lease contains the entire agreement between the parties with respect to the subject matter of this Lease and there are no other agreements, promises or understandings, oral or written, between the parties in respect of this subject matter. This Lease may be amended only by written agreement between the Landlord and the Tenant. No electronic communications between the parties will have the effect of amending this Lease. No provisions of this Lease shall be deemed to have been waived by the Landlord or the Tenant unless such waiver is in writing signed by such party. If either the Landlord or the Tenant excuses or condones any default by the other of any obligation under this Lease, no waiver of such obligation shall be implied in respect of any continuing or subsequent default. The Landlord's receipt of Rent with knowledge of a breach shall not be deemed a waiver of any breach.

3.3 Acceptance and Application of Rent

Any endorsement, statement, condition, direction or other communication on or accompanying any Rent payment shall not be binding on the Landlord and the acceptance of any such payment shall be without prejudice to the Landlord's right to recover the balance of Rent then owing or to pursue any other remedy available to the Landlord. Any payment received by the Landlord may be applied towards amounts then outstanding under this Lease in such manner as the Landlord determines.

3.4 General Rules of Interpretation

(a) Obligations as Covenants: Each obligation of the Landlord and the Tenant in this Lease shall be considered a covenant for all purposes. If the Tenant has failed to perform any of its obligations under this Lease, such obligations shall survive the expiration or other termination of this Lease.

(b) Time: Time is of the essence of this Lease.

(c) Number, Gender: The grammatical changes required to make the provisions of this Lease apply in the plural sense where the Tenant comprises more than one Person and to individuals (male or female), partnerships, corporations, trusts or trustees will be assumed as though in each case fully expressed.

(d) Liability of Tenant: If the Tenant consists of more than one Person, the covenants of the Tenant shall be joint and several covenants of each such Person. If the Tenant is a partnership, each Person who is presently a partner of the partnership and each Person who becomes a member of any successor partnership shall be and continue to be bound jointly and severally for the performance of and shall be and continue to be subject to all of the terms, obligations and conditions of this Lease, whether or not such Person ceases to be a member of such partnership or successor partnership and whether or not such partnership continues to exist.

(e) Governing Law: This Lease shall be governed by and construed under the Applicable Laws of the jurisdiction in which the Building is located and the parties attorn and submit to the jurisdiction of the courts of such jurisdiction.

(f) Headings: The headings of the Articles and Sections are included for convenience only, and shall have no effect upon the construction or interpretation of this Lease.

(g) Landlord as Trustee: Any and all exculpatory provisions, releases and indemnities included in this Lease for the benefit of the Landlord are intended also to benefit the Mortgagees, any owner or lessor with an interest in the Building prior to the Landlord and property managers of the Landlord and the officers, directors, shareholders, employees, agents of each one of them and, for the purposes of such provisions, the Landlord is acting as agent or trustee on behalf of and for the benefit of the persons mentioned above.

(h) Severability: Should any provision of this Lease be or become invalid, void, illegal or not enforceable, such provision shall be considered separate and severable from this Lease and the remaining provisions shall remain in force and be binding upon the parties hereto as though such provision had not been included.

3.5 Successors

This Lease and everything herein contained shall extend to and bind the successors and assigns of the Landlord and the legal representatives, heirs, executors, administrators, successors and permitted assigns of the Tenant (as the case may be).

ARTICLE 4 - GRANT AND TERM

4.1 Term, Demise

The Landlord hereby demises and leases the Premises to the Tenant for the Term (unless terminated earlier pursuant to this Lease), to have and to hold during the Term, subject to the terms and conditions of this Lease. The Landlord grants to the Tenant a non-exclusive licence throughout the Term to the benefit or use (as may be appropriate) of those Common Areas and Facilities which provide access to the Premises or which are generally made available to all tenants in the Building, in common with other tenants of the Building and with all others entitled thereto, subject to the terms and conditions of this Lease.

4.2 Acceptance

The Tenant hereby leases and accepts the Premises from the Landlord and covenants to pay the Rent and to observe and perform all the covenants and obligations to be observed and performed by the Tenant pursuant to this Lease. The Tenant agrees that, except as may be specifically set out herein, the Premises are accepted on an “as is” basis and there is no promise, representation or undertaking binding upon the Landlord with respect to any alteration, remodelling or decoration of the Premises or with respect to the installation of equipment or fixtures in the Premises save and except as specifically set out in Schedule “C” hereof.

4.3 Quiet Enjoyment

If the Tenant pays the Rent, fully performs all its obligations under this Lease and there has been no Event of Default, then the Tenant shall be entitled, subject to the provisions of this Lease, to peaceful and quiet enjoyment of the Premises for the Term.

ARTICLE 5 - RENT

5.1 Basic Rent

The Tenant shall pay to the Landlord Basic Rent in the amount set out in Section 1.1(i) for the respective Lease Year, by equal consecutive monthly instalments in advance on the first day of each month, subject to any adjustment pursuant to Section 5.3.

5.2 Additional Rent

The Tenant shall also pay throughout the Term, at the times and in the manner provided in this Lease, all Additional Rent which shall, except as otherwise provided in this Lease, be payable within 15 days of receipt by the Tenant of an invoice, statement or demand for it.

5.3 Adjustment Due to Measurement

The Landlord may, from time to time, at its option, cause the Rentable Area of the Premises to be measured by an Expert in accordance with the Measurement Standards and, if necessary as a result of such measurement, the annual Basic Rent and the calculation of Additional Rent shall be adjusted by the Landlord. The effective date of any such adjustment shall be:

(a) in the case of any measurement made prior to or within six months of the Commencement Date, the **Commencement** Date; and the Tenant is allowed possession of the Premises under this Lease;

(b) in all other cases, the **first day of the calendar month that next follows the** date of the determination of the measurement.

Any such measurement by an Expert shall be final and binding on the Landlord and the Tenant. Neither the Landlord nor the Tenant may claim any adjustment to the annual Basic Rent or to the calculation of Additional Rent based on the Rentable Area of the Premises except in accordance with a measurement by an Expert made pursuant to this Section and, for greater certainty, neither the Landlord nor the Tenant may claim any adjustment to the annual Basic Rent or to the calculation of Additional Rent based on such measurement for the period prior to the effective date of such adjustment as set out above.

5.4 Payment of Rent - General

(a) All payments required to be made by the Tenant pursuant to this Lease shall be paid when due, without prior demand and without any abatement, set-off, compensation or deduction whatsoever, except as may be otherwise expressly provided herein, at the address of the

Landlord set out in Section 1 .1(a)(ii) or at such other place as the Landlord may designate from time to time to the Tenant.

(b) All payments required to be made by the Tenant pursuant to this Lease, except for Rental Taxes, shall be deemed to be Rent and shall be payable and recoverable as Rent, and the Landlord shall have all rights against the Tenant for default in any such payment as in the case of arrears of Rent.

(c) The Tenant shall pay to the Landlord all Rental Taxes applicable from time to time, calculated and payable in accordance with Applicable Laws and the Tenant shall pay such amount at the earlier of: (i) the time provided for by Applicable Laws; and (ii) the time such Rent is required to be paid under this Lease. The amount payable by the Tenant on account of Rental Taxes shall be deemed not to be Rent for the purpose of such calculation but in the event of a failure by the Tenant to pay any amount, the Landlord shall have the same rights and remedies as it has in the event of a failure by the Tenant to pay Rent.

(d) At the Landlord's request, the Tenant shall make all payments under this Lease by way of post-dated cheques, automatic withdrawals or electronic funds transfer from the Tenant's bank account and shall execute and deliver either concurrently with this Lease or from time to time within three Business Days following request for it, such documentation as may be required by the Landlord and its bank in order to effect such payments.

(e) If the Commencement Date is other than the first day of a full period in respect of which any item of Rent is calculated, or the Expiry Date is other than the last day of a full period, then unless otherwise provided in this Lease, the amount of such item of Rent payable in respect of the broken period shall be prorated based on the number of days in the month.

5.5 Payment of Additional Rent

(a) Prior to the Commencement Date and at or prior to the beginning of each Fiscal Year thereafter, the Landlord shall compute and deliver to the Tenant a bona fide estimate in respect of such Fiscal Year of the Tenant's share of Property Taxes, the Tenant's Proportionate Share of Operating Costs and such other items of Additional Rent as the Landlord may estimate in advance and the Tenant shall pay to the Landlord in monthly installments one-twelfth of such estimate simultaneously with the Tenant's payments of Basic Rent, provided that the monthly installments on account of the Tenant's share of Property Taxes may be determined so that the Landlord collects all such amounts payable by the Tenant by the final due date in the relevant calendar year. The Landlord may from time to time re-estimate any items of Additional Rent and may fix monthly instalments for the then remaining balance of the Fiscal Year so that such items will be entirely paid during such Fiscal Year.

(b) The Landlord shall deliver to the Tenant within a reasonable period of time after the end of each Fiscal Year a written statement or statements (the "Statement") **audited by an independent, duly qualified, chartered accountant,** setting out the amount of Operating

Costs, the Property Taxes and such other items of Additional Rent as the Landlord estimated in advance for such Fiscal Year. If the Tenant's share of Property Taxes, the Tenant's Proportionate Share of Operating Costs and other items of Additional Rent actually paid by the Tenant to the Landlord during such Fiscal Year differs from the amount of the Tenant's share of Property Taxes, the Tenant's Proportionate Share of Operating Costs and other items of Additional Rent payable for such Fiscal Year, the Tenant shall pay such difference or the Landlord shall credit the Tenant's account (as the case may be), without interest within 30 days after the date of delivery of the Statement. Failure of the Landlord to render any Statement shall not prejudice the Landlord's right to render such Statement thereafter or with respect to any other Fiscal Year. The Landlord may render amended or corrected Statements **within one (1) year after providing Statements to the Tenant, except with respect to Property Taxes and utilities for which the Landlord may render amended or corrected statements at any time during the Term, or any extensions thereof.**

(c) The Tenant shall not claim a re-adjustment in respect of Operating Costs or Property Taxes or other items of Additional Rent estimated by the Landlord or the share payable by the Tenant on account thereof for any Fiscal Year except by Notice given to the Landlord within **nine (9)** six months after delivery of the Statement, stating the particulars of the error in computation.

5.6 Rent Deposit

(a) The Landlord acknowledges receipt from the Tenant of the Rent Deposit to be applied to the Rent as it becomes due or as otherwise provided in Section 1.1(j)(i). and, to the extent it is not so applied from time to time, to be held, without interest, as security (without prejudice to the Landlord's other rights and remedies) for the observance and performance of the Tenant's obligations under this Lease.

(b) **In addition to the Rent Deposit, on or before June 30, 2019 the Tenant shall deliver a certified cheque in the amount of $50,100.85, which represents one (1) month of Basic Rent, and the Tenant's estimated Proportionate Share of Operating Costs and Property Taxes including HST (the "Second Rent Deposit") due under this Lease, made payable to Northam Realty Advisors Limited, in Trust, which shall be held by Northam Realty Advisors Limited, without interest. Upon the Commencement Date, the Second Rent Deposit will be transferred to the Landlord, and held by the Landlord without interest, and applied to the third months' Basic Rent and Additional Rent due under this Lease.**

If the Tenant fails to deliver the Second Rent Deposit to the Landlord's property manager, Northam Realty Advisors Limited, by June 30, 2019, then the Landlord shall be permitted to take the portion of the Rent Deposit that was to be applied to the first months Basic Rent and Additional Rent and add it to the Security Deposit described in Section 1.1(j) (ii) and hold it during the Term of this Lease, and any extensions or renewals thereof, without interest, in accordance with the provisions of

Section 5.7. In the event that the Tenant fails to deliver the Second Rent Deposit, the Tenant shall continue to be responsible for the payment of Rent for the first month of the Term, in accordance with the provisions of this Lease.

5.7 Security Deposit

Subject to Section 5.6 (b) above, the Landlord acknowledges receipt from the Tenant of the Security Deposit to be held, without interest, as security (without prejudice to the Landlord's other rights and remedies) for the observance and performance of the Tenant's obligations under this Lease. If the Tenant defaults in the performance of any of the terms, covenants, conditions and provisions of this Lease as and when the same are due to be performed by the Tenant, then the Landlord, at its option, may appropriate and apply all or any part of the Security Deposit on account of any losses or damages sustained by the Landlord as a result of such default. Upon demand by the Landlord following any such appropriation, the Tenant shall pay to the Landlord an amount sufficient to restore the total original amount of the Security Deposit. if the Tenant complies with all of the terms, covenants, conditions and provisions under this Lease and is not then overholding in accordance with Section 16.3, the Security Deposit shall be returned to the Tenant without interest within 60 days after the expiry or earlier termination of the Term, or, at the Landlord's option, shall be applied by the Landlord on account of the last month's Rent.

5.8 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease shall be a completely carefree net lease for the Landlord and that the Landlord shall not be responsible for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Premises or the Building during the Term, whether foreseen or unforeseen and whether or not within the contemplation of the parties at the commencement of the Term, except as shall be otherwise expressly provided in this Lease.

ARTICLE 6 - OPERATING COSTS AND TAXES

6.1 Property Taxes Payable by Landlord

The Landlord shall pay all Property Taxes, but it may defer such payments or compliance to the fullest extent permitted by law so long as it pursues in good faith any contest or appeal of any such Property Taxes with reasonable diligence.

6.2 Property Taxes Payable by Tenant

(a) The Tenant shall pay as Additional Rent directly to the Landlord in each Fiscal Year the Tenant's share of Property Taxes as determined pursuant to this Section.

(b) The Tenant's share of Property Taxes shall be the portion of the Property Taxes that are attributable to the Premises, as determined by the Landlord, acting reasonably. Without limiting the foregoing:

(i) the Landlord may, if it so elects, determine that the Tenant's share of Property Taxes attributable to the Premises shall be the Proportionate Share of Property Taxes;

(ii) the Landlord shall be entitled, but not obligated, to allocate Property Taxes amongst categories of premises in the Building on the basis of such factors as the Landlord determines to be relevant and to adjust the Tenant's share of Property Taxes based on such allocation **provided the Landlord shall act reasonable and equitable with any allocation of Property Taxes;**

(iii) if there are separate assessments (or, in lieu of separate assessments, calculations made by authorities having jurisdiction from which separate assessments may, in the Landlord's opinion, be readily determined) for the Premises for Property Taxes, the Landlord may have regard thereto;

(iv) nothing herein shall compel or require the Landlord to adjust, continue to adjust or to make the same determination or allocation of Property Taxes from year to year or in any Fiscal Year; and

(v) for the purposes of determining the share of Property Taxes payable by the Tenant pursuant to this Lease, Property Taxes shall include such additional amounts as would have formed part of Property Taxes had the Building been fully assessed during the whole of the relevant Fiscal Year as fully completed and fully occupied by tenants, with no special exemptions or reductions, and without taking into account any actual or potential reduction of Property Taxes or change of assessment category or class for premises within the Building which are vacant or underutilized.

Landlord acknowledges that as of the date hereof, tenants in the Building pay their Proportionate Share of Property Taxes.

6.3 Business Taxes and Other Taxes of Tenant

The Tenant shall promptly pay before delinquency to the taxing authorities or to the Landlord, if it so directs, as Additional Rent, any taxes, rates, duties, levies and assessments whatsoever, whether municipal, provincial, federal or otherwise, levied, imposed or assessed against or in respect of the operations at, occupancy of, or conduct of business in or from the Premises by the Tenant or any other permitted occupant, including the Tenant's Business Taxes, if levied in the province in which the Building is situate. Whenever requested by the Landlord, the Tenant shall deliver to the Landlord copies of receipts for payment of all such taxes.

6.4 Assessment Appeals

The Tenant shall not appeal any governmental assessment or determination of the value of the Building or any portion of the Building whether or not the assessment or determination affects the

amount of Property Taxes or other taxes, rates, duties, levies or assessments to be paid by the Tenant.

6.5 Operating Costs

The Tenant shall pay its Proportionate Share of Operating Costs to the Landlord. Subject to the exclusions and deductions stipulated in Section 6.6, "Operating Costs" means the total, without duplication **and calculated in accordance with accounting principles or practices generally accepted in the real estate industry in Canada,** of the costs, expenses, fees, rentals, disbursements and outlays (in Sections 6.5 and 6.6 referred to collectively as "costs") of every kind, whether direct or indirect, paid, payable or incurred by or on behalf of the Landlord on an accrual basis (or on a cash basis to the extent that the Landlord determines is reasonable) in the ownership, maintenance, repair, replacement, operation, administration, supervision and management of the Building, including, without limitation:

(a) costs of providing security, supervision, traffic control, janitorial, landscaping, window cleaning, waste collection, disposal and recycling and snow removal services and the costs of machinery, supplies, tools, equipment and materials used in connection with the Building (including rental costs of such items);

(b) costs of telecommunications and broadband services and facilities (including riser, rooftop, telephone room and wireless management), information technology, telecopier, stationery, office equipment, supplies, signs and directory boards and other services and materials required for management, maintenance and operation (whether on or off-site and whether incurred by the Landlord or a management company);

(c) costs of providing electricity, fuel, heat, processed air, water, telephone, gas, sewage disposal and other utilities and services (including all energy management and administration costs) and costs of replacing building standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs and controls (to the extent such item is charged separately to the Tenant pursuant to this Lease then the costs of any such item attributable to other leaseable premises shall be excluded);

(d) costs of:

(i) operating, maintaining, replacing, modifying and repairing the Building, including without limitation such costs where incurred by the Landlord in order to comply with Applicable Laws or required by the Landlord's insurance carrier or resulting from normal wear and tear to the Building;

(ii) providing, installing, modifying and upgrading energy conservation equipment and systems, life safety and emergency response systems, materials and procedures and telecommunication and broadband systems and equipment if any;

(iii) making alterations, replacements or additions to the Building intended to reduce Operating Costs, improve the operation of the Building and the systems, facilities and equipment serving the Building, or maintain their operation; and

(iv) replacing machinery or equipment which by its nature requires periodic replacement,

all to the extent that such costs are fully chargeable in the Fiscal Year in which they are incurred in accordance with sound accounting principles or practices **generally accepted in the real estate industry in Canada** as applied by the Landlord;

(e) depreciation or amortization of the costs referred to in Section 6.5(d) above as determined in accordance with sound accounting principles or practices **generally accepted in the real estate industry in Canada** as applied by the Landlord, if such costs have not been charged fully in the Fiscal Year in which they are incurred, and interest on the undepreciated or unamortized balance of such costs, calculated monthly, at an annual rate equal to 5% above the Prime Rate in effect on the first day of the Fiscal Year that such costs were incurred;

(f) amounts paid to, or reasonably attributable to the remuneration of, all personnel (whether on or off-site and whether employed by the Landlord or a management company) involved in the maintenance, repair, replacement, operation, administration, supervision and management of the Building, including fringe benefits, severance pay, termination payments and other employment costs;

(g) auditing, accounting, legal and other professional and consulting fees and disbursements incurred in connection with the maintenance, repair, replacement, operation, administration, supervision and management of the Building, including those incurred with respect to the preparation of the statements required under the provisions of this Lease and costs of administering, minimizing, contesting or appealing assessments of Property Taxes (whether or not successful), **but not if such auditing accounting, legal and other professional and consulting fees are attributable to a dispute with, the actions or inactions of, or a default of a tenant within the Building;**

(h) costs of all insurance which the Landlord is obligated or permitted to obtain under this Lease and the amounts of losses incurred or claims paid either below the insurance deductible amounts or as the co-insurance portion of an insured claim;

(i) Property Taxes to the extent not charged to the Tenant pursuant to Section 6.2 and to other tenants of the Building pursuant to lease provisions similar to such Section;

(j) Capital Tax, if applicable **to the extent that same are levied under any federal, provincial or municipal law;**

(k) fair market rental value (having regard to rent being charged for similar space including additional rent for operating costs and property taxes) of space used by the Landlord and/or its property manager, acting reasonably, in connection with the maintenance, repair, operation, administration and management of the Building and such fair market rental value of any building amenities (such as conference and day-care facilities provided primarily for tenants of the Building), together with the reasonable costs relating to such building amenities; and

(l) a management fee of five percent (5%) of gross amounts received or receivable by the Landlord in respect of the Building for all items.

Notwithstanding anything to the contrary set out in this Lease, the Landlord agrees that annual increases in Controllable Operating Costs, shall not exceed the greater of the rise in the Consumer Price Index for Ontario, (CPI), as calculated by Statistics Canada, year over year, on a cumulative basis, or three percent (3%) per annum, on a cumulative basis, during the initial Term and Extended Term, provided that the Tenant exercises its right to extend the Term in accordance with Section 3 of Schedule "E" attached hereto.

For the purposes of this section, "Controllable Operating Costs" means all Operating Costs, excluding all Non-Controllable Operating Costs.

For the purposes of this section, "Non-Controllable Operating Costs" means those Operating Costs over which it is reasonable to assume the Landlord may not exercise a measure of control, and includes, by way of example only and without limitation: utilities, insurance, and payments and/or levies which may be imposed by a governmental authority, during the Term (as same may be extended in accordance with Section 3 of Schedule "E" attached to this Lease).

6.6 Limitations on Operating Costs

In determining Operating Costs, the cost (if any) of the following shall be excluded or deducted, as the case may be:

(a) all net recoveries which reduce Operating Costs received by the Landlord from tenants as a result of any act, omission, default or negligence of such tenants or by reason of a breach by such tenants of provisions in their respective leases (other than recoveries from such tenants under clauses in their respective leases requiring their contribution to Operating Costs);

(b) net proceeds received by the Landlord from insurance policies taken out by the Landlord to the extent that the proceeds relate to Operating Costs;

(c) ground rent payable to any ground lessor if the Landlord is not the owner of the Lands and principal and interest payments on any mortgages, charges or other encumbrances registered against the title of the Building;

(d) all net recoveries by the Landlord in respect of warranties or guarantees relating to the construction of the Building or any portion thereof, to the extent that repair costs in respect of the work covered by warranty or guarantee are included in Operating Costs;

(e) costs and expenses relating to the leasing of space or premises in the Building including leasing commissions and advertising costs; and

(f) contributions, if any, to the cost of the excess supply, to the Tenant or other tenants of the Building, of Utilities used in maintaining, operating, heating, ventilating and air-conditioning the Building.

6.7 Adjustments of Operating Costs

In computing Operating Costs:

(a) if less than 100% of the Rentable Area of the Building is completed or occupied during any period for which a computation must be made, the amount of Operating Costs will be increased by the amount of the additional costs determined by the Landlord, that would have been incurred had 100% of the Rentable Area of the Building been completed or occupied during that period, provided that the foregoing shall not result in the amount the Tenant pays as its Proportionate Share of such Operating Costs being greater than it would be if the Building was fully occupied and completed;

(b) where the Landlord determines, acting reasonably but in its sole discretion, that any item(s) of Operating Costs are provided only to or for the benefit of a portion of the Building, then the Landlord shall be entitled, but not obligated, to allocate the cost of those item(s) over such portion of the Building and adjust the Tenant's Operating Cost payment based on such allocation;

(c) if the Building is comprised of different categories of leaseable premises, the Landlord shall be entitled, but not obligated, to allocate Operating Costs among the various categories on the basis of such factors as the Landlord determines to be relevant and to adjust the Tenant's Operating Cost payment based on such allocation; and

(d) if any facilities, services or utilities:

(i) for the operation, administration, management, repair and maintenance of the Building are provided from another building or other buildings owned or operated by Landlord or its manager;

(ii) for the operation, administration, management, repair and maintenance of another building or other buildings owned or operated by the Landlord or its manager are provided from the Building; or

(iii) are otherwise shared between the Building and another building or other buildings,

the costs, charges and expenses of such items shall be allocated by the Landlord, between the Building and other building or buildings on a reasonable basis.

6.8 Reduction or Control of Operating Costs

The Tenant shall comply with any practices or procedures that the Landlord, acting reasonably, may from time to time introduce to reduce or control Operating Costs and shall pay, as Additional Rent, all costs, as determined by the Landlord, that may be incurred by the Landlord as a result of any non-compliance. The Landlord may use an Expert to assist it in making such determination.

ARTICLE 7 - HVAC, UTILITIES AND OTHER LANDLORD SERVICES

7.1 Heating, Ventilating and Air Conditioning

(a) The Landlord shall provide processed air in quantities and at temperatures required to maintain conditions within a reasonable temperature range in the Premises during Business Hours. If the Tenant requests the provision of processed air outside Business Hours, the Landlord shall provide such processed air if it is reasonably able to do so, at the Tenant's cost determined in accordance with the Landlord's standard rate schedule for such additional service in effect from time to time.

(b) Any rebalancing of the climate control system necessitated by the installation of partitions, equipment or fixtures by the Tenant or by any use of the Premises not in accordance with the design standards of such system shall be performed by the Landlord at the Tenant's expense. The Landlord shall not be responsible for inadequate performance of the Building Systems if: (i) attributable to any arrangement of partitioning in the Premises or changes therein, the failure to shade windows which are exposed to the sun, the production by the Tenant of smoke, odours or contaminated air which the Building Systems are not designed to accommodate, or any use of electrical power by the Tenant which exceeds the standard of normal use as determined by the Landlord; (ii) the occupancy level of the Premises exceeds one person to every 150 square feet of usable area of the Premises on an open floor basis; or (iii) the Tenant does not keep the heating, ventilation or air-conditioning vents or air returns free and clear of all obstructions.

7.2 Electricity and Other Utilities

(a) The Landlord will provide and permit the Tenant to use the electricity, domestic water, sewage disposal and other utility services serving the Building in such quantities as the Landlord, from time to time determines to constitute normal use for tenants in the Building. The Tenant shall not overload the capacity of any such service. The Tenant shall not bring onto the Premises any installations, appliances or business machines which are likely to consume significant amounts of electricity or other utilities or which require special venting without the prior written consent of the Landlord. The Tenant shall not engage any Person to provide any utility service to the Premises.

(b) The Landlord shall replace building standard and, at the Landlord's election, non-standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs and controls in the Premises. In carrying out its obligations, the Landlord may adopt a system of periodic group relamping in accordance with sound building management practices.

(c) Direct and indirect costs relating to the use by the Tenant of electricity and other utility services in quantities which represent normal use for tenants in the Building, as determined by the Landlord, will form part of Operating Costs or be paid by the Tenant to the Landlord separately as Additional Rent, as and to the extent that the Landlord may elect from time to time. The Landlord may install (i) **if the Landlord reasonably believes the use of a utility or service in the Premises is disproportionate to the use of other tenants in the Building, or** (ii) **if requested by the Tenant,** at the Tenant's expense, **otherwise such costs will be at the Landlord's expense,** separate meters or other measuring devices in the Premises or elsewhere to measure the Tenant's consumption and the Landlord may use an Expert to assist it in determining such consumption.

7.3 Special HVAC Services and Utilities and Excess Quantities

If the Tenant requests interior climate control services, electricity, sewage disposal, water or other utility services of a type or in quantities that exceed normal use by tenants in the Building, as determined by the Landlord, the Landlord shall supply such services if the Landlord determines, in its sole discretion, that the provision of such services: (a) is within the capacity of the Building Systems; (b) would not affect the operation, aesthetics or structure of the Building; (c) would not reduce the efficiency of the existing services supplied to other tenants or parts of the Building; and (d) is otherwise feasible. The Tenant will pay to the Landlord all costs, both non-recurring and recurring, of providing all such services. Such costs shall be determined by the Landlord in a reasonable manner, which may include installation at the Tenant's expense of separate meters or other measuring devices in the Premises or elsewhere or the Landlord may use an Expert to assist it in determining such costs.

7.4 Other Landlord Services

(a) The Landlord shall provide janitorial services to the Premises in accordance with standards from time to time prevailing for similar office buildings in the area in which the Building is located. The Tenant shall grant access necessary for the performance of the janitorial services and shall leave the Premises in a condition that facilitates the performance of such services. Other than as included in janitorial services, all curtains, carpets, rugs and drapes of any kind in the Premises shall be cleaned and maintained by the Tenant. The Tenant shall not engage any Person to provide cleaning or janitorial services to the Premises without the Landlord's written consent.

(b) The Landlord shall provide elevator service during Business Hours for use by the Tenant in common with others, except when prevented by maintenance or repairs. Subject to emergencies, the Landlord will operate at least one passenger elevator for use by tenants at all times.

(c) The Landlord shall provide necessary supplies in public washrooms sufficient for normal use by tenants in the Building.

7.5 Additional Services Provided by Landlord

Wherever this Lease provides that the Tenant is to pay a cost or expense to the Landlord as an item of Additional Rent (except for Operating Costs and the 15% administration fee referred to herein), the Tenant shall pay, in addition to such cost or expense, the Landlord's administration charge of 15% of such cost or expense, which cost shall also be an item of Additional Rent. The Tenant shall pay to the Landlord the costs of all such services provided at the Tenant's request or otherwise provided for herein and which are not included in Operating Costs including, without limitation: (a) the provision of processed air, electricity and other utilities and services outside of Business Hours or of a special nature or in excess quantities; (b) replacement of non-standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs and controls; (c) special janitorial or cleaning services; (d) operating elevators for the sole benefit of the Tenant and supervising the movement of furniture, equipment, freight and supplies for the Tenant; and (e) construction of any Leasehold Improvements or other work performed at the request of or on behalf of the Tenant.

7.6 Telecommunications

(a) The Landlord shall incur no expense or liability whatsoever with respect to any aspect of the provision of telecommunication services **for the Premises,** including, without limitation, the cost of installation, service, materials, repairs, maintenance, interruption or loss of telecommunication service.

(b) The Tenant may utilize a telecommunication service provider (a "TSP") of its choice with the Landlord's prior written consent, but:

(i) if the TSP is required to provide or install facilities in the Building in order to enable it to provide service to the Tenant, the Landlord must first determine that there is sufficient space in, or on the Building for the installation of the TSP's facilities and that the TSP is acceptable to the Landlord;

(ii) if the TSP intends to install, or has installed or purchased facilities situated in the Building for the purpose of providing telecommunication services to tenants in the Building, the Landlord shall require the TSP to execute and deliver the Landlord's standard form of TSP licence agreement and pay to the Landlord the Landlord's market rate for TSP's access and use of the Building, as applicable;

(iii) the Tenant shall be responsible for all costs incurred by the Landlord in enabling usage by the Tenant of its choice of TSP not otherwise paid by such TSP; and

(iv) the Tenant shall be responsible for the removal of all wiring serving the Premises by such TSP at the expiry of the Term, if required by the Landlord.

(c) If the Tenant's approved TSP does not have a point of connection in the Premises, the Tenant may be required to install its own cable and facilities or to purchase cable and facilities from the Landlord for installation in the communication pathways and risers of the Building for connection to the Tenant's TSP's facilities in the main terminal room, at the main distribution frame or at other points of connection designated by the Landlord. In such case: (i) the Tenant may be required to pay the Landlord's costs in enabling such connection; (ii) the Tenant may be required to remove such cable and facilities and restore any damage caused by the removal, or, at the Landlord's option, to pay the cost of removal and restoration; (iii) the Tenant may be required to contribute to the costs of riser and telecommunications room management incurred by the Landlord; and (iv) the Tenant may be required to abide by any policies, directions or requirements of any riser or telecommunications room manager retained by the Landlord and to pay, in addition, any direct costs invoiced to the Tenant by such manager in respect of plan review charges, inspection charges and other services provided by such manager to the Tenant.

(d) If required by the Landlord, the Tenant shall change its TSP if the licence agreement referred to above in Section 7.6(b) is terminated or expires and is not renewed. The Tenant acknowledges that the Landlord has no obligation to ensure continuation of services by the Tenant's TSP or any other TSP in the Building.

(e) The Landlord may require, upon 30 days prior written Notice, that the Tenant relocate all or any portion of the cables or facilities installed by it.

7.7 Signs and Premises Identification

(i) **Subject to Section** 7.7 **(ii) below,** the Tenant shall not erect, affix, install or maintain any signs, lettering, identification or any promotional or other written materials visible from the exterior of the Building or from any interior Common Areas and Facilities. The Landlord shall, **at the Landlord's expense, for the Tenant's initial signage only,** at the request and **expense** of the Tenant, supply and install: (a) on or near the entrance door of the **Ground Floor Premises and the Ninth Floor** Premises a standard Building sign bearing the name of the Tenant; (b) standard Building identification in any elevator lobby directional signage on the Tenant's floor; and (c) one standard Building entry in any directory board for the Building, each in accordance with the Landlord's uniform scheme for identification signage. Any tenant occupying at least a full floor in the Building may, subject to having received the Landlord's prior written approval as to design, location, material and method of installation, supply and install its own sign in the elevator lobby of each full floor occupied by it.

(ii) **Exterior Building Signage**

Provided the Tenant: is Venus Concept Canada Corp., or a Permitted Transferee, is in occupation of and conducting business in the whole of the Premises and, in accordance with this Lease; is not and has not been in default of any provision of this Lease, and further provided that the Landlord and Tenant have executed this Lease and the Indemnifier has executed the Indemnity Agreement in a form satisfactory to the Landlord, then the Tenant shall be entitled to install, at its sole cost and expense, including all costs associated with

maintenance, insurance, repair and restoration thereof, one (1) exterior sign, bearing its name or corporate logo, on the side of the top fascia of the west side of the Building, (the "Signage"). The Signage shall be non-exclusive and of a design and quality appropriate to the image of the Building, in keeping with the architectural integrity of the Building, and shall be subject to the prior written approval of Landlord (as to affixation, colour, content, design, location and specifications).

All costs of maintaining the Signage, including, without limitation, all costs of electricity consumed by the Signage, will be paid for by Tenant to Landlord upon receipt of an invoice therefor, with Tenant's next instalment of monthly Rent, as an item of Additional Rent. Tenant's insurance coverage shall include the Signage. Such Signage shall be in conformance with the Building Code, zoning by-laws and the regulations of any other bodies having jurisdiction and Tenant shall obtain, at its sole expense, all necessary permits and governmental approvals.

At the earlier of (i) expiration or earlier termination of this Lease, and any renewal or extension thereof, or (ii) **the date upon which Tenant itself ceases to occupy the entirety of the Premises, Tenant shall, at its sole cost and expense, remove the Signage from the Building and make good any damage caused thereby. Upon prior Notice to Landlord, Tenant shall be permitted to remove the Signage prior to the expiration of the Term or any extension thereof, provided that it repairs any damage caused by such removal. If required by Landlord, the installation and removal of the Signage shall be performed by Landlord's contractors, at Tenant's cost, plus an administration fee and any applicable taxes, as Additional Rent. The Tenant's right to install Signage and the location thereof shall cease upon the Tenant's removal of the Signage.**

The Signage shall be kept in a state of good repair at all times by the Tenant, at its expense, and to the standards of a first-class building and the Tenant may not remove same except for replacement due to damage or repair, provided that at the expiry or earlier termination of the Lease the Tenant at its expense shall remove same and repair all damage caused by the removal and installation.

The Tenant agrees that all indemnity and release of liability provisions set out in this Lease (the insurance and indemnity provisions) shall apply to the Tenant's Signage and that the insurance coverage which it is required to maintain under this Lease shall apply to the Signage and to all occurrences which in any way relate to the installation or existence of same and to the Tenant's rights under this section.

In the event the Tenant fails to install the exterior Signage during the first 12 months of the Term, it shall be deemed that the Tenant does not intend to install the exterior Signage, and this right set out herein shall be null and void and of no further force or effect.

ARTICLE 8 - OPERATION, CONTROL AND MAINTENANCE BY LANDLORD

8.1 Operation of the Building by Landlord

The Landlord shall operate the Building in accordance with all Applicable Laws and with standards from time to time prevailing for similar office buildings in the area in which the Building

is located, subject, however, to the limitations occasioned by the design and age of the Building and the capacity of the Building Systems.

8.2 Control of the Building by Landlord

The Landlord has at all times exclusive control of the Building and its management and operation, but not so as to deny the Tenant access to the Premises except in an emergency. Without limiting the generality of the foregoing, at any time and from time to time, the Landlord may:

(a) make repairs, replacements, changes or additions to the structure, systems, facilities and equipment in the Building (including the Premises) where necessary to serve the Premises or other parts of the Building;

(b) make changes or additions to any part of the Building not in or forming part of the Premises including, without limitation, dedicating or conveying portions of the Lands, granting easements, rights-of-way, restrictive covenants or other interests in the Lands and constructing additional improvements in or adjoining the Lands;

(c) terminate or amend the Tenant's right of use of any of the Common Areas and Facilities, change the location and size of any of the Common Areas and Facilities or use parts of the Common Areas and Facilities for promotional or other activities;

(d) retain contractors and employ all personnel, including supervisory personnel and managers, that the Landlord considers necessary for the effective maintenance, repair, operation, management and control of the Building; and

(e) do and perform such other acts in and to the Building or any of its component parts as the Landlord considers reasonable for the proper and efficient maintenance, repair, operation, management and control of the Building,

provided that in the course of the Landlord's exercise of its rights hereunder, the Landlord shall be deemed not to have re-entered the Premises nor to have breached any obligation of this Lease. The Landlord shall perform all of its work as expeditiously as is reasonably possible so as to interfere as little as is reasonably possible with the Tenant's use of the Premises.

8.3 Name of Building

The Landlord may from time to time designate a name or other identification for the Building, **subject to leaving in place the Signage, provided there has been no Event of Default**. The Tenant shall be responsible for any costs it incurs as a result of any changes in the name or identification (such as changes to its stationery and other material). The Tenant shall have no rights in any such names or identification.

8.4 Maintenance and Repair by Landlord

The Landlord shall keep or cause to be kept the following in good repair to the standards from time to time prevailing for similar office buildings in the area in which the Building is located, subject, however, to the limitations occasioned by the design and age of the Building and the capacity of the Building Systems and to reasonable wear and tear not inconsistent with such standard:

(a) the footings, foundations, structural columns and beams, structural subfloors, bearing walls, exterior walls, windows and roofs of the Building; and

(b) the Common Areas and Facilities,

provided that:

(c) if all or part of Building Systems require repair, replacement, maintenance or inspections, the Landlord shall have a reasonable time in which to complete such work, and during such time shall only be required to maintain such services as are reasonably possible in the circumstances; and

(d) no reduction or discontinuance of such services or loss of use of the Premises shall be construed as an eviction of the Tenant or (except as specifically provided in this Lease) release the Tenant from any obligation under this Lease.

All of the preceding costs that are referred to in this Section 8.4 shall be included in Operating Costs.

8.5 Access by Landlord

The Tenant shall permit the Landlord, its agents and others authorized by it, to enter the Premises to inspect, to provide services or to make repairs, replacements, changes or alterations as set out in this Lease, to take such steps as the Landlord may deem necessary for the safety, improvement, alteration or preservation of the Premises or the Building and to show the Premises to Mortgagees, prospective Mortgagees, purchasers and prospective purchasers and, during the last 18 months of the Term, to prospective tenants. In carrying out such rights the Landlord shall use reasonable efforts to minimize interference with the Tenant's use and enjoyment of the Premises. The Landlord shall whenever possible give reasonable Notice to the Tenant prior to such entry (other than in the case of an emergency or apprehended emergency), but no such entry shall constitute a re-entry by the Landlord or an eviction or entitle the Tenant to any abatement of Rent.

8.6 Relocation

The Landlord shall have the right from time to time, on not less than 60 days' Notice to the Tenant, to relocate the Premises to other premises within the Building having approximately the same area as the Premises. If the Landlord relocates the Premises prior to occupancy by the Tenant, it shall reimburse the Tenant for all expenses already incurred by the Tenant in preparing to move into the Premises to the extent that such expenditure is for items or materials not usable in the alternate premises. If the Landlord relocates the Tenant after occupancy by the Tenant, the Landlord shall

provide the relocated premises improved to a standard and using materials of approximately the same quality as the Leasehold Improvements which exist in the existing Premises at the time of relocation and reimburse the Tenant within thirty (30) days of receipt of copies of receipted third party invoices for direct costs associated with the relocation, including, without limitation, moving costs, reprinting of a limited supply of stationery and supplies and disconnection and reconnection of telephone and computer equipment and systems. In no case will the Tenant be reimbursed or compensated for indirect costs including overhead, overtime charges or loss of profits and the Tenant will minimize costs by re-using all fixtures and trade fixtures from the Premises where it is feasible to do so. The Landlord agrees to use reasonable efforts to effect the relocation with a minimum of disruption to the Tenant's business. The Landlord and the Tenant shall enter into a lease amending agreement in the Landlord's standard form to confirm the terms of the relocation including, without limitation, any adjustment to the Basic Rent if the Rentable Area of the relocated premises is different than the Rentable Area of the existing Premises and to confirm that all other terms and conditions of this Lease shall apply with respect to the relocated premises for the remainder of the Term.

Notwithstanding anything to the contrary set out in this Lease, provided Venus Concept Canada Corp or a Permitted Transferee., is the Tenant, then the Landlord shall not have the right to relocate any part of the Premises the Tenant is occupying.

For greater clarity and by way of example only, in the event the Tenant does not require the Ground Floor Premises and subsequently sublets this portion of the Premises to another party, then the Landlord shall have the right to relocate that particular portion of the Premises.

ARTICLE 9 - MAINTENANCE AND ALTERATIONS BY TENANT

9.1 Maintenance and Repair by Tenant

The Tenant shall at its sole cost maintain and repair the Premises and all Leasehold Improvements in good order and condition to the standards from time to time prevailing for similar office buildings in the area in which the Building is located, subject to reasonable wear and tear not inconsistent with such standard and with the exception only of those repairs which are the obligation of the Landlord under this Lease and subject to Article 14.

9.2 Alterations by Tenant

(a) The Tenant may from time to time at its own expense install Leasehold Improvements and alter existing Leasehold Improvements (the "Alterations") provided that:

(b) all Alterations shall require the prior written approval of the Landlord, save and except for minor alterations to Leasehold Improvements which do not affect the structure of the Building, any exterior walls, windows or roof, any of the Building Systems or the aesthetics of the Building and which do not require a building permit, provided the Tenant has given Notice with reasonable detail of the proposed Alterations to the Landlord in advance;

(c) for Alterations which require the Landlord's approval, the Tenant shall furnish the Landlord with two complete sets of professionally prepared working drawings (which shall include any architectural, structural, electrical, mechanical, computer system wiring and telecommunication plans) of the proposed Alterations. The Tenant shall retain the Landlord's base building mechanical, electrical and structural engineering consultants to ensure compatibility of the Building Systems and the Alterations. if the Tenant uses other consultants for the preparation of the Tenant's working drawings, then the Landlord may elect to retain architects and engineers to review such working drawings for the purpose of approving the proposed Alterations (it being understood that notwithstanding such approval, the Landlord shall have no responsibility with respect to the adequacy of such working drawings). The Tenant shall pay to the Landlord, on demand, the costs of the examination of such drawings by either the Landlord or an outside consultant plus an administration fee of 15% of such costs;

(d) the Alterations shall be subject to the reasonable regulations, supervision, control and inspection by the Landlord and, in addition to any other payment contained in this Article, the Tenant shall pay to the Landlord, on demand, the Landlord's then current fee for coordination services provided by the Landlord during the Tenant's construction of its Alterations;

(e) the Tenant shall provide, prior to the commencement of Alterations, evidence of required workers' compensation coverage and proof of owner and contractors protective liability insurance coverage, with the Landlord, any property manager and any Mortgagee as required by the Landlord, to be named as additional insureds, in amounts, with insurers, and in a form reasonably satisfactory to the Landlord, which shall remain in effect during the entire period in which the Alterations will be carried out. In addition, if reasonably requested by the Landlord, the Tenant shall provide proof of performance and payment bonds being in place; the Tenant will deliver a list identifying every contractor and subcontractor, accompanied by an up-to-date valid clearance certificate for each of them issued by the appropriate workers' compensation, safety and insurance authority and the Landlord shall have approved, prior to commencement of the Alterations, such contractors and subcontractors and their respective labour affiliations. The Tenant will not use any contractor or permit the use of any sub-contractor that is not identified on the list;

(f) if any proposed Alterations could affect the structure, the exterior walls or the Building Systems, the Landlord may require that any such Alterations be performed by either the Landlord or its contractors in which case the Tenant shall pay the Landlord's cost plus an administration fee of 15%;

(g) the Tenant shall have provided to the Landlord a copy of the contract for the Alterations and evidence satisfactory to the Landlord as to the existence of all necessary permits;

(h) the Tenant shall perform the Alterations or cause the Alterations to be performed: (i) in accordance with any construction methods and procedures manual for the Building; (ii) in

accordance with the plans and specifications submitted to and approved by the Landlord; (iii) in accordance with any conditions, regulations, procedures or rules imposed by the Landlord; (iv) in compliance with all Applicable Laws; and (v) in a good and workmanlike and expeditious manner using new materials;

(i) the Landlord may inspect construction as it proceeds;

(j) upon completion of the Alterations, the Tenant shall provide the Landlord with a complete set of "as built" drawings for the Alterations; and

(k) if the Tenant fails to observe any of the requirements of this Article, the Landlord may require that construction stop and, at the Landlord's option, that the Premises be restored to their prior condition failing which the Landlord may do so and the Tenant shall pay the Landlord's cost plus an administration fee of 15%.

9.3 Removal of Improvements and Fixtures

All Leasehold Improvements shall immediately upon their placement become the Landlord's property without compensation to the Tenant. Except as otherwise agreed by the Landlord in writing, no Leasehold Improvements or trade fixtures shall be removed from the Premises by the Tenant either during or at the expiry or earlier termination of the Term except that:

(a) the Tenant may, during the Term, in the usual course of its business, remove its trade fixtures, provided that the Tenant is not in default under this Lease; and

(b) the Tenant shall, at its sole cost:

(i) remove: (1) all of its trade fixtures; (2) **the Signage; (3) any non-standard Leasehold Improvements; (4) wiring, cabling, equipment, and furniture; and (5) any Leasehold Improvements that were not pre-approved by the Landlord in writing; and**

(ii) **restore the t-bar ceiling grid, ceiling tiles, and lights in the open area of the Ground Floor Premises with base Building t-bar, base Building ceiling tiles and base Building lights (all of which the Landlord will provide specifications for the Tenant to supply and install) which in any event will match the existing drop ceiling and lights in the Ground Floor Premises. The Tenant shall restore and repair any damage to the Premises or the Building caused by the installation, restoration and removal of items (1) and (2) abov**e, such of the Leasehold Improvements and wiring, cables and related devices and equipment in the Premises and restore the Premises to the then current base building standard of the Building, all as the Landlord shall require by Notice prior to the expiration of the Term. Such removal and restoration shall be completed by the later of: (A) the end of the Term; and (B) fifteen (15) days after the Landlord's Notice, provided

that in the event of termination of this Lease prior to the expiry of the Term, such removal and restoration shall be completed no later than fifteen (15) days after the date the Landlord recovers possession of the Premises.

Upon the expiry or earlier termination of this Lease, the Tenant shall leave the Premises in a clean and broom swept condition and free of debris. The Tenant shall at its own expense repair any damage caused to the Building by the Leasehold Improvements, trade fixtures or wiring, cables and related devices and equipment and/or such removal and restoration. if the Tenant does not remove its trade fixtures, or wiring, cables and related equipment prior to the expiry or earlier termination of the Term, such trade fixtures or wiring, cables and related devices and equipment shall, at the option of the Landlord, be deemed abandoned and become the property of the Landlord and may be removed from the Premises and sold or disposed of by the Landlord in such manner as it deems advisable and the Tenant shall pay to the Landlord on demand all costs incurred by the Landlord in connection therewith, plus an administration fee of 15% of the costs. If the Tenant fails to complete any work referred to in this Section within the period specified, the Tenant shall pay compensation to the Landlord for damages suffered by the Landlord for loss of use of the Premises, which damages shall not be less than **125%** 150% of the per diem Rent payable during the last month preceding the expiry or earlier termination of the Term.

9.4 Liens

The Tenant shall pay before delinquency for all materials supplied and work done in respect of the Premises so as to ensure that no lien or claim of lien is registered against any portion of the Lands or against the Landlord's or Tenant's interest in the Lands. if a lien or claim of lien is registered or filed, the Tenant shall discharge **or vacate** it at its expense within **seven** ti-ye Business Days after Notice from the Landlord (or sooner if such lien or claim is delaying a financing or sale of all or any part of the Lands), failing which the Landlord may at its option discharge the lien or claim of lien by paying the amount claimed to be due into court and the amount so paid and all expenses of the Landlord including legal fees (on a substantial indemnity costs basis) shall be paid by the Tenant to the Landlord. The Tenant shall not mortgage, charge, grant a security interest in or otherwise encumber any Leasehold Improvements.

9.5 Notice by Tenant

The Tenant shall promptly notify the Landlord of any accident, defect, damage or deficiency which occurs or exists in any part of the Premises, the Building Systems within the Premises or the Common Areas and Facilities located on the floor(s) on which the Premises is located and which comes to the attention of the Tenant.

ARTICLE 10 - USE OF PREMISES

10.1 Permitted Use

The Tenant shall continuously and actively use and operate the whole of the Premises in a first-class, reputable manner befitting the reputation and image of the Building. **The Ninth Floor Premises shall be used and occupied only as professional business offices for the administration of medical aesthetic devices and other uses as maybe permitted under this**

Lease. Notwithstanding the above, the Tenant and Landlord acknowledge that in addition to the above, the Ground Floor Premises shall be used for receiving, storing and distribution of the Tenant's medical aesthetic products and medical aesthetic equipment. The Tenant shall use its best efforts to work with the Landlord in scheduling deliveries and pickups to ensure that minimal disturbance is caused to the Building, other tenants in the Building and the parking lot servicing the Building. The Premises shall be used for no other purposes other than as stated above. The Tenant shall not use the Premises for the purposes of a call centre, school or telecommunications centre or in any manner which does or could result in excessive demands being placed on the Building Systems or other Common Areas and Facilities.

The Tenant acknowledges that the occupancy level of the Premises shall not exceed one (1) person to every one hundred and fifty (150) square feet of usable area of the Premises.

10.2 Compliance with Laws

The Tenant shall use and occupy and shall cause the Premises to be used and occupied in compliance with all Applicable Laws and in a safe, careful and proper manner. It is the Tenant's responsibility to ensure that its use from time to time is permitted by all Applicable Laws. At the Landlord's request the Tenant shall comply with any directive, policy or request of any governmental or quasi-governmental authority or any other reasonable request of the Landlord, in respect of any energy conservation, waste management, safety, security or other matter relating to the operation of the Building. If due primarily to the Tenant's use or occupancy of the Premises, improvements or changes are necessary to comply with any Applicable Laws or with any such directive, policy or request or with the requirements of insurance carriers, the Landlord may at its option either do the necessary work, at the expense of the Tenant, or forthwith give Notice to the Tenant to do such work within the requisite period of time and the Tenant shall then do such work within the requisite period of time. The Tenant shall pay to the Landlord the costs of any such work done by the Landlord.

10.3 Nuisance, Interference, Waste, Overloading

The Tenant shall not cause or allow any act or thing which constitutes a nuisance or which is offensive to the Landlord or other occupants of the Building or which interferes with the operation of any Building Systems or with the computer equipment, telecommunication equipment or other technological equipment of the Landlord, any service providers or other occupants of the Building. The Tenant shall keep the Premises free of debris and other items that might attract rodents or vermin and free of anything of a dangerous, noxious or offensive nature or which could create a fire, environmental, health or other hazard (including any electromagnetic fields or other forms of radiation) or undue vibration, heat or noise. The Tenant shall not cause or allow any overloading of the floors of the Building or the bringing into any part of the Building, including the Premises, of any articles or fixtures that by reason of their weight, use or size might damage or endanger the structure or any of the Building Systems.

10.4 Rules and Regulations

The Tenant shall comply and cause every Person over whom it has control to comply with the Rules and Regulations. The Landlord shall have the right from time to time to make reasonable

amendments, deletions and additions to such Rules and Regulations. If the Rules and Regulations conflict with any other provisions of this Lease, the other provisions of this Lease shall govern. The Landlord shall not be obligated to enforce the Rules and Regulations and shall not be responsible to the Tenant for failure of any Person to comply with the Rules and Regulations. The Rules and Regulations may differentiate between different types of tenants, different parts of the Building or otherwise. The Landlord agrees that it will not enforce the Rules and Regulations in a manner that is discriminatory to the Tenant.

ARTICLE 11 - INSURANCE, LIABILITY AND INDEMNITY

11.1 Tenant's Insurance

The Tenant shall effect and maintain during the Term and any renewals and extensions thereof, (and any period that the Tenant occupies or is given possession of the Premises), at its sole cost and expense:

(a) "all risks" property insurance upon all property owned by the Tenant or by others and for which property the Tenant is responsible located in or about the Premises or the Building including equipment, furniture, fixtures, Leasehold Improvements **and the Signage referred to in Section** 7.7 (ii), in amounts sufficient to fully cover, on a replacement cost basis without deduction for depreciation, all such items;

(b) if applicable, comprehensive form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount not less than the full replacement cost of all Leasehold Improvements and all property in the Premises not owned by the Landlord;

(c) commercial general liability insurance on an occurrence basis, against claims for bodily injury, personal injury, economic loss and property damage arising from occurrences in or about the Building or arising from or in any way relating to the Tenant's use or occupancy of the Premises or the Building, contractual liability (including coverage of the indemnities provided for in this Lease), non-owned automobile liability and owner and contractors' protective liability, in amounts which are from time to time acceptable to a prudent tenant in the community in which the Building is located (as determined by the Landlord), but not less than $5,000,000.00 in respect of each occurrence;

(d) Tenant's legal liability insurance for the full replacement cost of the Premises including loss of the use of the Premises;

(e) business interruption insurance for a minimum period of 24 months in an amount that will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against in Sections 11.1(α) and 11.1(b) or attributable to prevention of access to the Premises or the Building as a result of any such perils, including extra expense insurance if applicable; and

(f) any other form of insurance that the Landlord or any Mortgagee may reasonably require from time to time in form, amounts and for insurance risks acceptable to the Landlord and any Mortgagee **and which are in keeping with the insurance coverage required by other comparable commercial office landlords of properties of the same class, age, location and use.**

Should the Tenant fail to maintain any of the insurance required pursuant to this Section 11.1 and should such default continue for two (2) Business Days after Notice to the Tenant, then in addition to any other rights and remedies, the Landlord may, but shall have no obligation to, elect to obtain the required insurance and the Tenant shall upon demand pay to the Landlord, as Rent, the Landlord's cost of obtaining such insurance.

11.2 Form of Tenant Policies

Each policy required pursuant to Section 11.1 shall be in a form and with insurers acceptable to the Landlord, acting reasonably, having reasonable deductibles, and: (a) the insurance described in Sections 11.1(α) and 11.1(b) and any other property damage insurance shall include, as additional insureds (but without liability for premiums) as its interests may appear the Landlord, **the Landlord's property manager, facilities manager, asset manager (if any) and** any Mortgagee; and other Persons with an interest in the Building from time to time designated in writing by the Landlord; (b) the insurance described in Section 11.1(c) shall include as additional insureds (but without liability for premiums) the Landlord, any Mortgagee, tiny other Persons with an interest in the Building from time to time designated in writing by the Landlord and any property manager, **asset manager** or facilities manager retained by the Landlord in respect of the Building; (c) all property damage and liability insurance shall contain provisions for cross-liability and severability of interests among the Landlord, the other insureds and the Tenant; (d) all property damage insurance (including boiler and machinery insurance) shall contain a waiver of any rights of subrogation which the insurer may have against the Landlord and those for whom the Landlord is in law responsible whether the damage is caused by the act, omission or negligence of the Landlord or such other Persons; and (e) shall contain a provision that the Tenant's insurance shall be primary and shall not call into contribution any other insurance available to the Landlord.

11.3 Certified Copies and Notice to Landlord

The Tenant shall provide to the Landlord, prior to the Tenant's occupancy of all or any portion of the Premises for any purpose, certified copies or other evidence satisfactory to the Landlord that the Tenant has obtained all insurance policies required by this Lease and shall provide written evidence of the continuation of such policies not less than ten days prior to their respective expiry dates. Each policy required pursuant to Section 11.1 shall provide that: (a) the insurer must notify the Landlord and any Mortgagee in writing at least 30 days prior to any material change detrimental to the Landlord or any Mortgagee or the cancellation of any such policy; (b) the policy shall not be invalidated in respect of the interests of the Landlord or any Mortgagee or any other additional insureds by reason of any breach or violation of any warranties, representations, declarations or conditions contained in such policy; and (c) the policy shall be non-contributing with, and shall apply only as primary and not excess to any other insurance available to all and any of the Landlord, any Mortgagee or any other additional insured referred to above. The delivery to Landlord of a certificate of insurance or any review thereof by or on behalf of Landlord shall not

limit the obligation of Tenant to provide and maintain insurance pursuant to this Article 11 or derogate from Landlord's rights if Tenant fails to fully insure.

11.4 Landlord's Insurance

The Landlord shall effect and maintain during the Term: (a) liability insurance; (b) "all risks" property insurance; (c) boiler and machinery insurance; and (d) such other insurance on the Building and all property and interest of the Landlord in the Building as determined by the Landlord, in each case, to the extent, with coverage and in amounts as determined by the Landlord from time to time, **and consistent with the levels of insurance maintained by a prudent landlord of a building of a similar nature in a similar location.** The Tenant agrees that notwithstanding the Tenant contributes to the cost of the Landlord's insurance with respect to the Building, the Tenant shall not have any insurable interest in, or any right to recover any proceeds under any of the Landlord's insurance policies.

11.5 Insurance Risks

The Tenant shall not do, omit to do, or permit to be done or omitted to be done upon the Premises or any other portion of the Building anything that may contravene or be prohibited by any of the Landlord's insurance policies in force from time to time covering or relevant to any part of the Building or which would prevent the Landlord from procuring such policies with companies acceptable to the Landlord. If the occupancy of the Premises, the conduct of business in the Premises or any acts or omissions of the Tenant in the Premises or any other portion of the Building causes or results in any increase in premiums for any of the Landlord's insurance policies, then, without limiting any other rights or remedies of the Landlord, the Tenant shall pay any such increase as Additional Rent forthwith upon receipt of the invoices of the Landlord for such additional premiums. A written report by an Expert concerning the cause of any increase in premiums will be accepted as conclusive evidence of the cause for the purposes of determining the Tenant's liability to pay for increases as Additional Rent.

11.6 Release of Landlord

(a) **Save and except for the negligence of the Landlord and those for whom the Landlord is in law responsible,** the Tenant hereby releases the Landlord from any and all claims, actions, causes of action, damages, demands for damages and other liabilities, howsoever arising, that may be made by the Tenant against the Landlord under the provisions of this Lease to the extent of all insurance proceeds paid under the policies of insurance maintained by the Tenant or which would have been paid if the Tenant had maintained the insurance required under this Lease and had diligently processed any claims thereunder. In addition and without limitation, the Tenant agrees that the Landlord, regardless of any breach of the Lease by the Landlord and, notwithstanding anything else herein contained, shall not be liable for and hereby releases the Landlord, **save and except for the negligence of the Landlord and those for whom the Landlord is in law responsible,** from:

(b) any and all claims, actions, causes of action, damages, demands for damages and other liabilities:

(i) for or related to any bodily injury, personal injury, illness or discomfort to or death of the Tenant or any of its agents, officers, contractors, employees, invitees, licensees and any other Person for whom the Tenant is legally responsible in or about the Building or the Premises; and

(ii) for or related to any loss or damage to property owned by the Tenant or by others and for which property the Tenant is responsible in or about the Building or the Premises, and, without limiting the foregoing, the Landlord shall not be liable for any damage caused by steam, water, rain or snow which may leak into, issue or flow from part of the Building, including the Premises, or from the pipes or plumbing works thereof, or from any other place or for any damage caused by or attributable to the condition or arrangement of any electric or other wiring;

(c) any loss or damage caused as a result of any damage, destruction, construction, alteration, expansion, expropriation, reduction, repair or reconstruction from time to time of the Building, any parts or components of the Building or of improvements on adjoining properties or by anything done or omitted to be done by any other tenant or occupant;

(d) any act or omission (including theft, malfeasance or negligence) on the part of any agent, contractor or person from time to time employed by Landlord to perform janitorial services, security services, supervision or any other work in or about the Premises or the Building;

(e) any loss or damage, however caused, to books of account, records, files, money, securities, negotiable instruments, papers, computer disks, tapes, software, data and other electronic files and their storage media of any kind or to other valuables of the Tenant including art, artworks, statuary, antiques, gems and precious metals of the Tenant and of others;

(f) any loss or damage arising from obstruction of deliveries to or from the Premises or interruption, cessation, faulty operation, breakdown or failure of any Building Systems, including but not limited to, the supply of any utilities, telecommunication services (whether controlled or owned by the Landlord or not) or other services in, to or serving the Building or the Premises, whether they are supplied by the Landlord or by others; and

(g) any indirect or consequential damages including, but not limited to, loss of profit.

11.7 Release of Tenant

Save and except for the negligence of the Tenant and those for whom the Tenant is in law responsible, the Landlord hereby releases the Tenant, and its agents, officers and employees, and any other Person for whom the Tenant is legally responsible from any liability or claim that may be made by the Landlord against the Tenant under the provisions of this Lease with respect to such loss to the extent of the lesser of: (a) the amount, if any, by which such loss exceeds the amount of insurance the Tenant is required to maintain under the terms of this Lease or actually maintains, whichever is greater; and (b) the proceeds actually paid to the Landlord with respect to such loss

under the policies of insurance maintained by the Landlord pursuant to Section 11.4 or which would have been paid if the Landlord had maintained the insurance required under this Lease and had diligently processed any claims thereunder. This release shall be operative only if it is not prohibited by the Landlord's insurance policies and would not place the Landlord in breach of such policies or expose the Landlord to additional costs under or in connection with such policies. **The Landlord further releases the Tenant from any indirect or consequential damages of the Landlord, but not limited to, loss of profit, save and except for any damage caused by the negligence of the Tenant and those for whom the Tenant is in law responsible.**

11.8 Indemnity by Tenant

The Tenant shall indemnify and save harmless the Landlord from and against any and all claims, actions, causes of action, damages, demands for damages, losses and other liabilities and expenses (including, without limitation, those in connection with bodily injury (including death), personal injury, illness or discomfort or damage to property and legal fees on a substantial indemnity costs basis) due to or arising from or out of, subject to Section 11.7, any occurrence in, on or at the Premises or the occupancy or use by the Tenant of the Premises or any other part of the Building or occasioned wholly or in part by any act or omission of the Tenant, its officers, employees, agents, contractors, invitees, licensees or by any Person permitted by the Tenant to be on the Premises or the Building or due to or arising out of any breach by the Tenant of this Lease.

ARTICLE 12 - ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

12.1 Transfers

The Tenant shall not enter into, consent to, or permit any Transfer without the prior written consent of the Landlord, which consent shall not be unreasonably withheld but shall be subject to the Landlord's rights under Section 12.2. The Tenant shall pay to the Landlord its then current reasonable charge and all costs incurred (including legal fees and disbursements) in respect of the proposed Transfer. Notwithstanding any statutory provision to the contrary, it shall not be considered unreasonable for the Landlord to withhold its consent if, without limiting any other factors or circumstances which the Landlord may reasonably take into account:

(a) an Event of Default on the part of the Tenant hereunder has occurred and is continuing;

(b) the proposed Transfer would be or could result in violation or breach of any covenants or restrictions made or granted by the Landlord to other tenants or occupants, or prospective tenants or occupants, of the Building;

(c) in the Landlord's reasonable opinion:

(i) either the financial background or the business history and capability of the proposed Transferee is not satisfactory;

(ii) the nature or character of the proposed business of the proposed Transferee is such that it might harm the Landlord's business or reputation or reflect unfavourably on

the Building, the Landlord, or other tenants of the Building, or the image of any of them, or is unethical, immoral or illegal;

(iii) the use of the Premises by the proposed Transferee could be incompatible with the other businesses or activities being carried on in the Building or could result in excessive demands being placed on the Building Systems or other Common Areas and Facilities; or

(iv) if the Transfer affects less than all of the Premises, the portion affected or the portion remaining are not acceptable in respect of size, access or configuration;

(d) the proposed Transferee or any principal of the proposed Transferee or any principal shareholder of the proposed Transferee has a history of defaults under other commercial leases or does not have a satisfactory history of compliance with laws;

(e) the Landlord at the time has, or will have in the next ensuing three month period, other premises in the Building suitable for leasing to the proposed Transferee;

(f) the basic and additional rent payable by the Transferee is less than the Basic Rent and Additional Rent payable by the Tenant hereunder as at the effective date of the Transfer except in the case where the Landlord determines, in its sole discretion, that payment of lesser rent by the Transferee will not detrimentally affect the leasing program for the Building; or

(g) the proposed Transfer is to: (i) an existing tenant or occupant of the Building or of any other building owned or managed by the Landlord or any of its affiliates within the same market area as determined by the Landlord; or (ii) a consulate, embassy, trade commission or other representative of a foreign government; (iii) a government, quasi-government or public agency, service or office; or (iv) a call centre, school or telecommunications centre.

Any consent by the Landlord to a Transfer shall not constitute a waiver of the necessity for such consent to any subsequent Transfer.

12.2 Tenant’s Notice, Landlord’s Right to Terminate

If the Tenant intends to effect a Transfer the Tenant shall give prior Notice to the Landlord of such intent specifying the identity of the Transferee, the type of Transfer contemplated, the part of the Premises affected and the financial and other terms of the Transfer, and shall provide such financial, business or other information relating to the proposed Transferee and its principals as the Landlord or any Mortgagee reasonably requires, together with copies of all documents which record the particulars of the proposed Transfer. The Landlord shall, within 15 days after having received such Notice and all requested information, notify the Tenant either that:

(a) it consents or does not consent to the Transfer in accordance with the provisions of this Lease; or

(b) it elects to terminate this Lease as to the part of the Premises affected by the proposed Transfer, or as to the whole Lease and Premises if the proposed Transfer affects all of the Premises.

If the Landlord elects to terminate this Lease it shall stipulate in its Notice the termination date of this Lease, which date shall be the date of possession contemplated under the proposed Transfer (provided that if such date is less than 30 days following the giving of Notice of such election, the Landlord may elect to have the termination date 30 days following the giving of Notice). If the Landlord elects to terminate this Lease, the Tenant may notify the Landlord within ten days following receipt of such Notice of the Tenant's intention to refrain from such Transfer and, if the Tenant provides such Notice within such time period, then the Landlord's election to terminate this Lease shall become void. If the Tenant fails to deliver such Notice within such time period, then this Lease shall, as to the whole or affected part of the Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its Notice of election to terminate. If the Tenant is required to deliver possession of a part only of the Premises, the Tenant shall pay all costs incurred in connection with rendering that part functionally separate and suitable for separate use and occupancy, including partitioning and providing entrances and services.

12.3 Conditions of Transfer

The following terms and conditions apply in respect of a Transfer:

(a) the Tenant and the Transferee shall execute, prior to the Transfer being made, an agreement with the Landlord in the Landlord's form including the Transferee's covenant to be bound by all of the terms of this Lease;

(b) notwithstanding any Transfer, the Tenant shall remain liable under this Lease and shall not be released from performing any of the terms of this Lease. The Tenant's liability shall continue notwithstanding any amendment of this Lease throughout the Term and any exercise of any renewal or extension of the Term provided for herein, regardless of whether or when an amendment of this Lease is made (however the original Tenant's liability will not be increased by any amendment that it is not a party to) and notwithstanding that the Landlord may collect Rent from the Transferee;

(c) if the basic and additional rent (net of reasonable out of pocket costs for commissions, **free rent, marketing,** for cash allowances and for Alterations required by and made for the Transferee by the Tenant, amortized on a straight line basis over the term of the Transfer) to be paid by the Transferee under such Transfer exceeds the Basic Rent and Additional Rent payable by the Tenant hereunder, **50** % **of** the amount of such excess **received** by **the Tenant,** shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration **(excluding consideration with respect to goodwill and/or the purchase price relating to the Tenant's assets and/or**

business) other than basic rent or additional rent for such Transfer, either in the form of cash, goods or services, the Tenant shall immediately pay to the Landlord **fifty (50**%) **percent of** an amount equivalent to such consideration;

(d) if the Transfer is a sublease, the Transferee will agree to waive any statutory or other right to apply to a court or to otherwise elect to: (i) retain the unexpired term of the Lease or the unexpired term of the sublease; (ii) obtain any right to enter into any lease or other agreement directly with the Landlord; or (iii) otherwise remain in possession of any portion of the Premises, in any case where the Lease is terminated, surrendered or otherwise cancelled, including, without limitation, any disclaimer, repudiation, surrender or other termination (each of these transactions being referred to as an "Early Termination") by any trustee in bankruptcy of the Tenant or a Transferee, by any court appointed officer, or by the Tenant or a Transferee in connection with any insolvency proceedings;

(e) if there is an Early Termination, the Tenant and any Transferee (except the bankrupt or insolvent Tenant or Transferee) to whom the Landlord gives Notice within 60 days after the Early Termination, shall be considered to have entered into a lease with the Landlord on the same terms and conditions as are contained in this Lease except that the term of the lease shall commence on the date of the Early Termination and shall expire on the date this Lease would have expired but for the Early Termination; and

(f) notwithstanding the effective date of any permitted Transfer as between the Tenant and the Transferee, all Rent for the month in which such effective date occurs shall be paid in advance by the Tenant so that the Landlord will not be required to accept partial payments of Rent for such month from either the Tenant or the Transferee.

12.4 Corporate Records

Upon the Landlord's request, the Tenant shall: (a) deliver a statutory declaration by one of its senior officers setting forth the details of its corporate and capital structure; and (b) make available to the Landlord or its representatives all of its corporate or partnership records, as the case may be, for inspection at all reasonable times, in order to ascertain whether any Change of Control has occurred.

12.5 Permitted Transfers

Notwithstanding Section 12.1 and provided that the Required Conditions are satisfied and there is not then an Event of Default, the Tenant shall have the right on prior Notice to the Landlord, but without being required to obtain the Landlord's consent, to effect a Transfer in compliance with Section 12.3 in favour of a Permitted Transferee and the Landlord's right to terminate shall not apply to such a Transfer.

12.6 No Advertising

The Tenant shall not advertise that the whole or any part of the Premises are available for a Transfer and shall not permit any broker or other Person to do so unless the text and format of such

advertisement is approved in writing by the Landlord. No such advertisement shall contain any reference to the rental rate of the Premises.

12.7 Sales or Dispositions by Landlord

The Landlord shall have the unrestricted right to sell, transfer, lease, license, charge or otherwise dispose of all or any part of its interest in the Building or any interest of the Landlord in this Lease. In the event of any sale, transfer, lease or other disposition the Landlord shall thereupon, and without further agreement, be released of all liability under this Lease arising from and after such disposition **upon assumption of the Lease by the purchaser or transferee.** If required by the Landlord in connection with any sale, transfer, charge or other disposition the Tenant shall, within five Business Days of request, provide to the Landlord, prospective purchasers and Mortgagees and their respective agents and consultants, access to the current financial statements of the Tenant and any Indemnifier. If the Tenant is listed on a recognized stock exchange in Canada or the United States, the Tenant agrees to provide instead copies of the Tenant's annual reports, quarterly reports and all other publicly distributed reporting material:,.

ARTICLE 13 - LANDLORD FINANCING AND STATUS CERTIFICATES

13.1 Subordination and Postponement

(a) This Lease and the rights of the Tenant in this Lease shall be subject and subordinate to any and all Mortgages and the Tenant, on request by and without cost to the Landlord, shall, within € e ten Business Days after such request, execute and deliver any and all instruments required by the Landlord to evidence such subordination. Upon request by the Tenant at the time of any request for confirmation of subordination, the Landlord shall make reasonable commercial efforts to obtain from any Mortgagee, at the Tenant's expense, an acknowledgement and assurance in writing addressed to the Tenant, whereby such Mortgagee acknowledges that, in the event of any such Mortgagee realizing upon the security, it will not disturb the Tenant and will permit the Tenant to remain in possession under this Lease in accordance with its terms, so long as the Tenant is not in default.

(b) The Landlord, as to any Mortgage, and a Mortgagee, as to any Mortgage held by it, may, by Notice to the Tenant, elect that this Lease and the rights of the Tenant hereunder shall be prior to such Mortgage(s) and the Tenant, on request by and without cost to the Landlord, shall, within **ten** five Business Days after such request, execute and deliver any and all instruments required by the Landlord or the Mortgagee, as the case may be, to confirm priority to this Lease over the Mortgage(s).

13.2 Attornment

At any time after any of the following has occurred:

(a) if a Mortgagee delivers a Notice of attornment;

(b) if a Mortgagee shall take possession of the Building or the Premises; or

(c) if the interest of the Landlord is transferred to any Person (in this Article referred to as a "Purchaser") by reason of foreclosure or other proceedings for enforcement of any Mortgage, or by delivery of a conveyance,

the Tenant shall, at the option of the Mortgagee or the Purchaser, as the case may be, exercisable by Notice in writing to the Tenant, be deemed to have attorned to the Mortgagee or the Purchaser, as the case may be, upon receipt of such Notice. The Landlord, the Mortgagee or the Purchaser, as the case may be, may require the Tenant to enter into all instruments required by the Landlord, the Mortgagee or the Purchaser, as the case may be, to confirm such attornment. Upon such attornment the obligations of the Tenant under this Lease shall continue in full force and effect upon all the same terms, conditions and covenants in this Lease.

13.3 Status Certificates

The Tenant shall at any time and from time to time execute and deliver to the Landlord, or as the Landlord, a Mortgagee or a Purchaser may direct, within **ten** Business Days after it is requested, a certificate of the Tenant, in the form supplied, **subject to such changes as are necessary to accurately reflect the terms of the Lease,** addressed to the Landlord, the Mortgagee or the Purchaser, as the case may be, and/or any prospective purchaser, lessor or Mortgagee, certifying such particulars, information and other matters in respect of the Tenant, the Premises and this Lease that the Landlord, the Mortgagee or the Purchaser, as the case may be, may request.

13.4 Reliance

Notwithstanding that a Mortgagee or a Purchaser is not a party to this Lease, it shall be entitled to rely upon and enforce the provisions of this Lease which are stated to be for its benefit and, without limitation, the Mortgagee shall be entitled to act as agent for the Landlord to the extent necessary to enforce any such provisions.

ARTICLE 14 - DAMAGE, DESTRUCTION

14.1 Damage to Premises

If all or any material part of the Premises is rendered untenantable or completely inaccessible by damage from fire or other casualty to the Building, then:

(a) if in the reasonable opinion of the Expert, the damage can be substantially repaired under Applicable Laws within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium), the Landlord shall forthwith repair such damage other than damage to Leasehold Improvements and any other property that is not the responsibility of or is not owned by Landlord; and

(b) if in the reasonable opinion of the Expert, the damage cannot be substantially repaired under Applicable Laws within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium), then the Landlord may elect to terminate this Lease as of the date of such casualty by Notice delivered to the Tenant not more than 20 days after receipt of the Expert's opinion, failing which the Landlord shall

forthwith repair such damage other than damage to Leasehold Improvements or property that is not the responsibility of or is not owned by Landlord.

14.2 Abatement

If the Landlord is required to repair damage to the Premises under Section 14.1 the Basic Rent payable by the Tenant shall be proportionately reduced to the extent that the Premises are rendered untenantable or inaccessible, from the date of the casualty until 30 days after completion by the Landlord of the repairs to the Premises or until the Tenant again uses the Premises (or the part thereof rendered untenantable), whichever first occurs. The Tenant shall effect its own repairs as soon as possible after completion of the Landlord's repairs. Notwithstanding the foregoing, there shall be no abatement or reduction of Basic Rent where the Landlord's repairs to the Premises take less than ten days to complete after the damage occurs.

14.3 Termination Rights

Notwithstanding anything else contained in this Lease, if: (a) the Building is partially destroyed or damaged so as to affect 25% or more of the Rentable Area of the Building; or (b) in the reasonable opinion of the Expert the Building is unsafe or access or services are affected and, in either case, cannot be substantially repaired under Applicable Laws within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium); or (c) the proceeds of insurance are substantially insufficient to pay for the costs of repair or rebuilding or are not payable to or received by the Landlord; or (d) damage or destruction is caused by an occurrence against which the Landlord is not insured or beyond the extent to which the Landlord is required to insure under this Lease; or (e) any Mortgagee(s) or other Person entitled to the insurance proceeds shall not consent to the repair and rebuilding, then the Landlord may terminate this Lease by giving to the Tenant Notice of such termination within 60 days of the damage or destruction, in which event the Term shall cease and be at an end as of the date of such damage or destruction and the Rent and all other payments for which the Tenant is liable under the terms of this Lease shall be apportioned and paid in full to the date of termination (subject to any abatement under Section 14.2).

14.4 Landlord's Rights on Rebuilding

In the event of damage to the Building and if this Lease is not terminated in accordance with Sections 14.1 or 14.3, the Landlord shall forthwith repair any damage to the Building, but only to the extent of the Landlord's obligations under the terms of the various leases for premises in the Building (including this Lease) and exclusive of any tenant's responsibilities with respect to such repair. In repairing or rebuilding the Building or the Premises the Landlord may use drawings, designs, plans and specifications other than those used in the original construction and may alter or relocate the Building on the Lands, the Common Areas and Facilities or any part thereof, and may alter or relocate the Premises, provided that the Building as repaired or rebuilt is of a similar standard and the Premises as altered or relocated shall be of approximately the same size as the original Premises.

ARTICLE 15 - DEFAULT AND REMEDIES

15.1 Events of Default

Any of the following constitutes an Event of Default under this Lease:

(a) any Rent and Rental Taxes are in arrears and are not paid within five days after Notice from the Landlord;

(b) the Tenant has breached any of its obligations in this Lease and, if such breach is capable of being remedied and is not otherwise listed in this Section 15.1, after Notice from the Landlord:

(i) the Tenant fails to remedy such breach within ten days (or such shorter period as may be provided in this Lease); or

(ii) if such breach cannot reasonably be remedied within ten days or such shorter period, the Tenant fails to commence to remedy such breach within such ten days or shorter period or thereafter fails to proceed diligently to remedy such breach;

(c) the Lease or any goods, chattels or equipment of the Tenant is seized, taken or exigible in execution or in attachment or if a writ of execution or enforcement is issued against the Tenant and such writ is not stayed or vacated within ten days after the date of such issue;

(d) the Tenant or any Indemnifier becomes insolvent or commits an act of bankruptcy or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment, compromise or arrangement with its creditors, or if a receiver is appointed for all or part of the business, property, affairs or revenues of the Tenant;

(e) the Tenant makes a bulk sale of its goods (other than in conjunction with a Transfer approved by the Landlord) or moves or commences, attempts or threatens to move its goods, chattels and equipment out of the Premises (other than in the normal course of its business);

(f) the Tenant abandons or attempts to abandon the Premises or ceases to conduct business from the Premises, or the Premises become vacant or substantially unoccupied for a period of **twenty** ten consecutive days;

(g) the Tenant purports to effect a Transfer other than in compliance with the provisions of this Lease; or

(h) a report, statement or certificate delivered by the Tenant pursuant to this Lease is false or misleading except for a misstatement that is the result of an inadvertent or unintentional error.

15.2 Remedies

If and whenever an Event of Default occurs, the Landlord shall have the following rights and remedies, exercisable immediately and without further Notice and at any time while the Event of Default continues:

(a) to terminate this Lease and re-enter the Premises. The Landlord may remove all Persons and property from the Premises and store such property at the expense and risk of the Tenant or sell or dispose of such property in such manner as the Landlord sees fit without Notice to the Tenant. Notwithstanding any termination of this Lease, the Landlord shall be entitled to receive Rent and all Rental Taxes up to the time of termination plus accelerated Rent as provided in this Lease and damages including, without limitation: (i) damages for the loss of Rent suffered by reason of this Lease having been prematurely terminated; (ii) costs of reclaiming, repairing and re-leasing the Premises; and (iii) legal fees and disbursements on a substantial indemnity costs basis;

(b) to enter the Premises as agent of the Tenant and to relet the Premises for whatever length of time and on such terms as the Landlord in its discretion may determine including, without limitation the right to: (i) take possession of any property of the Tenant on the Premises; (ii) store such property at the expense and risk of the Tenant; (iii) sell or otherwise dispose of such property in such manner as the Landlord sees fit; and (iv) make alterations to the Premises to facilitate the reletting. The Landlord shall receive the rent and proceeds of sale as agent of the Tenant and shall apply the proceeds of any such sale or reletting first, to the payment of any expenses incurred by the Landlord with respect to any such reletting or sale, second, to the payment of any indebtedness of the Tenant to the Landlord other than Rent and third, to the payment of Rent in arrears, with the residue to be held by the Landlord and applied to payment of future Rent as it becomes due and payable. The Tenant shall remain liable for any deficiency to the Landlord;

(c) to remedy or attempt to remedy the Event of Default for the account of the Tenant and to enter upon the Premises for such purposes. The Landlord shall not be liable to the Tenant for any loss, injury or damages caused by acts of the Landlord in remedying or attempting to remedy the Event of Default. The Tenant shall pay to the Landlord, on demand, all expenses incurred by the Landlord in remedying the Event of Default, together with an administration fee of 15% and interest at the Default Rate from the date such expense was incurred by Landlord;

(d) to recover from the Tenant all damages, costs and expenses incurred by the Landlord as a result of the Event of Default including any deficiency between those amounts which would have been payable by the Tenant for the portion of the Term following such termination and the net amounts actually received by the Landlord during such period of time with respect to the Premises; and

(e) to recover from the Tenant the full amount of the current month's Rent together with the next three months' instalments of Rent, which shall immediately become due and payable as accelerated rent.

The Tenant agrees that despite anything contained in the Commercial Tenancies Act (in particular, but not limited to Section 19(2)), no notice of an Event of Default or of a breach of any covenant or condition in this Lease will be considered void or ineffective as a result of a minor or technical inaccuracy or error.

15.3 Distress

Notwithstanding any provision of this Lease or any provision of any present or future Applicable Laws, none of the goods, chattels or trade fixtures on the Premises at any time during the Term shall be exempt from levy by distress for Rent in arrears, and the Tenant waives any such exemption. If the Landlord makes any claim against the goods and chattels of the Tenant by way of distress this provision may be pleaded as an estoppel against the Tenant in any action brought to test the right of the Landlord to levy such distress.

15.4 Interest and Costs

The Tenant shall pay to the Landlord upon demand: (a) interest at the Default Rate on all Rent required to be paid hereunder from the due date for payment until fully paid and satisfied; and (b) the Landlord's then current reasonable administration charge for each Notice of default given by the Landlord to the Tenant under this Lease. The Tenant shall pay and indemnify the Landlord against damages, costs and expenses (including, without limitation, all legal fees on a substantial indemnity costs basis) incurred in enforcing the terms of this Lease, or with respect to any matter or thing which is the obligation of the Tenant under this Lease, or in respect of which the Tenant has agreed to insure or to indemnify the Landlord.

15.5 Remedies Cumulative

No reference to or exercise of any specific right or remedy by the Landlord shall prejudice or preclude the Landlord from exercising or invoking any other remedy, whether allowed under this Lease or generally at law or in equity, and the express provisions of this Lease as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord generally at law or in equity.

ARTICLE 16 - MISCELLANEOUS

16.1 Relationship of Parties

Nothing contained in this Lease shall create any relationship between the parties other than that of landlord and tenant, and, without limitation, nothing in this Lease shall be construed to constitute the Landlord and the Tenant as partners, joint venturers or members of a joint or common enterprise.

16.2 Consent Not to be Unreasonably Withheld

Except as otherwise specifically provided in this Lease, the Landlord and the Tenant, and each Person acting for them, in granting a consent or approval or making a determination, designation, calculation, estimate, conversion or allocation under this Lease, will act reasonably and in good faith and each Expert or other professional Person employed or retained by the Landlord will act in accordance with the applicable principles and standards of such Person's profession. The Tenant's sole remedy against the Landlord in respect of any breach or alleged breach of this Section shall be an action for specific performance and, without limitation, the Landlord shall not be liable for damages and the Tenant shall not be entitled to any other rights or remedies. If either party withholds any consent or approval where it is required to act reasonably, such party shall, on written request, deliver to the other party a written statement giving the reasons for withholding the consent or approval.

16.3 Overholding

The Tenant has no right to remain in possession of the Premises after the end of the Term. If the Tenant remains in possession of the Premises after the end of the Term with the written consent of the Landlord but without entering into a new lease or other agreement then, notwithstanding any statutory provisions or legal presumption to the contrary, there shall be no tacit renewal of this Lease or the Term and the Tenant shall be deemed to be occupying the Premises as a tenant from month to month (with either party having the right to terminate such month to month tenancy at any time on 30 days' Notice, whether or not the date of termination is at the end of a rental period) at a monthly Basic Rent payable in advance on the first day of each month equal to 150% of the monthly amount of Basic Rent payable during the last month of the Term and otherwise upon the same terms, covenants and conditions as in this Lease insofar as these are applicable to a monthly tenancy and, for greater certainty, including liability for all Additional Rent.

16.4 Registration

Neither the Tenant nor anyone on the Tenant's behalf or claiming under the Tenant (including any Transferee) shall register this Lease or any Transfer against the Lands. The Tenant may register a notice or caveat of this Lease provided that: (a) a copy of the Lease is not attached; (b) no financial terms are disclosed; (c) the Landlord gives its prior written approval to the notice or caveat; and (d) the Tenant pays the Landlord's reasonable costs on account of the matter. The Landlord may limit such registration to one or more parts of the Lands. Upon the expiration or other termination of the Term the Tenant shall immediately discharge or otherwise vacate any such notice or caveat. If any part of the Lands which in the opinion of the Landlord are surplus is transferred, the Tenant shall forthwith at the request of the Landlord discharge or otherwise vacate any such notice or caveat as it relates to such part. If any part of the Lands is made subject to any easement, right-of-way or similar right, the Tenant shall immediately at the request of the Landlord postpone its registered interest to such easement, right-of-way or similar right.

16.5 Unavoidable Delay

If any party is bona fide delayed, or hindered in or prevented from the performance of any term, covenant or act required by this Lease by reason of any cause beyond the control of the party affected including, without limitation, strikes, lockouts or other labour disputes, the enactment, amendment or repeal of any Applicable Laws, the failure of any existing tenant or occupant to

vacate the Premises, shortages or unavailability of labour or materials, riots, insurrection, sabotage, rebellion, war, acts of terrorism, act of God, or any other similar reason ("Unavoidable Delay"), then performance of such term, covenant or act is excused for the period of the delay and the party so delayed, hindered or prevented shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section do not operate to excuse the Tenant from the prompt payment of Rent and any other payments required by this Lease and Unavoidable Delay shall not include any delay caused by the parties' default or act or omission, any delay avoidable by the exercise of reasonable care by such party or any delay caused by lack of funds of such party. The Landlord shall also be excused from the performance of any term, covenant or act required hereunder if the performance of such item would be in conflict with any directive, policy or request of any governmental or quasi-governmental authority in respect of any energy, conservation, safety or security matter.

16.6 Decisions of Experts

The decision of any Expert whenever provided for under this Lease and any certificate of an Expert shall be final and binding on the parties and there shall be no further right of dispute or appeal.

16.7 Notices

Any notice, demand, statement or request ("Notice") required or permitted to be given under this Lease shall be in writing and shall be deemed to have been duly given if personally delivered, delivered by courier or mailed by registered prepaid post, in the case of Notice to the Landlord, to it at the address set out in Section 1.1(a)(ii) and in the case of Notice to the Tenant, to it at the Premises. Notice may not be given by facsimile transmission, electronic mail or any other electronic communication.

Any such Notice given in accordance with the above requirements shall be deemed to have been given, if mailed, on the fifth day following the date of such mailing or, if delivered, on the day on which it was delivered so long as such delivery was prior to 5:00 p.m. on a Business Day (and, if after 5:00 p.m. or if any such day is not a Business Day, then it shall be deemed to have been delivered on the next Business Day). Either party may from time to time by Notice change the address to which Notices to it are to be given. Notwithstanding the foregoing, during any interruption or threatened interruption in postal services, any Notice shall be personally delivered or delivered by courier. If a copy of any Notice to the Tenant is to be sent to a second address or to another Person other than the Tenant, the failure to give any such copy shall not vitiate the delivery of the Notice to the Tenant.

16.8 Confidentiality, Personal Information

The Tenant shall keep confidential all financial information in respect of this Lease, provided that it may disclose such information to its auditors, consultants and professional advisors so long as they have first agreed to respect such confidentiality. Any Tenant or Indemnifier that is an individual person consents to the collection and use of their personal information, as provided directly or collected from third parties, for the purposes of the Landlord considering the Tenant's offer to lease and determining the suitability of the Tenant or Indemnifier, as applicable, (both

initially and on an on-going basis), including the disclosure of such information to existing and potential lenders, investors and purchasers.

16.9 Power, Capacity and Authority

The Landlord and the Tenant covenant, represent and warrant to each other that they have the power, capacity and authority to enter into this Lease and to perform its obligations hereunder and that there are no covenants, restrictions or commitments given by it which would prevent or inhibit it from entering into this Lease.

16.10 Liability of Landlord

Any liability of the Landlord under this Lease shall be limited to its interest in the Building from time to time. If the Landlord consists of more than one Person, the liability of each such Person shall be several and be limited to its percentage interest in the Building.

16.11 Contra Proferentem

The parties acknowledge and agree that both parties have participated in the drafting of this Lease, and that any rule of law providing that ambiguities shall be construed against the drafting party, shall be of no force or effect.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF the parties hereto have executed this Lease.

235 INVESTMENT LIMITED
(Landlord)

Per: /s/ Craig Walters
Craig Walters, A.S.O.

I have the authority to bind the corporation.

VENUS CONCEPT CANADA CORP. (Tenant)

Per: /s/ Domenic Della Penna
Name: Domenic Della Penna
Title: CFO

Per:
Name:
Title:

I/We have the authority to bind the corporation

VENUS CONCEPT LTD.
(Indemnifier)

Per: /s/ Domenic Della Penna
Name: Domenic Della Penna
Title: CFO

Per:
Name:
Title:

I/We have the authority to bind the corporation

Exhibit 10.50

ASSUMPTION AND AMENDMENT AGREEMENT

This Assumption and Amendment Agreement (the **"Agreement")** is entered into by and between Venus Concept USA Inc. (the **"Company")** and Jack Fisher, MD **("Consultant")** as of this 8th day of February, 2018.

WHEREAS, the Company and/or its affiliates are purchasing certain assets and assuming certain liabilities of NeoGraft (as defined below) pursuant to the Master Asset Purchase Agreement, dated January 26, 2018 (the "MAPA"), among NeoGraft Solutions, Inc. **("Solutions Canada"),** NeoGrafters Limited, 1904247 Ontario LTD, NeoGraft Holding Corp., NeoGraft Solutions Corp. **("Solutions US"** and, together with Solutions Canada, **"NeoGraft"),** NeoGrafters US Corp., Societe de Promotion et Diffusion D'Equipement Medical Medicamat, Miriam Merkur, and Venus Concept Ltd. (the **"Transaction");** and

WHEREAS, in connection with the Transaction, NeoGraft and the Company desire that the services of certain NeoGraft consultants be transferred from NeoGraft to the Company; and

WHEREAS, Consultant is one of the consultants whose services NeoGraft and the Company desire to transfer to the Company effective as of the closing of the Transaction (the **"Effective Time");** and

WHEREAS, Consultant and Solutions Canada and/or Solutions US (as successor to Solutions Canada) are parties to a September 2015 NeoGraft Solutions, Inc. Consulting Agreement, attached hereto as Exhibit A (the **"Consulting Agreement").**

NOW, THEREFORE, in consideration of the promises, mutual covenants, above recitals and agreements hereby set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Assignment and Assumption.** Consultant hereby consents, effective as of the Effective Time, to the assignment by NeoGraft to the Company, and to the assumption by the Company, of the Consulting Agreement. Pursuant to such assumption by the Company, all rights, interests and, only to the extent required to be performed after the Effective Time and as further specified in the MAPA, obligations of NeoGraft in and under the Consulting Agreement are transferred, assigned and delivered to the Company and accepted and assumed by the Company, which shall pay, perform, discharge and otherwise satisfy all such obligations to Consultant in accordance with the terms of the Consulting Agreement, as amended hereby, and the MAPA as of the Effective Time. By signing this Agreement, Consultant expressly consents to his engagement by the Company pursuant to the terms of the Consulting Agreement, as amended hereby, effective as of the Effective Time. Consultant further understands and agrees that all obligations formerly owed by him to NeoGraft under the Consulting Agreement shall be owed by him to the Company as of the Effective Time.

2. **Amendment of Consulting Agreement.** The parties agree that, effective as of the Effective Time and immediately following the assignment of the Consulting Agreement to the Company, the Consulting Agreement shall be deemed amended as follows:

(a) The initial three sentences of Section 4 (i.e., the sentences preceding "Notwithstanding anything in this Agreement...") shall be deleted in their entirety and replaced with the following: "This Agreement may be terminated in the following manner: (a) by either the Company or Consultant upon not less than thirty (30) days prior written notice to the other party; (b) by the non-breaching party, upon twenty-four (24) hours prior written notice to the breaching party if one party has materially breached this Agreement; or (c) at any time upon the mutual written consent of the Parties hereto. In the event of termination, Consultant shall be entitled to payment for services performed prior to the effective date of termination that have not been previously paid. Such payment shall constitute full settlement of any and all claims of Consultant of every description against the Company."

(b) Section 8 shall be deleted in its entirety and replaced with the following:

"Proprietary Information and Inventions.

(a) Proprietary Information.

(i) Consultant acknowledges that Consultant's relationship with the Company is one of high trust and confidence and that in the course of Consultant's service to the Company, Consultant will have access to and contact with Proprietary Information (as defined below). Except as otherwise permitted by Section 8(α)(vi), Consultant will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of the Services) without written approval by an officer of the Company, either during or after the Term.

(ii) For purposes of this Agreement, Proprietary Information shall mean, by way of illustration and not limitation, all information, whether or not in writing, whether or not patentable and whether or not copyrightable, of a private, secret or confidential nature, owned, possessed or used by the Company, concerning the Company's business, business relationships or financial affairs, including, without limitation, any Invention (as defined below), formula, vendor information, customer information, supplier information, apparatus, equipment, trade secret, process, research, report, technical or research data, clinical data, know-how, computer program, software, software documentation, hardware design, technology, product, processes, methods, techniques, formulas, compounds, projects, developments, marketing or business plan, forecast, unpublished financial statement, budget, license, price, cost, or employee list that is communicated to, learned of, developed or otherwise acquired by Consultant in the course of Consultant's service as a consultant to the Company.

(iii) Consultant agrees that all files, documents, letters, memoranda, reports, records, data sketches, drawings, models, laboratory notebooks, program listings, computer equipment or devices, computer programs or

other written, photographic, or other tangible material containing Proprietary Information, whether created by Consultant or others, which shall come into Consultant's custody or possession, shall be and are the exclusive property of the Company to be used by Consultant only in the performance of Consultant's services for the Company and shall not be copied or removed from the Company premises except in the pursuit of the business of the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of Consultant shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) the termination of this Agreement. After such delivery, Consultant shall not retain any such materials or copies thereof or any such tangible property.

(iv) Consultant agrees that Consultant's obligation not to disclose or to use information and materials of the types set forth in paragraphs (ii) and (iii) above, and Consultant's obligation to return materials and tangible property set forth in paragraph (iii) above extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to Consultant.

(v) Consultant acknowledges that the Company from time to time may have agreements with other persons or with the United States Government, or agencies thereof, that impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. Consultant agrees to be bound by all such obligations and restrictions that are known to Consultant and to take all action necessary to discharge the obligations of the Company under such agreements.

(vi) Consultant's obligations under this Section 8 shall not apply to any information that (a) is or becomes known to the general public under circumstances involving no breach by Consultant or others of the terms of this Section 8, (b) is generally disclosed to third parties by the Company without restriction on such third parties, or (c) is approved for release by written authorization of an officer of the Company. Further, nothing in this Agreement prohibits Consultant from communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies or participating in government agency investigations or proceedings. Consultant is not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information Consultant obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding Consultant's confidentiality and nondisclosure obligations, Consultant is hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret

law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

(b) Inventions.

(i) Consultant will make full and prompt disclosure to the Company of all discoveries, ideas, inventions, creations, designs, innovations, improvements, enhancements, processes, methods, techniques, developments, software, computer programs, and works of authorship (whether or not patentable and whether or not copyrightable) which are made, conceived, reduced to practice, created, written, designed or developed by Consultant, solely or jointly with others or under Consultant's direction and whether during normal business hours or on the premises of the Company or otherwise (A) during the Term if related to the business of the Company or research and development conducted or planned to be conducted by the Company or (B) after the Term if resulting or directly derived from Proprietary Information (collectively under clauses (A) and (B), "Inventions"). Consultant agrees to assign and hereby assigns to the Company (or any person or entity designated by the Company) all of Consultant's right, title and interest in and to all Inventions and any and all related patents, patent applications, copyrights created in the work(s) of authorship, trademarks, trade names, and other industrial and intellectual property rights and applications therefor, in the United States and elsewhere, and appoints any officer of the Company as Consultant's duly authorized attorney to execute, file, prosecute and protect the same before any government agency, court or authority. This paragraph shall not apply to Inventions which both (1) do not relate to the business or research and development conducted or planned to be conducted by the Company at the time such Invention is created, made, conceived or reduced to practice, and (2) are made and conceived by Consultant not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or Proprietary Information. Consultant further acknowledges that each original work of authorship which is made by Consultant (solely or jointly with others) within the scope of the Agreement and which is protectable by copyright is a "work made for hire," as that term is defined in the United States Copyright Act.

(ii) Consultant agrees that if, in the course of performing the Services, Consultant incorporates into any Invention developed under this Agreement any preexisting invention, improvement, development, concept, discovery or other proprietary information owned by Consultant or in which Consultant has an interest ("Prior Inventions"), (A) Consultant will inform the Company, in writing before incorporating such Prior Inventions into any Invention, and (B) the Company is hereby granted a nonexclusive, royalty-free, perpetual, irrevocable, transferable worldwide license with the right to grant and authorize sublicenses, to make, have made, modify, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit such Prior Inventions, without restriction, including, without limitation, as part of or in connection with such Invention, and to practice any method related thereto. Consultant will not incorporate any invention, improvement, development, concept, discovery or other proprietary information owned by any third party into any Invention without the Company's prior written permission.

(iii) Upon the request of the Company and at the Company's expense, Consultant shall execute such further assignments, documents and other instruments as may be necessary or desirable to fully and completely assign all Inventions to the Company and to assist the Company in applying for, obtaining and enforcing patents or copyrights or other rights in the United States and in any foreign country with respect to any Invention. Consultant also hereby waives all claims to moral rights in any Inventions.

(iv) Consultant shall maintain adequate and current written records (in the form of notes, sketches, drawings and as may be specified by the Company) to document the conception and/or first actual reduction to practice of any Invention. Such written records shall be available to and remain the sole property of the Company at all times."

(c) The second sentence of Section 14 shall be deleted in its entirety and replaced with the following: "This Agreement shall be governed by and interpreted under the laws of the State of Florida, regardless of the location of Consultant's residence or place of business, and regardless of where Consultant performs the Services."

(d) Section 1 of Schedule A shall be deleted in its entirety and replaced with the following: "Company shall pay Consultant a monthly base consulting fee of Sixteen Thousand Dollars ($17,085.00)."

(e) Section 2 of Schedule A shall be deleted in its entirety and replaced with the following: **[INTENTIONALLY DELETED].**

(f) The Consultant acknowledges and agrees that the amendments to Sections 1 and 2 of Schedule A outlined in ss.2(d) and (e) above were mutually agreed to by the Consultant and NeoGraft as of May 1, 2017 and are effective as of such date.

(g) Section 3 of Schedule A shall be deleted in its entirety and replaced with the following: “Effective as of the Effective Time of the Assumption and Amendment Agreement dated **February 8, 2018** (the “Amendment Date”), Consultant will receive a stock option to purchase 20,000 ordinary shares of Venus Concept Ltd. under Venus Concept Ltd. ‘s share option plan at an exercise price equal to the fair market value of an ordinary share as determined by the Board of Venus Concept Ltd. at the time of grant. Vesting will occur with respect to 5000 of the shares on the twelve (12) month anniversary of the Amendment Date, and the balance of 15,000 shares will vest in equal monthly installments during the ensuing three (3) year period, contingent upon Consultant’s continued engagement with the Company each month. Upon termination of the Agreement for any reason, all unvested stock options shall automatically terminate as of the effective date of termination and Consultant will have 90 days from the effective date of termination to exercise any vested stock options he may have, in accordance with the Venus Concept Ltd. share option plan. Consultant will receive separate documentation to reflect the detailed terms of the stock option grant and the share option plan, and the grant will be subject to all terms, vesting schedules and other provisions set forth therein.”

Except as explicitly amended pursuant to this Section 2, the terms and conditions of the Consulting Agreement shall continue in full force and effect.

3. **Amendment, Waiver and Termination.** This Agreement cannot be amended, waived, or terminated except by a writing signed by the parties hereto.

4. **Execution in Counterparts; Facsimile.** This Agreement may be executed in two or more counterparts and via facsimile or other electronic signature, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

5. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

VENUS CONCEPT USA INC.

By:/s/ Domenic Di Sisto

By:/s/ Jack Fisher

JACK FISHER

Exhibit 10.51

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Head of Medical Advisory Board

The following agreement is made this 1st day of June, 2016 between Dr. Neil Sadick (the Luminary) located at [***] and Venus Concept LTD (the Company) located at 255 Consumers Rd, Toronto Ontario M2J 1R4 for a period of one year with a 60 day notice of termination from either party.

Upfront Compensation

Dr. Sadick we are pleased to offer you the consulting agreement for Medical Advisor for Venus Concept. The compensation for this agreement is [***] USD per year. We will need you to submit an invoice monthly to Venus Concept for $[***] and Venus Concept agrees to pay the amount within 15 days of receipt of the invoice. The requirements of this agreement include but are not limited to, and may be altered from time to time during this agreement as the needs of the company evolve;

Clinical evaluation

- review and sign the clinical evaluation report that is created annually for each technology (total of 3-4 reports per year).

Adverse Events

- Analysis, guidance and email response to adverse events that occur Using Venus Concept devices or Venus Skin products
- review and medical opinion on the clinical complaints quarterly analysis and follow up corrective and preventing actions (4 analysis reports and 2-4 CAPAs per year).

General Medical Queries

- responding to and advising / providing medical guidance to our Clinical Education Director on specific medical questions that are asked by our Venus Concept Users (typically about 5-10 brief emails a day on average)

Protocol Revision

- Bi-yearly review of existing device protocols to optimize as needed with Clinical Education Director

Clinical Papers

- review and commentary of clinical papers that will be published

Clinical Trials

- review and commentary of clinical trials that are being conducted globally (approximately 10 per year)
- Written medical evaluation of adverse events that have occurred during a clinical

Miscellaneous

It is agree that while Dr. Sadick may discuss other competing technologies at congresses, meetings or during various interviews, his primary focus will be to promote the advantages of Venus Concept technologies and the benefits to the potential customer of working with Venus Concept.

Dr. Sadick we have always had a great working relationship and we are excited to have you join our group as head of the medical advisory board. We believe we can build a company that has the potential to be the biggest in the industry and are well on our way to achieving this lofty goal. Please sign this agreement as soon as possible so that we can facilitate the delivery of a system to you.

Luminary:	**Company:**
Signed: /s/ Neil Sadick	**Signed: /s/** Kevin Skule
Print Name: Neil Sadick	**Print Name:** Kevin Skule
Title:	**Title:** President and COO
Date: May 18, 2016	**Date:** May 25, 2016

1st AMENDMENT TO HEAD OF MEDICAL ADVISORY BOARD AGREEMENT

This 1st AMENDMENT TO HEAD OF MEDICAL ADVISORY BOARD AGREEMENT (the "Amendment") is made effective as of September 24, 2018, (the "Effective Date"), and shall become an integral part of the Head of Medical Advisory Board Agreement by and between Venus Concept Ltd. (hereinafter: "Company") and Dr. Neil Sadick (hereinafter: "Luminary"). Company and Luminary shall sometimes be referred to, each as a "Party" and collectively, as the "Parties".

WHEREAS, Company and Luminary are parties to that certain Head of Medical Advisory Board Agreement dated June 1st, 2016 (the "Agreement"); and

WHEREAS, The Parties have continued performance as set in the Agreement; and

WHEREAS, The Parties wish to amend certain terms of the Agreement:

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties hereby agree as follows:

1. All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement
2. The first part, of the Agreement shall be amended so that the words "for a period of one year with a 60 day notice of termination from either party", shall be deleted.
3. New Section "Term and Termination" shall be added to the Agreement as follows:

"This Agreement shall enter into force on the Effective Date, and shall remain in effect unless terminated by either Party upon 30 days written notice of termination."

4. Unless expressly amended hereby, all provisions of the Agreement shall remain in full force aid effect.

IN WITNESS WHEREOF, this Amendment No.1 to Head of Medical Advisory Board Agreement has been executed by the undersigned as of the date set forth above.

/s/ Domenic Serafino
VENUS CONCEPT LTD.

By: Domenico Serafino

Title: President and CEO

/s/ Neil Sadick
DR. NEIL SADICK

By: Dr. Neil Sadick

Title: Owner

Exhibit 10.52

Joint Venture and Shareholders Agreement for
Venus Concept Singapore PTE Ltd.

between

Venus Concept Ltd., a private company incorporated under the laws of the State of Israel (registration no. 514246636) and with offices at 62 Ha'chermesh St. Karmiel, Israel, ("Venus")

- as one party -

and

Soeren Maor Sinay, 573/52 Soi Ramkhamhaeng 39 (Thepleelal), Plubpla, Wangthonglang, Bangkok 10310, THAILAND, 207287047, maor.sinai@gmail.com, +66817797496 ("**Sinay**");

-as the other party –

and

Venus Concept Singapore PTE Ltd., a private company incorporated under laws of Singapore (registration no. 201503227C) and with offices at 3 Raffles Place, # 06-01, Bharat Building, Singapore 048617 (registered office address) as well as at Fullerton Road, # 02-01 One Fullerton, Singapore 049213 (physical office address) ("VC Singapore");

-as the other party –

Venus, Sinay and **VC Singapore** shall be hereinafter jointly referred to as the "**Parties**" and severally as a "**Party**"

Whereas

a. **Venus** is an international company in the business of the aesthetic industry;

b. **Venus** wishes to develop its global business by partnering with appropriate key individuals or companies in local country markets with an objective to roll out the **Venus** business model and to work

closely with such parties in the development of business in the local country market;

c. **Sinay** wishes to cooperate with **Venus** to roll out the **Venus** business model in the Singaporean market and has the knowledge, expertise and qualifications to manage and operate the day to day business of VC Singapore (as defined below);

d. Venus and Sinay established **VC** Singapore, a private joint venture company with limited liability and certain joint venture structure principles whose purpose is the roll out of the Venus business model in Singapore;

e. **VC** Singapore was incorporated on February 2, 2015;

Now therefore, the **Parties** agree as follows:

1. General Provisions

1.1 The Recitals and Annexes constitute an integral part of this Joint Venture and Shareholders Agreement and are therefore fully binding on the **Parties.**

1.2 Unless as otherwise specified, and unless the context requires otherwise, the following capitalized terms shall have in this Joint Venture and Shareholders Agreement the meaning explained hereinbelow:

1.2.1 **"Affiliated Company":** a company (i) controlling one of the Party, (ii) controlled by one of the **Party** or (iii) controlled by the same company controlling one of the Party;

1.2.2 **"Brand":** the wording *"Venus Concept Singapore PTE Ltd."* ("VC **Singapore"),** which is the name and the graphical brand of the Joint Venture, as well as the name of the Joint Venture's registered internet domain;

1.2.3 **"Buyout Option": Venus's** right to buyout Sinay's Shares, participation and interests in **VC Singapore** upon certain events as provided under Section 16;

1.2.4 **"Business Model":** the roll out of the **Venus** business model for the development of the business in the local country market through the sale of its products;

1.2.5 **"Confidential Information":** All information, (whether written, oral, visual electronic or otherwise) provided (both before or after the date hereof) by each Party as well as all analysis, compilations, forecasts, studies or other documents prepared by each Party related to **VC Singapore,** other than the one (i) which is or becomes publicly available other than as a result of a disclosure by the disclosing **Party,** or (ii) is or becomes available to the recipient Party on a non- confidential basis from a source (other than the disclosing Party or the disclosing **Party's** representatives) which, to the recipient **Party's** best knowledge after due enquiry, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation;

1.2.6 **"Deadlock":** a material event related to **VC Singapore's** corporate bodies, who are not capable to take decisions under Section 14.1 notwithstanding the **Escalation Procedure** provided under the same Section 14.1, thus triggering the **Buyout Option** provided under Section 16;

1.2.7 **"Escalation Procedure":** the procedure described in the following Section 14.1 aimed at solving a possible deadlock occurred in the **VC Singapore** corporate bodies;

1.2.8 **"JVSA":** this Joint Venture and Shareholders Agreement;

1.2.9 **"Lock-Up Period"** the period comprised between the date hereof and the 24th month thereafter;

1.2.10 **"Review Date":** the date at the beginning of the first year after the incorporation of **VC Singapore** when the **Parties** shall discuss and/or negotiate in good faith any appropriate review and update of the VC **Singapore's** organisation and activities;

1.2.11 **"Shares"** the VC **Singapore's** Shares and/or interest;

1.2.12 **"Strategic Plan"** the business plan and budget related to the management of the **Business Model,** as may be amended from time to time by the Board of Directors, which is binding for the **Parties** and VC **Singapore** and constitutes an integral part of the **JVSA.**

1.2.13 "**Territory**": Singapore.

2. Purpose of the JVSA

This JVSA contains all the undertakings of the **Parties** in relation to: **(i)** the compliance of VC **Singapore** with the terms and conditions of this NSA; (ii) the definition of the terms of VC **Singapore's** governance and activities; **(iii)** the definition of the relationships between the **Parties** concerning the development by VC **Singapore** of the **Business Model;** (iv) the funding of **VC Singapore; (v)** the management compensation; (vi) the procedure for the **Buyout Options** upon certain events.

3. Approval and Ratification

As soon as possible following the execution and delivery of this JVSA, a meeting of the Board of Directors will be called to resolve on the following matters:

a. Approving of this JVSA by VC Singapore;

b. Approval of the **Strategic Plan** and Business Plan;

c. Recommending to the shareholders of VC **Singapore** to adopt the **Amended Articles** of Association of VC **Singapore** substantially in the form attached hereto as **Exhibit A** (the **"Amended Articles").** Promptly following the aforesaid Board Resolution, the **Amended Articles** shall be submitted to the review and approval of the shareholders of VC **Singapore.** Both, **Venus** and Sinay, hereby undertake to vote in favour of the adoption of the **Amended Articles.**

4. Operations

4.1 Operational Decisions
VC Singapore's General Manager (President) shall be Sinay and he shall undertake and be responsible for all day to day operating decisions, subject to the Board supervision, where required under this **JVSA** or applicable law, and shall have the authority to sign cheques on behalf of VC **Singapore** according to the Signatory Rights Procedure in **Exhibit B** attached hereto.

4.2 Venus Products
Venus shall provide and deliver **to** VC **Singapore,** as long as: (i) VC **Singapore** is active; and (ii) **Sinay** serves as the General Manager (President); and (iii) for as long as there is

no deadlock situation, on an exclusive basis for the Singaporean territory, **Venus Products** for demos and/or for sale. Demos of **Venus Products** shall be paid within one year from VC **Singapore's** receipt, provided that the company has sufficient funds.

4.3 Management and Staff Compensation

The Parties agree that management services shall be rendered personally by Sinay as a key person.

4.4 Cost Management

Sinay as **VC Singapore's** General Manager (President) shall be responsible for the management of **VC Singapore** and local costs in Singapore shall be borne by **VC Singapore** in accordance with the **Strategic Plan.** The following summarizes specific cost and service matters agreed herein between the **Parties** for clarity:

a. General: Costs include facilities, employees, trade shows, travel etc. and any direct costs incurred on behalf of **VC Singapore** such as tradeshow bookings and travel to the local country event shall be paid by VC **Singapore;**

b. Sales costs: Local sales representatives shall be paid by VC **Singapore.** This includes salary, commission and transportation costs;

c. Clinical: The Parties will make reasonable efforts that **VC Singapore** will have clinical capabilities. VC **Singapore** will pay for all clinical related travel costs for its staff and **Venus** staff for training but will not be responsible for any salary or compensation of **Venus** trainers;

d. Service: VC **Singapore** shall either have a dedicated technical service person or shall use the services of another existing services company;

e. Product: **VC Singapore** shall purchase products and services only from **Venus, unless otherwise approved by the VC Singapore Board of Directors.** The transfer price for such purchases shall be at **Venus'** full manufacturing cost, associated royalty (if any) and the estimated cost of providing warranties as required in the marketplace. For clarity, warranty costs shall not include any costs related to product defects in the first year of a new product launch. In addition, warranty costs shall not exceed normal industry standard warranty costs. Service during and after the warranty period shall be

provided by **VC Singapore.** There shall be no profit (on devices) to **Venus** as the manufacturer;

f. Accounting, tax and financial reporting: VC **Singapore** shall hire its own accountant/bookkeeper that is acceptable to **Venus.** VC **Singapore** shall provide a monthly financial report to **Venus,** and the **Parties** shall meet by phone or in person quarterly to review operations and strategy. VC **Singapore's** bank account may be accessed according to a Signatory Rights Procedure that shall be signed by the **Parties** after the **Board's** approval;

g. Management: **Venus** shall not charge fees to **VC Singapore** for management support costs, or royalties for branding or market support.

5. Shareholders' Meeting

The **Amended Articles** of **VC Singapore** shall stipulate that the adoption of the following resolutions by the Shareholders' Meetings of **VC Singapore** and shall require the favourable vote of the holder of at least 75% of the issued and outstanding corporate capital:

a. Mergers, acquisitions and spin off of **VC Singapore;**

b. Any material change in the corporate purpose;

c. Any modification of the **Amended Articles** which adversely affect the rights of any **Party** hereunder;

d. Any enlargement/reduction of the number of members of the Board of Directors.

In case **VC Singapore** cannot resolve on the above matters, the **Escalation Procedure shall** be followed as described in Section 14.1.

Shareholders' meeting resolutions on any other matters other than the ones listed above shall be adopted with the affirmative consent or voting of the holders of more than 50% of the issued and outstanding share capital of VC **Singapore,** on a fully diluted basis.

6. Board of Directors

6.1 **VC Singapore** is managed by a Board of Directors (the **"Board")** comprising as issued of up to three members.

Venus shall be entitled to designate and dismiss 2 (two) directors. Mr. Domenico Serafino and Mr. Greg Van Staveren shall be the initial directors designated by **Venus.**

Sinay shall be entitled to appoint and dismiss **1** (one) director.

Should, for whatever reason, a director cease his office, a substitute director may be designated by the **Party** that had designated the ceasing director.

6.2 **Board** resolutions, other than the ones listed in the following Section 6.2, will require a simple majority of the directors attending the meeting.

6.3 **Board** resolutions on the following matters shall be referred to the exclusive competence of the **Board,** cannot be delegated to the competence of the General Manager (President) or of any director or board committee and shall be approved by a majority of 2 directors, one of whom shall be the director appointed by Sinay (however, it is clarified that if Sinay did not appoint any director, such matters shall be resolved by an ordinary resolution:

a. Any acquisition/disposal of material assets (which is not in the ordinary course of business) or any intellectual property owned by **VC Singapore**;

b. Approval of contracts with a Shareholder or its Affiliated Companies not foreseen under the **Strategic Plan**, other than financings by **Venus** made in accordance with Section 10;

c. Approval of any material variation to or amendment of the **Strategic Plan**, other than in the context of financing by **Venus** in accordance with Section 10;

d. Approval of guarantees and/or leasing agreements for purchase of **VC Singapore's** assets exceeding the threshold of USD 100,000 (one hundred thousand dollars).

e. Approval of any expenditures outside the **Strategic Plan** and exceeding the threshold of USD 50,000 (Fifty thousand dollars), provided however, that such approval shall require the consent of only one director appointed by **Venus** (instead of unanimous vote by the Board members);

f. Settling of any dispute, litigation or arbitration having an aggregate value exceeding the threshold of USD 25,000 (twenty five thousand dollars);

g. Approval of the balance sheets and proposal of distribution of earning.

7. General Manager (President)

The General Manager (President) shall chair the Board and the Shareholders' meeting. He shall further manage the day-to-day operations of VC Singapore and shall be provided with the ordinary powers to run VC Singapore as directed by the Board.

8. Share Transfer and Lock-Up

8.1 For the purposes of this Section 8.1 and of the following Section 8.2, the words "transfer" or "to transfer" shall include all forms of sale (even together with other assets) as well as any other transaction with or without consideration (including, without limitation, donation, barter, swap, contribution in kind and in trust, merger and spin-off), the consequence of which shall cause the transfer of the ownership of the Shares to third parties or the pledge or any another lien on the Shares;

8.2 Without prejudice to the provision set forth under the following Section 8.1, during the Lock-Up Period (i.e. 24 months after the date hereof), none of the Parties may transfer the Shares, or the nude property or usufruct on the Shares, or constitute personal or collateral guarantees, liens or encumbrances upon said rights or on the **Shares.**

8.3 The limitations to the transfer of **Shares** described in Section 8.2 above shall not apply if the **Shares** are transferred to an **Affiliated Company** of **Venus,** provided that **(i)** the notice of such transfer be notified to the other **Party** in due advance and take place only after the transferee formally accept and execute this **JVSA,** and **(ii)** the transferor **Party** remains jointly liable with the transferee for the fulfilment of all the transferee's obligations hereunder.

8.4 **Sinay** hereby expressly undertakes not to transfer any of his **Shares** to any third party during the **Lock-Up Period.**

9. Right of First Refusal

9.1 Upon the expiry of the **Lock-Up Period** and except for transfer by **Venus** to an **Affiliated Company,** any transfer of **Shares** by the **Parties,** without prejudice to the provisions set forth in previous Section 8, shall be subject to the following provisions.

9.2 Each **Party** hereby grants to the other **Party** a Right of First Refusal in respect to any third party offer for the purchase of the **Shares** within the next 30 days.

9.3 The exercise of the pre-emption right is conditional upon the transferring

Party having received a binding offer of the **Shares** from a third party that the transferring **Party** is willing to accept.

9.4 The procedure to be followed for the exercise of the Right of First Refusal shall be the one provided in the attached **Amended Articles,** as amended from time to time.

10. Funding, Staff, costs and expenses, and Tax Arrangements

The **Parties** agree that any future investments in **VC Singapore** shall continue to be made on a pro-rata basis. In the event that Sinay is unable to provide its pro-rata share of funding, whether under a corporate capital increase or Shareholders financing, then **Venus** shall, subject to approval by the **Board** of the revised **Strategic Plan** or the Business Plan (if necessary), act as financier of **VC Singapore** and advance a loan or investment (as the case may be) in an amount and other terms and conditions to be agreed between the **Parties** hereto. **VC Singapore,** to properly carry out the activities under the **Strategic Plan,** shall hire the employees having the roles and responsibilities provided in the **Strategic Plan.**

11. Brand

VC Singapore shall hold a license to use the **Brand** on an exclusive basis for Singapore, for as long as Sinay is a shareholder and a General Manager (President) of **VC Singapore.**

12. **Purpose of VC Singapore**

VC Singapore will have as its sole purpose the exclusive sale and delivery of **Venus'** products in the Territory, generally in accordance with the Business model.

13. **Yearly Profits**

The VC Singapore's yearly profit resulting from the financial statements, as proposed to the Shareholders meeting and approved by **Board,** may be distributed to the Shareholders after having complied with the law provisions related to the mandatory reserves, provided that **VC Singapore** does not need additional financial resources. It is the general intent of the **Parties** to reinvest the profits from **VC Singapore** into growing the business. If **VC Singapore** has excess earnings above normal working capital needs, then the **Board** shall discuss the most favourable ways to distribute any excess accumulated earnings, on an annual basis.

14. **Deadlock, Escalation Procedure and Liquidation**

14.1 Should a Deadlock occur in any of the **VC Singapore's** corporate bodies, the **Parties** undertake to solve the matters in accordance with the following **Escalation Procedure:**

a. Should the Deadlock occur in relation to a **Board** resolution, the **Parties** will refer the matter to the Shareholders' Meeting that will resolve on it within the following 15 business days;

b. Should a Deadlock occur in relation to a Shareholders' Meeting resolution or should the Shareholders' Meeting be unable to resolve a matter referred to it pursuant to the previous paragraph a) within the above mentioned term, the deadlock matter shall be referred to a decision to the respective General Manager (President) of the **Parties** (which shall be Sinay and in case of **Venus** will be Domenico Serafino, the CEO of **Venus)** who will meet and resolve within the following 15 business days.

14.2 Should the meeting between the respective General Manager (President) of the **Parties** be unable to solve — within 45 (forty-five) days from the date of the Shareholder's meeting indicated in the previous Section 14.1 — a Deadlock on the

matters in subject, **Venus** shall have the right to exercise the **Buyout Option** and if **Venus** does not exercise the **Buyout Option,** the **Parties** may mutually decide to put **VC Singapore** in liquidation.

15. Undertakings of the Parties upon the Review Date

At the **Review Date,** the **Parties** undertake to discuss and/or negotiate in good faith any appropriate review and update of the **VC Singapore's** organisation and activities.

16. Buyout Option

16.1 In each of the following events:

(i) The **Parties** are unable to reach an agreement on a material issue relating to the activities of **VC Singapore;** or (ii) VC **Singapore** materially deviates from the budget and/or P&L performance and objectives and has failed to remedy such deviations within a reasonable remedy period; or (iii) material violation of either **Party** at any time of its confidentiality, intellectual property and non-competition and non-solicitation undertakings; or (iv) resignation of Sinay from the management of VC **Singapore** at any time; or (v) an unresolved **Deadlock** under Section 14.1; or (vi) VC **Singapore's** material and adverse deviation from the **Strategic Plan** or Business Plan (each one and together **"Triggering Event/s"),** provided however, that the **Triggering Events** may be triggered only after the lapse of two (2) years following **VC Singapore's** incorporation, then:

a. **Sinay** hereby irrevocably grants to **Venus,** who accepts, free of charge, the right to purchase all (and not only a part) of the **Sinay's Shares ("Call Option").**

b. The **Call Option** may be exercised by **Venus** by notice in writing to be notified to Sinay on a date which shall not be later than 180 days following the occurrence and of a **Triggering Event.**

c. Should the **Call Option** be exercised:

i. The **Parties** shall proceed with determination of **Purchase Price** within 15 (fifteen) days after the date of exercise of the **Call Option,** and shall effect transfer of full title to and ownership of

Sinay's Shares to **Venus ("Shares Buyout Completion")** and payment of the **Purchase Price,** on a date as agreed between the **Parties** which shall not be later than 30 (thirty) days after the exercise of the **Call Option ("Shares Buyout Completion Date");**

ii. **Sinay's Shares** shall be transferred free and clear of any encumbrance or any third party's rights;

iii. The price for the **Sinay's Shares** shall be determined as follows **("Purchase Price"):**

The amount equal to:

A. Accumulated payments and/or advances made by Sinay according to its pro Share to **VC Singapore** corporate capital less any return of capital previously paid and received and less any loans or other financings provided to **VC Singapore** by **Venus,** plus

B. A percentage equal to Sinay's then shareholding in **VC Singapore,** on a fully diluted basis **("Sinay's Percentage")** multiplied by **VC Singapore's** revenue in the 12 month period prior to the **Triggering Event** (or the shorter period actually run if occurring before the 12 month period from incorporation of **VC Singapore),** plus

C. Pro-rata share of declared, accumulated undistributed year end dividends, or any accumulated earnings (less losses) on the **Shares Buyout Completion** based on a pro forma closing at the Buyout exercise day, plus

D. A percentage equal to **Sinay's Percentage** of the uncollected revenue on service contracts already signed, less attributable costs commission, warranty service and product cost paid as money is collected.

(For purposes of this calculation, no fixed overhead costs for the Singaporean personnel will be applied).

In case of disagreement between the **Parties** regarding the interpretation of the foregoing formula, the opinion of a qualified accountant/bookkeeper, appointed by the Board, shall be provided and deem definitely not later than 20 (Twenty) days after the date on which the **Call Option** has been exercised.

iv. The **Purchase Price** shall be paid by **Venus** to Sinay upon the **Shares Buy-out Completion Date,** in immediately available funds by bank wire transfers to the bank accounts of Sinay, to be indicated by him in writing at least 5 (five) business days prior to the date on which payment must be provided, and in any event, against receipt of Notary Public evidence, satisfactory to the opinion of Venus counsel, that all of the Shares owed by Sinay shall have been registered in the name of **Venus.**

v. At the transfer date of **Sinay's Shares, Sinay** shall procure, at its own cost and expenses.

16.2 It is hereby agreed that in case of exercise of **Call Option** due to the events listed under Sections 16.1 c. (iii) B. and 16.1 c. (iv), Sinay shall not be entitled to receive the portion of the **Purchase Price** set forth under letter 16.1 (iii) and of the formula under Section 4.4 e.

16.3 During the period comprised between the exercise of **Call Option** and **Shares Buyout Completion, this JVSA, the Strategic Plan** and the **Core Agreements** shall continue to be in force between the **Parties.**

16.4 Should **Venus** purchase Sinay's participation in **VC Singapore** in accordance to the previous Section 16.1, any operation agreements between **VC Singapore** and Sinay will be automatically terminated on the transfer date.

17. Miscellaneous

17.1 Confidentiality

Unless otherwise agreed between the **Parties** and with the exception of any compulsory disclosure duty as may be

provided by law, regulation or any other applicable rule, the **Parties,** considering the high degree of confidentiality of the **Confidential Information** dealt with during the performance of this Agreement, mutually agree to:

a. Take all the necessary measures to ensure an adequate protection of the **Confidential Information** received from the other Party and to guarantee that the relevant contents are kept confidential;

b. Refrain from disclose or making available in any way the **Confidential Information** to third parties, for whatever reason;

c. Limit the knowledge of, or the access to, the **Confidential Information** disclosed by the other **Party** only to its own employees or consultants as far as it is necessary for the implementation and completion of the **Transaction,** duly informing said employees and consultants about the confidentiality obligations provided hereunder and requiring their compliance with said obligations;

d. Refrain from copying or reproducing the contents of the **Confidential Information** in any manner without the prior written agreement of the disclosing Party;

The confidentiality obligations hereunder will be binding for the **Parties** for 12 (twelve) months after the termination or the expiration of this **JVSA** for whatever reason.

17.2 Non-Competition and Non-Solicitation.

The **Parties** hereby undertakes that neither person in their respective group shall (either personally or via any of its agents, affiliates or businesses in which it is a shareholder, partner, owner, employee, officer, director, consultant, or otherwise), during the term of this **JVSA:**

a. Directly or indirectly solicit, hire, engage, endeavor to entice away from VC **Singapore** or otherwise interfere with the relationship of VC **Singapore** with any person or entity who is a customer of VC **Singapore,** or who is an employee, officer, director, consultant or contractor of the **VC Singapore;** or

b. Directly or indirectly own an interest in, establish, open, manage, operate, join, control, or participate in or be connected with, as a shareholder, partner, owner, employee, officer, director, consultant or otherwise, in any business, enterprise, trade or occupation similar to, or in competition with, the business conducted, or proposed to be conducted, by VC **Singapore.** It is specifically acknowledged that Sinay holds a majority shareholder position in Lumina Medical Pte. Ltd. and Venus Principal Concept LLP. These companies have co-operated fully with VC Singapore and these entities are not considered to have been in any way in violation of this agreement. Sinay commits that these entities will not carry, promote or sell any products that are competitive to VC Singapore.

c. The **Parties** further recognize and acknowledge that a breach of this Section 17.2 would cause VC Singapore substantial and irreparable damages and shall deemed a material breach of this NSA.

17.3 Amendments

This **JVSA** constitutes the entire agreement between the Parties and no amendment to this **JVSA** shall be binding on either Party, unless it is agreed between the Parties in writing with expressed reference to this JVSA.

17.4 Notices

All notices to be given hereunder shall be submitted in writing, by means of registered letter with advice of receipt, courier, facsimile or e-mail, followed by registered mail with advice of receipt, to the addresses listed hereinbelow or to such other address as the Parties may indicate in writing to each other:

for **Venus:**
255 Consumers Road,
Suite 100
Toronto, Ontario, M2J 1R4
Attention to: Mr. Greg Van Staveren, CFO

Tel.: +1 888 907 0115, ext. 149
Fax: +1 855 907 0115
E-mail: greg@venusconcept.com

for **Sinay**:
573/52 Soi Ramkhamhaeng 39 (Thepleelal)
Plubpla, Wangthonglang
Bangkok 10310 THAILAND
Attention to: Mr. Soeren Maor Sinay
Tel.: +66817797496
E-mail: maor.sinai@gmail.com

17.5 Expenses and Taxes

18. Unless a cost relates to VENUS inability to comply with requirements of local authorities, all applicable charges relevant to the stipulation of this NSA and/or its annexes, including stamp and registration duties, where due, shall be borne equally by the Parties.

18.1 No Assignment

The Parties may not assign in whole or in part this **JVSA** or the rights and obligations arising therefrom to third parties, with or without consideration and by any title, without the prior written consent of the other **Party**.

18.2 Announcement

No public announcement or statement to any member of the press or media with respect to this JVSA or any transaction contemplated hereby shall be made at any time by any Party hereto except where the text of the announcement or statement and the time and manner of its release have been expressly consented by and agreed upon in writing by the other Party. However, if at any time, any Party hereto shall be bound by law or regulation or other mandatory order to make any such public announcement, such Party shall be entitled to do so after close and timely consultation with the other Party.

18.3 Severability

Should any of the provisions of this NSA be held invalid or non-enforceable, said invalidity or non-enforceability will not result in the invalidity or non-enforceability of the remaining provisions of this JVSA, which will continue to remain in full force and effect. In that event, the Parties will negotiate in good faith feasible solutions, satisfactory to both Parties aimed at replacing the invalid or non-enforceable provisions.

18.4 Headings

Headings used in this JVSA are for convenience only and shall not affect the meaning or construction of this JVSA.

18.5 Interpretation

This JVSA shall be interpreted in good faith, having regard to the common intention of the Parties and the substantial result, which, with the execution of this JVSA, they intend to achieve.

18.6 Other Provisions

This .JVSA and the Annexes hereto contain all the provisions governing the relationships between the Parties concerning the rights and obligations set forth herein and supersede any other previous understanding between the Parties on the subject matter hereof.

18.7 Governing Law and Court

This JVSA shall be governed by the laws of the State of Israel. All disputes arising from the implementation, interpretation and termination of this JVSA shall be referred to the exclusive jurisdiction of the competent courts in Tel Aviv district.

18.8 Final Provision

The **Parties** also acknowledge that this JVSA is the outcome of articulated negotiations between the **Parties** who therefore give their express and unconditional acceptance of the whole and of every part hereof.

This **JVSA** includes the **JVSA** and the following Exhibits:

Exhibits:

A. Amended Articles of VC Singapore

B. Signatory Rights Procedure

February 28, 2015

Sinay

/s/ Soeren Maor Sinay

By: Soeren Maor Sinάy

Title: General Manager (President)

Venus Concept Ltd.

/s/ Greg Van Steveren

by: Greg Van Steveren on behalf of Domenic Serafino

Title: Chief Financial Officer

Exhibit 10.53

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Quality Agreement — Suppliers of Materials/Finish Goods

1. Administrative information:

1.1 This agreement defines the Quality Agreement between **Venus Concept Ltd.** (the customer) and **R.H. Technologies Ltd.** (the supplier), that has entered into a technical supply agreement, for materials and services.

1.2 This agreement pertains to the products and services listed in Annex A.

2. Quality Management System and regulations

: The supplier will establish and maintain a quality management system in accordance with the relevant standards and regulations.

2.1 2.2. A copy of any quality system certification will be sent to Venus Concept Ltd. (i.e. IS09001, IS013485 etc.).

2.2 The supplier agrees that his responsibilities for the Quality System processes will be according to what is detailed in Annex B.

2.3 The supplier agrees to be audited at mutually agreed dates and times by Venus Concept Ltd., third party or regulatory authority with respect to all manufacturing activities and related Quality System processes that are provides to Venus Concept Ltd.

2.4 The supplier agrees to be audited in unannounced regulatory audits, done either by Venus Concept Ltd., third party or regulatory authority as a Venus Concept subcontractor.

2.5 The Supplier shall promptly notify the Customer of any inspection or audit findings that impact the safety, effectiveness, conformity, or availability of product the Supplier provides to the Customer.

2.6 The Supplier shall notify the Customer immediately in case of applicable certificates withdrawn (such as ISO 9001, ISO 13485, IPC 610) as a result of any inspection or audit findings.

3. Complaince:

3.1 The supplier agrees to supply only products complying with the purchasing specification developed and maintained by Venus Concept Ltd. for the specific material.

3.2 The supplier agrees to supply the safety critical components complying with the specification developed and maintained by Venus Concept Ltd.

3.3 The supplier agrees to provide incoming inspection for the safety critical components as defined by Venus Concept Ltd.

3.4 The supplier agrees to perform manufacturing and testing process or to provide the service by trained and qualified personnel.

3.5 The supplier agrees to implement the changes of any material. manufacturing process, testing methods, facility etc. that may have impact on the quality system or quality products only after coordination and written approval of Venus Concept Ltd. quality department.

3.6 The supplier agrees to provide all required activities in its engineering process (e.g. DMR documents distribution, product BOM change, production employees training) in order to ensure correct and effective implementation of the products/processes change approved by Venus Concept Ltd.

3.7 The supplier agrees to comply with the IPC 610 (Class 2) standard for electronic assemblies.

4. Non conformance:

4.1 The supplier agrees to inform Venus Concept Ltd immediately of any errors or deviations in the material manufacturing that may have impacted the quality of the materials supplied or nonconformance from defined configuration.

4.2 In case of non-conformance the Supplier shall segregate, investigate, and disposition all nonconforming material.

4.3 The Supplier is authorized to make scrap dispositions without Customer Authorization. Concession, rework, repair or use as is dispositions require the Customer's written authorization.

4.4 The supplier agrees not to supply non-conforming materials without the prior approval of Venus Concept Ltd.

5. Procurement

5.1 Make parts shall be procured according to the Venus Concept specification from the manufacturers approved by Venus Concept Ltd.

5.2 Buy items shall be procured from the manufacturers approved by the Venus Concept.

6. Confidentiality

6.1 The supplier agrees not to pass any information regarding the supply of materials to a 3rd party without the prior approval of Venus Concept Ltd.

7. Manufacturing, Packaging, and Labeling

7.1 lf environmental conditions could reasonably be expected to have an adverse effect on product quality, the Supplier shall establish and maintain procedures, to adequately control these environmental conditions. The Supplier shall keep records of these activities and make them available to Venus Concept Ltd. upon request.

7.2 The Supplier shall ensure that all equipment used in the manufacturing process for product is appropriately placed, installed and calibrated. The Supplier shall establish and maintain schedules for the maintenance of equipment to ensure that manufacturing specifications are met.

7.3 The Supplier shall keep records of these activities and make them available to the Customer upon request.

7.4 The Supplier shall establish and maintain schedules for the calibration and other maintenance of measuring and test equipment.

7.5 The Supplier shall keep records of these activities and make them available to the Customer upon request.

7.6 The Supplier shall control all labeling and packaging operations to prevent labeling mix-ups.

7.7 The Supplier will package the product using the agreed methods.

7.8 The Supplier shall keep records of the labeling and packaging activities and make them available to the Customer upon request.

7.9 The Supplier shall establish and maintain procedures to control storage areas and stock rooms to prevent mix-ups. damage, deterioration or other adverse effects.

7.10 The supplier agrees to investigate complaints regarding the purchased and produced materials and issue a written report to Venus Concept Ltd. detailing the findings and applicable corrective actions.

7.11 The supplier agrees to supply required documentation (e.g. original DHR) with each shipment as applicable for the material/product.

7.12 The supplier agrees to maintain and keep quality records related to Venus Concept products, including raw materials and components, and to provide the quality records upon Venus Concept request. The quality records termination shall be approved by both Venus Concept Ltd & RH Technologies.

Annex A: Products and Services Covered by This Agreement

[as referred in article 1.2 of this agreement]

Assemblies P/N:	[***]. Viva applicators: [***] [***].
	[***]. System applicators: [***] [***]
	[***] System applicator: [***]
	[***] System applicator: [***] [***] [***]

This Quality Agreement has been signed by:

By: /s/ Svetlana Igel By: /s/ Ehud Gitai

Date: November 19, 2017 Date: November 17, 2019

Title: QA Director Title: Quality Technology and Regulating

for Venus Concept Ltd.forR.H. Technologies Ltd.

Quality Agreement History

Revision	Change
March 2017	Initial Agreement
November 2017	1.Annex A- Products list updated 2.Annex B- Responsibility for vigilance and inspection and testing updated

Exhibit 10.54

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Quality Agreement — Suppliers of Materials/Finish Goods

1. **Administrative information**:

   1.1 This agreement defines the Quality Agreement between **Venus Concept Ltd.** (the customer) and **USR Electronic Systems (1987) Ltd.** (the supplier), that has entered into a technical supply agreement, for materials and services.

   1.2 This agreement pertains to the products and services listed in Annex A:

2. **Quality management System and regulations**: The supplier will establish and maintain a quality management system in accordance with the relevant standards and regulations.

   2.1 A copy of any quality system certification will be sent to Venus Concept Ltd. (i.e. IS09001, IS013485 etc.).

   2.2 The supplier agrees that his responsibilities for the Quality System processes will be according to what is detailed in Annex B.

   2.3 The supplier agrees to be audited at mutually agreed dates and times by Venus Concept Ltd., third party or regulatory authority with respect to all manufacturing activities and related Quality System processes that are provides to Venus Concept Ltd.

   2.4 The supplier agrees to be audited in unannounced regulatory audits, done either by Venus Concept Ltd., third party or regulatory authority as a Venus Concept subcontractor.

   2.5 The Supplier shall promptly notify the Customer of any inspection or audit findings that impact the safety, effectiveness, conformity, or availability of product the Supplier provides to the Customer.

2.6 The Supplier shall notify the Customer immediately in case of applicable certificates withdrawn (such as ISO 9001, ISO 13485, IPC 610) as a result of any inspection or audit findings.

3. **Complaince**:

3.1 The supplier agrees to supply only products complying with the purchasing specification developed and maintained by Venus Concept Ltd. for the specific material.

3.2 The supplier agrees to perform manufacturing and testing process or to provide the service by trained and qualified personnel.

3.3 The supplier agrees to implement the changes of any material, manufacturing process, testing methods, facility etc. that may have impact on the quality system or quality products only after coordination and written approval of Venus Concept Ltd. quality department.

3.4 The supplier agrees to provide all required activities in its engineering process (e.g. DMR documents distribution product BOM change, production employees training) in order to ensure correct and effective implementation of the products/processes change approved by Venus Concept Ltd.

3.5 The supplier agrees to comply with the IPC 610 (Class 2) standard for electronic assemblies.

4. **Non conformance**:

4.1 The supplier agrees to inform Venus Concept Ltd immediately of any errors **or** deviations in the material manufacturing that may have impacted the quality of the materials supplied or nonconformance from defined configuration.

4.2 In case of non-conformance the Supplier shall segregate, investigate, and disposition all nonconforming material.

4.3 The Supplier is authorized to make scrap dispositions without Customer Authorization. Concession, rework, repair or use as is dispositions require the Customer's written authorization.

4.4 The supplier agrees not to supply non-conforming materials without the prior approval of Venus Concept Ltd.

5. **Procurement**

5.1 All parts supplied should be procured only from official distributers.

6. **Confidentiality**

6.1 The supplier agrees not to pass any information regarding the supply of materials to a 3rd party without the prior approval of Venus Concept Ltd.

7. **Manufacturing, Packaging, and Labeling**

7.1 If environmental conditions could reasonably be expected to have an adverse effect on product quality, the Supplier shall establish and maintain procedures, to adequately control these environmental conditions. The Supplier shall keep records of these activities and make them available to Venus Concept Ltd. upon request.

7.2 The Supplier shall ensure that all equipment used in the manufacturing process for product is appropriately placed, installed and calibrated. The Supplier shall establish and maintain schedules for the maintenance of equipment to ensure that manufacturing specifications are met.

7.3 The Supplier shall keep records of these activities and make them available to the Customer upon request.

7.4 The Supplier shall establish and maintain schedules for the calibration and other maintenance of measuring and test equipment.

7.5 The Supplier shall keep records of these activities and make them available to the Customer upon request.

7.6 The Supplier shall control all labeling and packaging operations to prevent labeling mix-ups

7.7 The Supplier will package the product using the agreed methods.

7.8 The Supplier shall keep records of these activities and make them available to the Customer upon request.

7.9 The Supplier shall establish and maintain procedures to control storage areas and stock rooms to prevent mix-ups, damage, deterioration or other adverse effects.

7.10 The supplier agrees to investigate complaints regarding the purchased and produced materials and issue a written report to Venus Concept Ltd. detailing the findings and applicable corrective actions.

7.11 The supplier agrees to supply required documentation with each shipment as applicable for the material/product.

7.12 The supplier agrees to maintain and keep quality records related to Venus Concept products, including raw materials and components, and to provide the quality records upon Venus Concept request. The quality records termination shall be approved by Venus Concept Ltd.

Annex A: Products and Services Covered by This Agreement

[as referred in article 1.2 of this agreement]

Assemblies:	[***], Versa applicators: [***], [***], [***], [***], [***], [***], [***], [***], [***], [***]. [***], [***], [***], Legacy applicators: [***], [***], [***], [***] . [***], Freeze Plus applicators: [***], [***]. Freeze system applicators: [***], [***], [***], [***] Swan system applicators: [***], [***].
PCB:	[***],[***],[***],[***],[***],[***],[***],[***],[***],[***],[***],[***],[***].

Annex B: Quality Management System processes [as referred in article 1.2 of this agreement].

USR Electronic Systems Ltd. and Venus Concept Ltd. shall bear responsibility for the following quality management system aspects, as applicable:

QMS Requirement	USR responsibility	Venus Concept responsibility
Suppliers approval and evaluation	**x**	**x**
Quality audits (including unannounced audits)	**x**	**x**
Competence, awareness and training	**x**	**x**
Quality objectives and measurements	**x**	**x**
Purchasing	**x**	
Incoming inspection	**x**	
Control of monitoring and measuring equipment	**x**	**x**
Process control	**x**	**x**
DMR and DHR	**x**	**x**
ECO process	**x**	**x**
Non-conforming product control	**x**	**x**
Inspection and testing	**x**	**x**
Traceability and identification	**x**	**x**
Process validation	**x**	**x**
Records retention	**x**	**x**
Documentation control	**x**	**x**
Devices Labeling		**x**
Handling, storage, packaging and delivery	**x**	**x**
Corrective and preventive action	**x**	**x**
Customer complaints handling		**x**
Vigilance, MDR and post marketing surveillance, including customer complaints		**x**
Reporting of significant and substantial changes 7671Tentitetiie€14144		**x**

This supplier technical agreement has been signed by:

By: /s/ Elena Boim Date: 12.03.2017

Title: QA Director

forVenus Concept Ltd

By: /s/ Yoram Levy Date: 12/3/17

Title: Q.A Manager

for

Exhibit 10.55

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TURN-KEY PROJECT MANUFACTURING AGREEMENT
Dated 23 March, 2014

THIS AGREEMENT (the "Agreement") is effective as of 23 March, 2014 (the "Effective Date"), by and between **Venus Concept Ltd.** an Israeli company having a principal place of business at Building 62 Hahermesh st POB 6264 Karmiel 21652 Israel ("Customer") and **U.S.R. Electronic Systems (1987) Ltd.**, an Israeli company having its principal place of business at 19 Hanapach st Karmiel, 21617, Israel, and its affiliates and subsidiaries ("USR").

Whereas Customer wishes to appoint USR as its Turn Key manufacturer, who shall manufacture for the Customer certain electronic devices; and

Whereas USR has the ability and expertise in the Turn Key manufacturing of electronic devices and is capable of manufacturing the products; and

Whereas the parties agree that USR will manufacture the products for the Customer according to the terms of this agreement;

Now, therefore; it is agreed by the parties as follows:

1. Manufacture on Turnkey Basis

USR will procure materials, manufacture, assemble and sell to Customer the products ordered (the: "Products"). USR shall be entitled to engage subcontractors in the performance of its obligations under this agreement.

2. Purchase Orders

The Customer will issue USR a binding Purchase Orders ("PO") on a monthly basis (no later than the 24th day of each month) so that at any time USR will have no less than three (3) months (excluding the month on which the applicable PO is issued) PO lead time to delivery. PO's shall be irrevocable. Increasing of quantities, rescheduling of deliveries and expedites of deliveries will be approved in writing based on production capacity and material deliveries to USR. When issuing an order, the customer will approve the material purchasing process according to minimum order quantities ("MOQ") or minimum package quantities ("MPQ") (according to paragraph 6.1). This MOQ and MPQ approval will be considered as Customer obligation and the Customer will purchase all the excess materials at the end of the project, termination of this agreement with or without any cause or in any case of discontinuation of production due to Customer request and in accordance with paragraph 6.3.

3. Forecasts

The customer will provide USR, no later than the 25th day of every calendar month, a rolling forecast covering at least the period of three (3) calendar months beginning at the end of the period mentioned in section 2. Based on this forecast USR will purchase all the long lead items ("LLI"), the customer will be noticed and will approve the purchase of these items and will be obligated for this inventory accordingly.

4. Payment Terms

4.1 All payments made under this Agreement shall be made by Customer to USR via electronic funds transfer in US Dollars within sixty (60) calendar days following the end of the month of the invoice without set-off of any kind (subject to section 8.2). Customer shall repo any believed discrepancies in USR' invoices on later than ten (10) working days after the date of invoice.

4.2 The parties agree that the exchange rate between the US Dollar and NIS shall be equal to the last published exchange rate as published by the Bank Of Israel on the date of each payment, provided that in any event the exchange rate applicable to the cost of work performed including Mark up shall not be below [***] NIS/US$.

5. Product Pricing

For each Product, Customer will pay USR a price ("Product Price") which shall consist of (a + b + c + d) which (a) The DDU cost of materials and (b) Material Overhead = (a) * Mark up and (c) The components placement machines costs plus the labor costs based on [***] $ per hour and (d) The test costs based on [***] $ per hour. All changes in the price shall be by mutual agreed. Notwithstanding the above, if the costs of production increase due to changes in a Product requested by Customer the Product Price shall be adjusted to reflect the increase in USR's costs. Any changes on the production definition requested by the customer that affect the manufacturing costs shall be priced according to the changes on the material cost and/or production process based on [***] $ per working hour . The customer shall approve such changes in writing and update the purchase orders respectively.

5.1 PPV Mechanism - In case of any gaps between prices that USR received from Customer or gaps between the price list and the actual purchase Price, Customer will approve in advance such gaps and will pay the Price variance accordingly including Mark up. PPV will be calculated by USR every week the Customer will issue a PO according to the agreed calculation.

5.2 NPI (including special engineering activities) will be priced and quoted separately.

6. Procurement of materials; Inventory management

6.1 Minimum Order Quantity - Customer hereby authorizes USR, and USR shall be entitled, to order as necessary to support orders issued and in accordance with material lead times. Such authorization shall include additional materials as are reasonably required taking

into account supplier minimum order requirements and packaging sizes (“Minimum Order Quantity”, or “MOQ” as approved in advance by Customer). If applicable, any additions above [***] USD will require Customer’s prior written approval. MOQ will be approved by Customer not more than 24 hours from USR request.

6.2 Customer Authorized Vendors - USR will procure materials only from AVL for the Products and/or Spare Parts. Customer will provide USR with an AML/AVL for each B.O.M. item of a Product to be manufactured. Once Customer advises USR of its selected vendors, USR may not change to other vendors without Customer’s advance written approval.

6.3 Excess Material - Every week USR shall provide Customer the MRP results for approval, Customer shall response within one business day and approve/disapprove the purchasing requisition. Once a quarter and no later than two month from last delivery date Customer shell buy the approved excess material from USR + Mark up unless the customer issue an additional purchase order that consume this Excess Material.

6.4 Dead Material - Dead material = (allocation = 0). Customer will purchase remain monthly material with zero demand + Mark up at the end of each month.

6.5 Inventory Revaluation - Regarding the approved components and materials purchased pursuant to this agreement, during the first week of each calendar quarter, USR will propose component inventory revaluation of material that is on hand or on open purchase orders with suppliers whose prices cannot be changed based upon the prices of components in the previous quarter compared to those used in the current quarter Product pricing. The parties shall agree the inventory revaluation for the current quarter within one (1) week of Customer’s receipt of USR’s proposal, the “Inventory Revaluation”.

6.6 Unique Components - Customer Unique Components shall be defined as materials procured under PO or other written Customer procurement authorizations identified as vendor identified non-cancelable/non-returnable and/or end of life (“EOL”) and/or last time buy (“LTB”) and /or obsolete (“NCNR”) components, and components beyond vendor cancellation window that cannot be returned nor used by USR on current production programs. Unique Components will be reviewed quarterly and will be approved in advance by Customer.

6.7 In the event of any technical change or cancellation, rescheduling or change in a PO by Customer (“Change”), and/or if the Customer did not place an order for product for [***] months and/or in the event of termination of this agreement from any reason, Customer shall purchase immediately any of USR’s obsolete and/or excess inventory, Products (finish or WIP) and / or materials, resulting from such Change or termination; - (i) identified by USR as long lead components; (ii) which are obsolete or LTB or EOL; (iii) purchased due to minimum purchase considerations; or (iv) purchased by USR pursuant to the parties mutual agreement, provided that such components were purchased by USR with respect to the fulfillment of its obligations under this agreement (“Repurchased Components”). The price paid by Customer shall be the DDU cost of materials plus Mark up. USR will transfer to the Customer a price list.

7. Warranty

7.1 USR undertakes that the Products shall correspond with their respective specifications for a period of [***] months following their supply to the Customer (the "Warranty Period").

7.2 During the Warranty Period USR undertakes to:

7.2.1 Repair any defective or non-complying Products or part thereof which does not function correctly, according to their specifications, only due to a manufacturing defect (including but not limited to a fault in, workmanship or materials).

7.2.2 The warranty will not include matters not specified in this Section.

7.3 The warranty will not apply in such cases where the fault is due to any of the following:

7.3.1 The operation of the Products or the treatment or use thereof was not in accordance with the Products' operation instructions, or the operation was by unqualified personnel or the Product was used in a non-suitable environment.

7.3.2 Faults due to the connection of the Products to other non-approved appliances, or devices, or damage to the Products due to an external factor such as accident, fire, flooding, electricity failure, air conditioning failure, etc.

7.4 In all the specified instances in section 7.3 above whereby the warranty does not apply, the Customer will bear the repair cost of the Products, including during the Warranty Period.

8. RMA Procedure

8.1 USR shall approve in advance on all Products to be returned for repair or rework. Customer shall obtain a Returned Material Authorization (RMA) number from USR prior to return shipment. Customer shall make reasonable commercial efforts to ensure that all returns shall state the specific reason for such return, and will be processed in accordance with USR's Returned Material Authorization Procedure, a copy of which is available from USR upon request. Any repaired Product shall be warranted as set forth in this Article for a period equal to the greater of (i) the balance of the applicable warranty period relating to such product or (ii) thirty (30) days after it is received by Customer. The warranty for Service RMA shall be [***] days after supply date.

8.2 USR undertakes to repair the RMA within maximum 60 working days from actual returned date of goods excluding designed problem that is not solved by the customer or lack of tools/components in such cases the customer will be noticed.

8.3 RMA Service — In case of returned products which are not under warranty or returned products for upgrades, the pricing for the service will be based on the actual working hours plus the cost of components that needed to be replaced + mark up

9. Changes in Products (ECO)

9.1 Customer has the right to change the specifications of any Products, subject to a written notice to USR, allowing USR five (5) working days to adjust and prepare for the manufacture of the new revised Products. In case that major changes are required and subject to the availability of components the parties will mutually agree, on a case-by-case basis on the related cost and delivery schedule changes.

9.2 USR will have the right to offer updates at its own initiative with regard to the Production File; provided, however, that any such updates will not take place until Customer approves them in writing and until such time, they will not constitute part of the Production file.

9.3 If, as a result of a change ordered by Customer, USR will have to purchase new components or to carry out additional work; USR will have the right to postpone the delivery of the Products by a period to be agreed by both parties in writing. The cost of any increase in prices and/or additional material work required shall be mutually agreed by the parties and shall be borne by Customer.

9.4 Customer will provide notice regarding any change of components in writing, at least [***] days before the actual planned date of change. USR shall notify Customer promptly as to whether the changed components are in its inventory. Customer shall cover the cost of any components that were already purchased by USR, prior to the notice of change of specification, provided however, that such component are not required for the manufacturing of other Products.

9.5 Should USR experience any difficulties in production or any other problem that may render the performance of any of the terms of this Agreement impossible, it shall immediately inform Customer of any such occurrences in writing and the parties will attempt to reach an agreed upon solution.

9.6 In the event of any technical change by Customer ("Change"), Customer shall immediately purchase any of USR's obsolete and/or excess inventory, Products (finish or WI) and/or materials, resulting from such Change.

9.7 Engineering Charge — ECO (not including the production charges due to the ECO) - Customer will pay for the first production [***] $/placement. For the Second production & forward [***] $/placement. For Mass production any ECO = Charge [***] $.

10. Yield

The customer shall cover the all costs (material + overhead + labor + test) regarding the products and/or materials that defined as defective and the cause is not the workmanship

or incoming material inspection, based on the production file supplied by the customer or known production standards.

11. Terms & Termination

11.1 This agreement will have initial term of one (1) years starting the effective date. After the initial term, the agreement will automatically renew for additional one year period(s) unless either party provides the other with at least three (3) months prior written notice of its intention not to renew the agreement prior the expiration date.

11.2 The parties will have the right to terminate this Agreement at any time subject to a three (3) months prior written notice.

11.3 The parties may terminate this Agreement for cause, upon a thirty (30) days prior written notice if any of the following events occur:

(a) One party commits or binds the other party to any legal obligations without receiving the other party written approval.

(b) A receiver, trustee, or liquidator is appointed for any of the one party properties or assets; the party admits its inability to pay its debts as they mature; the party makes a general assignment for the benefit of creditors, or readjustment of its debts is filed under any law or statute; or the party ceases its business activities. In case that such petition is filed by a third party the party shall have the right to terminate this Agreement in case that such action is not reversed or cancelled within thirty (30) days.

(c) One party commits a material breach of this Agreement or fails to perform any of its obligations hereunder provided that such breach is not remedied to the reasonable satisfaction of the other party within thirty (30) days.

(d) One party assigns any of its rights and/or obligations hereunder without the other party prior written consent.

In the event of termination for cause, Customer shall be under obligation to meet USR payments pursuant to Section 4 of this Agreement.

11.4 The termination of this agreement shall not affect any outstanding POs and forecasts sent prior to the Notice, and shall not derogate from USR’s right to receive any payments due to USR in accordance with this agreement. Any delays due to force majeure shall not be deemed breach of this agreement.

12. Title to Specifications

The title to all specifications provided by Customer shall remain with Customer.

13. Title to Products

4'4683'

Title to the Products shall pass to Customer upon receipt by USR of full payment pursuant to Sections 4 above. Risk of loss or damage for the Products shall pass to Customer upon delivery

14. No Solicitation

During the term of this agreement and for a period of twelve (12) months following the termination of this agreement for any reason, both parties shall not directly or indirectly: solicit, induce, recruit, hire or encourage any employee of the other party (during the term of his relationship with such party and for a period of twelve (12) months following the termination of such relationship) to leave such position.

15. Conflict between Agreements

In the event of any conflict or inconsistency between the terms of this agreement and any other agreement, the terms of this Agreement shall control and prevail, unless agreed otherwise by the parties in writing.

16. Governing Law

This agreement shall be governed by and construed in accordance with the laws of state of Israel.

17. General

17.1 At the end of each month USR will present to the customer a delivery plan for the following month according to the open P.O.'s from the Customer and Excess inventory report.

17.2 Cancellation or rescheduling of P.O. will be only if it mutually agreed by both companies in writing.

17.3 The products will be delivered according to the Customer Packaging Guidelines and with tax Invoice which contains: order number and line number.

/s/ Liat Merhav

USR

/s/ Aharon Edoute

CUSTOMER

Exhibit 10.56

Quality Agreement

1. Administrative information:

1.1 This agreement defines the Quality Agreement between **Venus Concept Ltd.** (the Customer) and **Electronique du Mazet,** France (the Supplier), that has entered into a technical supply agreement, for design and development, materials and production, and services.

1.2 This agreement pertains to the products and services listed in Annex A.

2. Quality Management System and regulations:

2.1 The supplier will establish and maintain at all times a quality management system (QMS) in accordance with the relevant standards and regulations.

2.2 A copy of any QMS certification will be sent to Venus Concept Ltd. (i.e., ISO13485, ISO9001 etc.).

2.3 The supplier agrees that his responsibilities for the QMS processes will be according to what is detailed in Annex B.

2.4 The supplier agrees that his activities related to this contract will be carried out per the supplier QMS and per applicable standards.

2.5 The supplier agrees to be audited at mutually agreed dates and times by Venus Concept Ltd., third party o- regulatory authority with respect to all design and development, production and services and related QMS processes.

2.6 The supplier agrees to be audited in unannounced regulatory audits, done either by Venus Concept Ltd., third party or regulatory authority as a Venus Concept subcontractor.

2.7 The Supplier shall promptly notify the Customer of any inspection or audit findings that impact or may impact the safety, effectiveness, conformity, or availability of product the Supplier provides to the Customer.

2.8 The Supplier shall notify the Customer immediately in case of applicable certificates withdrawn (such as ISO 13485, ISO 9001, IPC 610) as a result of any inspection or audit findings.

3. Complaince:

3.1 The supplier agrees to develop, manufacture and supply only products complying with the purchasing specification developed and maintained by Electronique du Mazet per its QMS for the specific material.

3.2 The supplier agrees to supply the safety critical components complying with the specification developed and maintained by Electronique du Mazet per its QMS.

3.3 The supplier agrees to provide incoming inspection for the incoming components as defined by Electronique du Mazet processes.

3.4 The supplier agrees to perform development, manufacturing and related testing process or to provide the services by trained, qualified and certified personnel.

3.5 The supplier agrees to implement the changes of any design and development, material, manufacturing process, testing methods, facility and the like that may have impact on the quality system or quality of products only after coordination and written approval of Venus Concept Ltd. quality department.

3.6 The supplier agrees to provide all required activities in its engineering process (e.g. DMR documents distribution, product BOM change, production employees training) in order to ensure correct and effective implementation of the products/processes changes approved by Venus Concept Ltd.

3.7 The supplier agrees to comply with the IPC 610 (Class 2) standard for electronic assemblies.

4. Non conformance:

4.1 The supplier agrees to inform Venus Concept Ltd immediately of any errors or deviations in the material manufacturing or processes that may impact the quality of the materials supplied or nonconformance from defined configuration.

4.2 In case of non-conformance the Supplier shall segregate, investigate, and disposition all nonconforming materials according to the supplier’s QMS defined procedures.

4.3 The Supplier is authorized to make scrap dispositions without Customer Authorization. Concession, rework, repair or use as is dispositions shall be per supplier’s QMS and require the Customer’s written authorization.

4.4 The supplier agrees not to supply non-conforming materials without the prior approval of Venus Concept Ltd and per supplier’s QMS.

5. Procurement

5.1 Make parts shall be procured according to the Electronique du Mazet specification from the manufacturers approved by Electronique du Mazet per its QMS.

5.2 Buy items shall be procured from the manufacturers approved by Electronique du Mazet per its QMS.

6. Confidentiality

6.1 The supplier agrees not to pass any information regarding the design and development, manufacturing and services and supply of materials to any 3rd party without the prior approval of Venus Concept Ltd.

7. Product Design

7.1 The supplier is overall responsibly for the design and development of the device, including establishing and maintenance of the required by ISO 13485 development plans, design and development documentation (including Design review meetings), control of design and development changes, risk analysis, verification, validation and design transfer activities.

7.2 The supplier is the legal manufacturer of the Electronique du Mazet Products and will be responsible for the Design History File (“DHF”) for each of the Products. The supplier shall hold and maintain the assigned elements of the Design History File (DHF) containing the development and all changes to the device in accordance with relevant regulatory requirements.

8. Manufacturing, Packaging, and Labeling

8.1 If environmental conditions could reasonably be expected to have an adverse effect on product quality, the Supplier shall establish and maintain procedures, to adequately control these environmental conditions. The Supplier shall keep records of these activities and make them available to Venus Concept Ltd. upon request.

8.2 The Supplier shall ensure that all equipment used in the manufacturing process for product is appropriately placed, installed and calibrated. The Supplier shall establish and maintain schedules for the maintenance of equipment to ensure that manufacturing specifications are met.

8.3 The Supplier shall keep records of these activities and make them available to the Customer upon request.

8.4 The Supplier shall establish and maintain schedules for the calibration and other maintenance of measuring aid test equipment.

8.5 The Supplier shall keep records of these activities and make them available to the Customer upon request.

8.6 The Supplier shall control all labeling and packaging operations to prevent labeling mix-ups.

8.7 The Supplier will package the product using the agreed methods.

8.8 The Supplier shall keep records of the labeling and packaging activities and make them available to the Customer upon request.

8.9 The Supplier shall establish and maintain procedures to control storage areas and stock rooms to prevent mix-ups, damage, deterioration or other adverse effects.

8.10 The Supplier agrees to investigate complaints regarding the purchased and produced materials and issue a written report to Venus Concept Ltd. detailing the findings and applicable corrective actions.

8.11 The Supplier agrees to supply required documentation (e.g. original DHR) with each shipment as applicable for the material/product.

8.12 The Supplier agrees to maintain and keep quality records related to Venus Concept products, including raw materials and components, and to provide the quality records upon Venus Concept request. The quality records termination shall be approved by both Venus Concept Ltd & Electronique du Mazet.

Annex A: Products and Services Covered by This Agreement

[As referred in article 1.2 of this agreement]

Assemblies P/N:	NG210002 — NeoGraft 2.0 System, System applicators: AS210001 - EXTRACTING APPLICATOR AS210016 - INCISION HANDPIECE WITH CABLE AS210002 - IMPLANTING APPLICATOR

Annex B: Quality Management System processes [as referred in article 2.4 of this agreement].

Each of Electronique du Mazet and Venus Concept Ltd. shall bear responsibilities for the following Quality Management System aspects, as applicable:

QMS Requirement	**Electronique du Mazet responsibility**	**Venus Concept responsibility**	**Comments**
Design and Development	**x**	**x** (Assist)	
Product DHF	**x** (Maintenance)	**x** (Review)	Usability, clinical, biocomp, - VC Risk Analysis — mutual
Suppliers approval and evaluation	**x**		Tubings supplier, to be found by VC
Quality audits (including unannounced audits)	**x**	**x**	
Competence, awareness and training	**x**	**x**	
Quality objectives and measurements	**x**	**x**	
Purchasing	**x**		
Incoming inspection	**x**		
Control of monitoring and measuring equipment	**x**		
Process control	**x**		
DMR and DHR	x (DMR, DHR)	x (DMR - assist and copy)	
ECO process	X (lead)	X (approval by signing)	

Non-conforming product control	**x**	**x**	
Inspection and testing (In-process)	**x**		
Inspection and testing (Final inspection)	**x**		
Traceability and identification	**x**		
Process validation	x (Perform)	x (Assist)	
Records retention	x		
Documentation control	x		
Devices Labeling	x (Labeling process)	x (Labeling definition)	UM - VC
Handling, storage, packaging and delivery	X (to VC)	X (from VC to customer)	
Corrective and preventive action	x		
Customer complaints handling	x (data base)	x (actual activities)	
Vigilance, MDR and post marketing surveillance, including customer complaints	x (Assist)	x (actual activities)	
Reporting of significant and substantia- changes to the Notified Body	x		

(*) — in case of materials supplied by Venus Concept.

This Quality Agreement has been signed by:

By: /s/ Yoni Iger	By: /s/ Sebastian Ailleret
Date: July 17, 2018	Date: July 13, 2018
Title: VP QA/RA/CA/PM	Title: President
for Venus Concept Ltd.	for Electronique du Mazet

Quality Agreement History

Revision	**Change**
July 2018	Initial Agreement

Exhibit 10.57

INTELLECTUAL PROPERTY RIGHTS ASSIGNMENT AGREEMENT	**ACTE DE CESSION DE DROIT DE PROPRIETE INTELLECTUELLE**
Between	Entre
Electronique du Mazet	**Electronique du Mazet:**
as Vendor	en qualité de Vendeur
and	et
Venus Concept Ltd.	**Venus Concept Ltd**
as Purchaser	en qualité d'Acquéreur
15 February 2018	**15 février 2018**

This INTELLECTUAL PROPERTY RIGHTS ASSIGNMENT AGREEMENT is made on 15 February 2018

Between:

(1)Electronique du Mazet, a French *société par actions* (1) *simplifiée,* the registered office of which is located at Zone Artisanale, 43520 Mazet-Saint-Voy, and registered with the Trade and Companies Registry of le Puy-En-Velay under number 418 274 700, represented by Sebastian Ailleret, duly authorized for the purpose hereof (the "**Vendor**"); and

(2)Venus Concept Ltd., an Israeli company, the registered office of which is located at 2 Ha-Yetzira St., Yokneam, Israel, and identified under number 514246636, represented by Domenico Serafino duly authorized for the purpose hereof (the **"Purchaser");**

the Vendor and the Purchaser being individually referred to as the "Party" and collectively as the "Parties";

Whereas

On 10 May 2014, Societe de Promotion et Diffusion d'Equipement Medical Medicamat, a French *société par actions simplifiée,* the registered office of which is located at 59 Avenue Augustin Dumont, 92240 Malakoff, and registered with the Trade and Companies Registry of Nanterre under number 313 104 614 **("Medicamat")** and the Vendor have entered into a supplier agreement *(contrat de sous-traitance de confidentialité et non sollicitation,),* **(the "Supplier Agreement")** for the purposes of designing, developing and manufacturing Medicamat's S.A.F.E.R.G/NeoGraft® medical hair transplant device (the **"Neograft Device").**

Vendor in the course of the performance of the Supplier Agreement has developed creations, including software, in connection with the design, development and manufacturing of the Neograft Device that may be protected by intellectual property rights and associated immaterial rights.

On 26 January 2018; Venus Concept Ltd., as purchaser, and, among other parties, Medicamat, as seller, entered into a master asset purchase agreement relating to the acquisition by the Purchaser and its affiliates of certain Medicamat's assets (the "**Master Asset Purchase Agreement**"), including all rights associated to the Neograft Device and the Supplier Agreement.

The Vendor has consented in writing on 1 February to the transfer of the Supplier Agreement to the 2018 Purchaser with effect on the Closing Date as defined in the Master Asset Purchase Agreement.

The Vendor agrees to assign, and the Purchaser consent agrees to purchase, the Intellectual Property (as this term is defined hereinafter), under the terms and conditions provided for in this Agreement.
NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1.Definitions

In this Agreement, the following terms shall have the meanings set out below:present

"Agreement" means this agreement, its recitals and its schedules

"Claim" means any claim, demand, assessment, and any , legal, administrative or arbitration action or proceeding, and any judgment, whether civil, criminal, administrative or investigative;

"Closing Date" has the meaning set out in section 2;

"Encumbrance" means for any asset or right, any security of real or personal property (such as notably pledge, lien, mortgage, personal guarantee), including, pledge, liens, privilege, servitude, any right, of any nature whatsoever, restraining the free use or, free exercise, or free transfer (such as notably put options, lock-up commitment, preemption right, right of first refusal, resale right, drag along right, escrow, right of retention, ownership clause, claim) or any third party right or any other commitment of any nature whatsoever having the same purpose or a similar effect;

"Intellectual Property" means all right, title, benefit and interest of the Vendor in all intellectual property of any nature and kind owned by the Vendor attached to creations or inventions developed in connection with the design, development and manufacturing of the Neograft Device under the Supplier Agreement, including all domestic and foreign proprietary software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, all inventions, formulae, models, product and service designs, product and service configurations,
product and service formulations, processes and processing methods, technology and techniques, data, databases, proprietary information, know-how, and all causes of action and rights to sue or seek other remedies arising from or relating to the foregoing, including for any past or ongoing misuse or misappropriation, anywhere in the world, and all associated rights, including moral rights, owned by the Vendor, and any rights equivalent or similar to any of the foregoing, anywhere in the world, held or owned by the Vendor an indicative list of which is enclosed in Schedule 1;

"Master Asset Purchase Agreement" has the meaning

"Medicamat" has the meaning ascribed in the recitals;

"Neograft Device" has the meaning ascribed in the recitals;

"Person" means any individual or legal entity, investment fund, governmental entity or other entity having or not legal personality, French or not;

"Purchase Price" has the meaning set out in Section 4.1 of the Agreement;

"Purchaser" has the meaning ascribed in the recitals;

"Supplier Agreement" has the meaning ascribed in the recitals; and

"Vendor" has the meaning ascribed in the recitals.

2.ASSIGNMENT

2.1In consideration of the payment of the Purchase Price and the mutual rights and obligations assumed herein, the Vendor hereby assigns exclusively to the Purchaser with full title guarantee and with effect as from the date hereof (the "Closing **Date"),** all of its right, title and interest in and to the Intellectual Property worldwide and for the entire term of protection under legislation, regulations, international agreements and any other legal instruments applicable and in force now or from time to time in the future.

2.2On the Closing Date, the Vendor shall deliver to the Purchaser:

(i)three (3) duly executed originals of this Agreement; and

(ii)any document or information required for the use and/or exploitation of the Intellectual Property by the Vendor including source codes and documentation related to softwares.

Cet Acte De Cession De Droit De Propriété Intellectuelle est en date du 15 fév

Entre:

(1)Electronique du Mazet, une société par action simplifiée dont le siège soc Artisanale, 43520 Mazet-Saint-Voy, et immatriculée au RCS du Puy-En-Vel 418 274 700, représentée par Sebastian Ailleret, dûment autorisée aux fins « **Vendeur ») ;** et

(2)Venus Concept Ltd., une société israélienne, dont le siège social est situé Yokneam, Israel, et immatriculée sous le numéro 514246636, représent Serafino, dûment autorisé aux fins des présentes (l' **«acqúéreur») ;**

le Vendeur et l'Aacquéreur étant ci-après dénommés collectivement les individuellement une **« Partie »**

Il est préalablement expose ce qui suit :

Le 10 mai 2014, Société de Promotion et Diffusion d'Equipement Medica société par actions simplifiée dont le siège social est situe 59 Avenue August Malakoff, et immatriculée au RCS de Nanterre sous le numéro 313 104 614 (« **M** Vendeur ont conclu un contrat de sous-traitance de confidentialité et non sollicitati **Fournisseur** ») pour les besoins de la conception, du développement et de l'appareil de transplantation capillaire de Medicamat: S.A.F.E.R.®/NeoGraft® (l'« **A** »).

Au cours de l 'exécution du Contrat de Fournisseur, le Vendeur a dévelo en ce compris des logiciels, dans le cadre de la conception, le développement e l'Appareil Neograft et qui sent susceptibles d'être protègés par des droits de pro ou droits équivalents.

Le 26 janvier 2018 ; Venus Concept Ltd., en qualité d'acquéreur, et avec de son groupe, et notamment Medicamat, en quality de vendeur, oft conclu un d'actifs *(Master Asset Purchase Agreement),* aux termes duquel l'Acquéreur acquerraient certains actifs de Medicamat (le « Contrat de Cession Global » notamment tous les droits associes é l'Appareil Neograft et le Contrat de Fournisse

Le Vendeur, par acte sent en date dıı15 fevrier 2018 a donne son acc Contrat de Fournisseur l'Acquereur avec effetla date de cession *(Closing Date)* te définit dans le Contrat de Cession Global.

En vertu de ce qui precede, le Vendeur ceder et l'Acquereur ach Intellectuelle (tel que ce terme est definit ci-aprés) conformément aux termes et co le present Acte.
CECI AVANT ETE EXPOSE, IL EST CONVENU CE QUI SUIT ENTRE LES PART

1.Définitions

Les termes et expressions suivants auront, dans le Acte, la signification qui leur est

« Acte » désigne le present acte, son ρreambule et ses annexes

« Reclamation » désigne toute reclamation, demande, evaluation et toute ac judiciaire, administrative ou arbitrale, ainsi que tout jugement civil, penal, administra ;

« **Date de Cession** » le sens qui lui est donne é ('article 2;

« Charge» désigne, pour tout bien ou droit, toute súrete ou garantie personnelle notamment nantissement, gage, hypotheque ou cautionnement), en ce inclus privilege, servitude, tout droit, de toute nature, affectant la libre jouissance ou le li libre negociabilite (tels que notamment prornesse de vente, engagement d'inal preemption, pacte de preference, droit dc suite, droit de cession forcée, sequestre, clause de reserve de proprietεP, revendication) ou tout autre droit de tiers ou obl nature que ce soit avant un objet ou un effet similaire;

« Propriété Intellectuelle » désigne tout droit de proprieté intellectuelle de quel soit appurtenant au Vendeur et attache aux creations et inventions developpees d conception, Io developpement et la fabrication de l'Appareil Neograft au tit Fournisseur, notamment tout logiciel proprietaire, dessins et modeles et droits d'a ou non enregistrés et toutes les demandes d'enregistrement associees, toutes inv modeles, forme de produit ou service, configuration de produit ou service, formu services, procedures ou rnéthodes, techniques ou technologies, donnees, ba informations, savoir-faire ainsi que tout droit d'action ou tout fondernent ά un poursuivre et droit de reparation resultant de ou relatif ά ce qui precede, en utilisation ou appropriation non autorisee, partout dans lo monde, ainsi que tous l en particulier les droits moraux appartenant au Vendeur, ains que tout droit equiva ceux vises ci-dessus partout dans le monde, detenu ou appartenant au Vendeu indicative figure en Annexe 1;

« **Contrat de Cession Global »** le sens qui lui est ascribed in the recitals attribue a

« Medicamat » ά le sons qui lui est attribue au preambule ;

« **Appareil Neograft » ı** le sens qui lui est attribue au preambule ;

« Personne » désigne toute personne physique ou morale,fonds d'investi gouvernementale ou autre entity, avant ou non le personnalité morale, franҫaise ou

« **Prix de Cession »** le sens qui lui est attribue l'article 4.1 ;

« **Acquereur » ά** le sons qui lui est attribue au préambule ;

« **Contrat de Fournisseur**» a le sens qui lui est attribueau preambule ; et

« **Vendeur »** a le sens qui lui est attribue au preambule.

2.CESSION

2.1En contrepartie du paiement du Prix de Cession et des droits et obligations mu prevues par les presences, le Vendeur cede ~ l'Acquereur avec effet en date **de Cession** »), "ensemble des droits de Propriété Intellectuelle du Vendeur po et pour toute la duree legale des droits de protection intellectuelle prévue par l réglementɑtions et les conventions internationales ou par toute autre dis applicable actuelle ou future.

2.2A Ia Date de Cession, le Vendeur doit remettre i l'Acquereur :

(i)trois (3) originaux du present Acte dúment signé ; et

2.3On the Closing Date, the Purchaser shall:
(i)pay to the Vendor the Purchase Price; and
(ii)deliver three (3) duly executed originals of this Agreement.

All actions set out in paragraphs 2.2 and 2.3 above are deemed to have been completed simultaneously on the Closing Date and no delivery of documents shall be deemed made until all operations, deliveries of documents or payments referred to herein are completed, unless the Party meant to receive such document or payment, waives it in writing.

3.SCOPE OF RIGHTS

As from the Closing Date, the Purchaser is entitled to all the rights and obligations belonging to the Vendor and relating to the intellectual Property, including but without limitations (i) the reproduction, performance and adaptation rights in whatever form and by whatever means (ii) the right to initiate, restart or continue, on its behalf, at its own risk and to its benefit, as a plaintiff or as a defendant, all rights, proceedings and actions relating to the Intellectual Property, and (iii) any right of priority which may be attached to the Intellectual Property.

4.PURCHASE PRICE

4.1Amount

The price owed to the Vendor in consideration of the assignment of the intellectual Property set forth herein is for an amount equal to EUR **1** (the **"Purchase Price").**

The Purchase Price has been negotiated in good faith by the Parties, taking in consideration that (i) the Intellectual Property is attached to components or products specifically developed for the Neograft Device sold to Medicamat under the Supplier Agreement (ii) is worthless if not used in connection with the Neograft Device, property of Medicamat and (iii) that the transfer of the intellectual Property intervenes for the purposes of the transfer of the Supplier Agreement.

4.2 Payment

On the Closing Date, the Purchaser shall pay to the Vendor, in full and in cash, [by bank transfer of immediately available funds], the Purchase Price.

5. VENDOR'S REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants, to the Purchaser as of the Closing Date as follows and acknowledge that the Purchaser is relying upon such representations and warranties in connection with the execution of this Agreement.

5.1 Existence – Incorporation

The Vendor is duly incorporated and validly existing under the laws of France.

5.2 Authority and capacity

The Vendor has full power and authority to enter into this Agreement and any other agreement or document entered into pursuant to this Agreement and to perform the obligations to which it is bound under this Agreement, and has obtained all necessary consents and authorizations required to be obtained by it to perform this Agreement. This Agreement, upon execution by the Vendor, will constitute a valid and binding agreement enforceable against the Vendor in accordance with its terms.

5.3 Absence of insolvency

The Vendor is not insolvent, nor subject to any bankruptcy, insolvency. or moratorium.

5.4 Absence of violation

The execution and the performance by the Vendor of this Agreement and any other agreement entered into pursuant to this Agreement shall not constitute a violation of, or a default under, or conflict with any term or provision of the organizational documents (in particular the articles of association (*statuts*)) of the Vendor or any contract of the Vendor, the effect of which would impair the ability of the Vendor to perform its obligations pursuant to this Agreement or to any other agreement entered into pursuant to this Agreement, and there exists at the date hereof no order, writ, injunction, decree, judgment of any legal body to which the Vendor is a party or by which the Vendor or any of its properties and assets are bound, the effect of which would impair the ability of the Vendor to perform its obligations pursuant to this Agreement or to any other agreement entered into pursuant to this Agreement.

5.5 Governmental consents

The execution and the performance by the Vendor of this Agreement and any other agreement entered into pursuant to this Agreement do not and will not require any consent. approval, authorization or order of, action by, filing with or notification to any government, governmental, supranational or trade agency, court or regulatory body.

5.6 Intellectual Property

The Vendor is the sole exclusive legal and beneficial owner of all right, title and interest in and to all Intellectual Property, and have good and marketable title to all Intellectual Property, free and clear of all Encumbrances. The Vendor has not granted, by transfer. license or otherwise, any right. title or interest in or to any Intellectual Property. The Vendor is free to use and exploit throughout the universe the Intellectual Property

The Vendor rights in the Intellectual Property are valid, subsisting and enforceable. The Vendor has taken all reasonable steps to maintain the Intellectual Property.

In the five (5) years preceding the Closing Date, no Person has challenged the ownership of the Vendor of the Intellectual Property or the validity or enforceability of any applications or registrations for rights in any of the Intellectual Property; nor in the five (5) years preceding the Closing Date have any actions or proceedings been taken or are pending to challenge the Vendor' ownership of, or rights to any application or the registration for, any of the Intellectual Property.

The Intellectual Property have not been the subject of any Claims or proceedings in the period of five (5) years preceding the Closing Date, nor are there any such Claims are or proceedings currently pending or outstanding, or threatened.

None of the Vendor past or current registration, use, or exploitation of the Intellectual Property violates or infringes are has violated or infringed upon the rights of any other Person. No Person has violated or infringed upon the rights or threatened to violate the rights in any respect nor does it exist any facts that would reasonably be expected to form the basis for a Claim of such infringement.

6. PURCHASER'S REPRESENTATIONS AND WARRANTIES

(ii)tout document ou information necessaire é "utilisation et/ou "exploitatio Intellectuelle par le Vendeur en ce compris les codes sources et la docu aux logiciels.

2.3A la Date de Cession. l'AcquεΩreur doit :
(i)payer le Prix de Cession su Vendeur ; et
(ii)remettre au Vendeur trois (3) originaux dúment signes du present Acte.

Toutes les actions prevues aux paragraphes 2.2 et 2.3 ci-dessus seront presume simultanément ά lα Date de Cession, et aucune remise de documents ne sera p que toutes les operαtions, remises de documents et paiements prevus aux termes seront pas achevés, ά moms que lα Partie destinee ά recevoir tels documents ou y renonce par ecrit.

3.ETENDUE DE LA CESSION

A compter de la Date de Cession, l'Acquereur est subrogé au Vendeur dans obligations que ce dernier détient sur la Propriéte Intellectuelle, et notamment mai (i) les droits de reproduction, de représentation et d'adaptation sur tous support forme que cc snit, (ii) le droit d'entreprendre, de reprendre ou de continuer, é sc profits, taut en quality; de demandeur que de defendeur, tous droits, instance actions relatifsla Propriéte Intellectuelle, et (iii) tout droit de priorité éventueller Propriete Intellectuelle.

4.PRIX DE CESSION

4.1Montant

Le prix dú au Vendeur en contrepartie de la cession de la Propriete Intellectuelle p des presences est fixé ώ un monlanl de 1 euros (le « **Prix de Cession)>).**

Le Prix de Cession a ete négocie de bonne foi entre les Parties, en prenant en co lα Propriété Intellectuelle est attachée ώ des elernents ou produits specifiquemen l'Appareil Neograft et vendus ά Medicamat au titre du Contrat de Fournisseur (ii) non utilisée avec l'Appareil Neograft, propriété de Médicamαt, et (iii) quo la cessi Intellectuelle intervient pour les besoins du transfert du Contrat de Fournisseur.

4.2 Paiement

A la Date de Cession. l'Acquereur doit payer au Vendeur, en totalite et en esp bancai re de fonds immediatement disponibles], le Prix de Cession.

5. DECLARATIONS ET GARANTIES DU VENDEUR

Le Vendeur fait et donne les declarations et garanties suivantes a la Date de Ces que l'Acquereur se base sur ces declarations et garanties pour la signature du pres

5.1 Existence et immatriculation

Le Vendeur est une societe dument immatriculee et existante de droit francais.

5.2 Autorite et capacite

Le Vendeur a tous les pouvoirs et la capacite pour signer cet Acte et tout autre co en lien avec cet Acte et pour executer les obligations mises a sa charge au titre obtenu tous les consentements ou autorisations requises pour l'execution de cet compter de sa signature, constituera un engagement valable et executoire oppc conformement a ses termes et conditions.

5.3 Absence de procedure collective

Le Vendeur n'esl pas en etat de cessation des paiements, ni l'objet d'une procedu de redressement judiciaire, de liquidation judiciaire ou moratoire.

5.4 Absence de violation

La signature et !'execution par le Vendeur de cet Acte et de tout autre acte a concl au presente, n'est pas susceptible de constituer une violation, ou un cas de de conflit avec Jes dispositions des documents sociaux (en compris notamment ses s ou tout autre contrat du Vendeur, et qui aurait pour effet de restreindre la capa executer ses obligations au titre du present Acte et de tout autre acte a conclure presente, et ii n'existe a la date ce jour aucun arrete, decret, reglement, injonction, entite juridique auquel le Vendeur est partie ou par lequel le Vendeur ou l'un quelcc est tenu, qui aurait pour effet de restreindre la capacite du Vendeur a executer ses du present Acte et de tout autre acte a conclure conformement au presente.

5.5 Autorisations gouvernementales

La signature et !'execution par le Vendeur de cet Acte et de tout autre acte a concl au presente ne necessite ou ne necessitera pas d'obtenir d'accord, autorisation, declaration ou une notification aupres de tout gouvernement, autorite nationale ou organisme regulateur.

5.6 Propriete Intellectuelle

Le Vendeur est le seul proprietaire de tous les droits attaches a et sur la Propriete de toute Charge. Le Vendeur n'a pas consen1.i de licence ou transfere de quelqu soit tout ou partie de la Propriete Intellectuelle. Le Vendeur est libre d'utilise Propriete Intellectuelle partout dans le monde.

Les droits de Propriete Intellectuelle du Vendeur sont valables et opposables aux t pris toutes mesures utiles au maintien en vigueur de la Propriete Intellectuelle.

Au cours des cinq (5) annees precedant la Date de Cession, aucune Personr titularite de la Propriete Intellectuelle du Vendeur, ni la validite ou l'opposabi demandes d'enregistrement ou enregistrements de l'un des droits de Propriete I cours des cinq (5) annees precedant la Date de Cession, aucune action ou proce ou n'est pendante pour contester la titularite de la Propriete Intellectuelle du Vende l'opposabilite aux tiers des demandes d'enregistrement ou enregistrements de Propriete Intellectuelle.

La Propriete Intellectuelle n'a fait l'objet d'aucune Reclamation ou procedure au annees precedant la Date de Cession et ii n'exisle aucune Reclamation ou proce pendante. Ou risque de telle Reclamation ou procedure.

Aucun enregistrement, utilisation ou exploitation, passe ou actuel de la Propriet porte atleinte ou ne contrefait les droits de quelque Personne que ce soil. Aucune F atteinte ou contrefait ou menace de porter atteinte de quelque maniere que ce

The Purchaser hereby makes the following representations for the benefit of the Vendor, on the Closing Date.

6.1 Existence – Incorporation

The Purchaser is a company duly incorporated and validly existing under the laws of Israel.

6.2 Authority and capacity

The Purchaser has full power and authority to enter into this Agreement and any other agreement or document entered into pursuant to this Agreement and to perform the obligations to which it is bound under this Agreement, and has obtained all necessary consents and authorizations required to be obtained by it to perform this Agreement. This Agreement, upon execution by the Purchaser, will constitute for the Purchaser a valid and binding agreement enforceable against it in accordance with its terms.

6.3 Absence of insolvency

The Purchaser is not insolvent, nor subject to any bankruptcy, insolvency, moratorium or other similar proceedings under applicable laws.

6.4 Absence of violation

The execution and the performance by the Purchaser of this Agreement and any other agreement entered into pursuant to this Agreement shall not constitute a violation of, or a default under, or conflict with any term or provision of the organizational documents (in particular the memorandum and articles of association (statuts), charter or similar constitutive document) of the Purchaser or any contract of the Purchaser, the effect of' which would impair the ability of the Purchaser to perform its obligations pursuant to this Agreement or to any other agreement entered into pursuant to this Agreement, and there exists at the date hereof no order. writ, injunction, decree, judgment of any legal body to which the Purchaser is a party or by which the Purchaser or any of its properties and assets are bound, the effect of which would impair the ability of the Purchaser to perform its obligations pursuant to this Agreement or to any other agreement entered into pursuant to this Agreement.

6.5 Governmental consents

The execution and the performance by the Purchaser of this Agreement and any other agreement entered into pursuant to this Agreement do not and will not require any consent, approval, authorization or order
of, action by, filing with or notification to any government, governmental, supranational or trade agency, court or regulatory body.

8. MISCELLANEOUS

8.1 Other Covenant

If, at any time after {he Closing Date, any Intellectual Property remains for any reason vested in the Vendor, the Vendor shall transfer such Intellectual Property to the Purchaser as soon as practicable for no additional consideration.

8.2 Notices

Any correspondence or notice required or permitted to be given under this Agreement will be deemed to have been validly sent if hand-delivered or sent by (i) fax or other wire transmission with proof of receipt; or (ii) OHL or any other express courier, for which receipt is acknowledged by the recipient or a representative of the recipient; or (iii) registered letter, postage prepaid with acknowledgement of receipt:

•In the event of notice to the Purchaser: to Venus Concept Ltd., for the attention of Domenico Serafino, at its address provided at the beginning of this Agreement; and

•In the event of notice to the Vendor: to Electronique du Mazet, for the attention of Sebastian Ailleret, at its address provided at the beginning of this Agreement;

or at such other address as may hereafter be provided in writing to the notifying Party. Notices are deemed to have been served on the date of receipt by the notified Party.

8.3 Entire agreement

This Agreement sets forth the entire agreement between the Parties with respect to the purpose of this Agreement. It supersedes any and all prior and agreements, arrangements and understandings between the Parties with respect to the purpose of this Agreement.

8.4 Severability

If any provision of this Agreement is declared void, illegal or unenforceable, it shall not render void, illegal or unenforceable the remaining provisions of this Agreement which shall continue in full force and effect.

The Parties shall in good faith negotiate in order to amend the void, illegal or unenforceable provision by valid, legal and enforceable provisions so as to achieve a result as close as possible to that intended by the void, illegal or unenforceable provision.

8.5 Amendment

This Agreement can be amended or modified only by a written instrument with the same date or a later date, duly signed by the Parties.

8.6 Conflict

This Agreement has been drafted in English and French, in case of discrepancies between the English version and the French version of this Agreement, the Parties expressly agree that the English version of this Agreement will be deemed to prevail.

8.7 Governing Law and Jurisdiction

This Agreement shall be governed by the laws of France.

The Parties expressly agree that any dispute arising between the Parties in relation to the validity, application, performance

Intellectuelle, et ii n'existe aucun fail susceptible de constituer un fondement a ur cette nature.

6. DECLARATIONS ET GARANTI ES DE L'ACQUEREUR

Le Vendeur fail et donne les declarations et garanties suivantes au benefice du Ver Cession.

6.1 Existence et immatriculation

L'Acquereur est une societe dument immatriculee et existante de droit israelien.

6.2 Autorite et capacite

L'Acquereur a tous les pouvoirs et la capacite pour signer cet Acte et tout autre co en lien avec eel Acte et pour executer les obligations mises a sa charge au titre obtenu tous les consentements ou autorisations requises pour l'execution de cet compter de sa signature, constituera un engagement valable et executoire oppos conformement a ses termes et conditions.

6.3 Absence de procedure collective

L'Acquereur n'est pas en etat de cessation des paiements, ni l'objet d'une procedu de redressement judiciaire, de liquidation judiciaire ou rnoratoire ou toute autre pro

6.4 Absence de violation

La signature et !'execution par l'Acquereur de cet Acte et de tout autre acte a conc au presente. n'est pas susceptible de constituer une violation, ou un cas de de conflit avec les dispositions des documents sociaux (en compris notamment ces st document similaire constitutif) de l'Acquereur ou tout autre contra\ de l'Acquereur effet de restreindre la capacite de l'Acquere lir a executer ses obligations au titre de tout autre acte a conclure conformement au presente, et ii n'existe a la date ce decret, reglement. injonction, jugement de toute entite juridique auquel l'Acquereu lequel l'Acquereur ou l'un quelconque de ses actifs est tenu, qui aurait pour effe capacite de l'Acquereur a executer ses obligations au titre du present Acte et de conclure conformement au presente.

6.5 Autorisations gouvernementales

La signature et !'execution par l'Acquereur de cet Acte et de tout autre acte a conc au presente ne necessite ou ne necessitera pas d'obtenir d'accord, autorisation, declaration ou une notification aupres de tout gouvernement, autorite nationale ou organisme regulateur.

8. DIVERS

8.1 Autre engagement

Si, a tout moment apres la Date de Cession, un quelconque element de Propriete pour quelconque raison que ce soil entre les mains du Vendeur, le Vendeur s'en que possible cet element de Propriete Intellectuelle a l'Acquereur sans contrepartie

8.2 Notifications

Toute correspondance ou notification qui serait necessaire ou qui pourrait etre eff du present Acte sera presumee avoir ete valablement adressee si elle est remise si elle est adressee (i) par telecopie ou tout autre procede de teletransmis reception, ou (ii) par OHL ou toute societe de coursier express avec accuse destinataire ou un representant du destinataire, ou (iii) par lettre recommandee avec demande d'avis de reception :

•En cas de notification a I' Acquereur: a Venus Concept Ltd. a !'attention de Dor l'adresse indiquee au prearnbule du present Acte ; et

•En cas de notification au Vendeur : a Electronique du Mazet, a !'attention de Se l'adresse indiquee au preambule du present Acte.

ou a toute autre adresse qui serait indiquee ulterieurement par ecrit a la Pa notification. Les notifications seront considerees avoir ete delivrees a la date de Partie notifiee.

8.3 Integralite

Cet Acte constitue l'entier accord des Parties sur les stipulations qui en sont l' remplace tout accord anterieur ecrit ou verbal enlre les Parties, relatif au meme obj

8.4 Indivisibilite

Si une clause quelconque du present Acte est declaree nulle, illicite ou inapplica entraTner la nullite, l'illiceite ou l'inapplicabilite des autres clauses du Contra!, qui valide et opposable.

Les Parties s'engagent a mener de bonne foi des negociations afin de remplac illicite ou inapplicable par des stipulations valides, licites ou applicables qui aur proche que possible de celui de la clause nulle, illicite ou inapplicable.

8.5 Modifications

Le present Acte ne pourra etre amende ou modifie que par un acte ecrit de mem posterieure signe par les Parties.

8.6 Divergences

Le Present Acte a ete redige en anglais et en francais, en consequence, si des div apparaitre entre la version anglaise et la version francaise du present Acte, les P expressement que la version anglaise du present Acle sera presurnee prevaloir.

8.7 Droit applicable et Litiges

Le present Acte est regi par le droit Francais.

De convention expresse entre les Parties, toute contestation entre les Parties relati

/s/ Sebastian Ailleret

Sebastian Ailleret

/s/ Domenico Serafino_____

Domenico Serafino

Exhibit 10.58

Electronique du Mazet

To the attention of Sebastien AILLERET

ZA route de Tence

43520 Le Mazet Saint Voy

On February 1st, 2018

By email and registered letter with acknowledgment of receipt

Re.: Consent to transfer of the *contrat de sous-traitance de confidentialite et non sollicitation* dated 10 May 2014

Dear Sir/Madam,

We refer to the *contrat de sous-traitance de confidentialite et non solicitation* entered into with your company dated 10 May 2014 (the "Contract"), and more precisely to the article entitled *"transfer"* for the purposes of obtaining your consent to the transfer of the Contract.

By the present letter, we are informing you that pursuant to a master asset purchase agreement, subject to conditions precedent, dated 26 January 2018, SOCIETE DE PROMOTION ET DIFFUSION D'EQUIPEMENT MEDICAL MEDICAMAT, a French *societe par actions simplifiee* with a share capital of EUR 40,000, the registered office of which is located at 59 Avenue Augustin Dumont, 92240 Malakoff, and registered with the Trade and Companies Registry of Nanterre under number 313 104 614 ("MEDICAMAT") has agreed to transfer certain assets and liabilities relating to its activity consisting in the commercialisation and distribution of a hair restoration medical device: S.A.F.E.R.®/NeoGraft® as well as spare parts related to the S.A.F.E.R.®/NeoGraft® device in France and overseas to Venus Concept Ltd., an Israeli company, with share capital of NIS 100,000 the registered office of which is located at 2 Ha-Yetzira St., Yokneam, Israel and registered under number 514246636 ("Venus Concept"), and/or its designated affiliates, in each case, an affiliate of Venus Concept (such transfer, the "Transaction").

For further details regarding Venus Concept and it group you may refer to its website: https://www.venusconceptcom/en-gl/

In the context of the Transaction, MEDICAMAT intends to transfer to Venus Concept (the "Transferee") all its rights, obligations and liabilities under the Contract, and the Transferee intends to assume all rights, obligations and liabilities under the Contract (the "Contract Transfer"), upon the completion of the Transaction (the "Contract Transfer Date").

The Contract Transfer Date, we anticipate will occur in the first quarter of 2018. In any event, we will inform you of such date when it has been determined and completed.

Until the Contract Transfer Date (included), all sums due under the Contract will be paid by MEDICAMAT and the invoices shall continue to be issued according to usual practices to the attention of MEDICAMAT,

Until the Contract Transfer Date, you current contacts under the Contract remains unchanged.

Following the next day of the Contract Transfer Date, the Transferee shall have of all rights and obligations under the Contract, all correspondence in relation to the performance or invoicing of the Contract shall be directly sent to the Transferee, under the procedure which will be notified to you.

You will find herewith, in Schedule 1 a pricing proposal of the Transferee applicable to the Contract for the year 2018 as from the Contract Transfer Date (the "Pricing Proposal").

By countersigning this letter below, subject to the completion of the Transaction, you hereby:

(i) consent to the Contract Transfer;

(ii) expressly agree upon the Contract Transfer Date, that the Transferee will be substituted *in* all rights and obligations of MEDICAMAT under the Contract and consequently release MEDICAMAT of all obligations under the Contract as from the Contract Transfer Date;

(iii) acknowledge and expressly agree, the pricings mentioned in the Pricing Proposal, which shall become immediately effective to the Contract on the Contract Transfer Date;

(iv) declare and expressly acknowledge that you have no right or interest of any kind, including intellectual property rights, in all the materials and products which have been provided by MEDICAMAT and/or that you have become aware of within the performance of the Contract for producing or manufacturing the products under the Contract;

(v) acknowledge and agree that, from and after the Contract Transfer Date, the Contract will continue in full force and effect on same the terms and conditions set forth therein except for those expressly amended or completed by this letter, the Contact shall be considered as incorporating all the provisions of this letter and shall be read as a single document with the Contract; and

(vi) waive any violation, breach and/or default under any provision of the Contract to the extent such violation, breach and/or default has been considered to have been caused by the Contract Transfer.

The governing law and jurisdiction provisions under the Contract shall apply to this letter.

For the proper management of our files, we should be grateful if you could return two originals of this letter, duly executed and signed by an authorized person with the below hand written mention

We remain at your disposal should you require any additional information in this respect.

Yours sincerely,

/s/ Miriam Merkur

For and on behalf of

Societe de Promotion et d'Equipement Medical Medicamat

Duly authorized

Name:

Title:

/s/ Domenic Serafino

For and on behalf of

Venus Concept Ltd.

Duly authorized

Name: Domenic Serafino

Title: CEO

/s/ Sebastian Ailleret

For and on behalf of

Electronique du Mazet

Duly authorized

Name: Sebastian Ailleret

Title: President

Signature to be followed by the hand written mention:

« *Consent to transfer and amendment to the Contract* »

Exhibit 10.59

MANUFACTURING AGREEMENT FOR CONSUMABLES

This **MANUFACTURING AGREEMENT FOR CONSUMABLES** (hereinafter referred to as "Agreement") is made and entered into as of the **October 26, 2018** . (hereinafter "Effective Date"), by and between **NPI SOLUTIONS** **,** (hereinafter "Seller"), having a principal place of business at **685 Jarvis Dr, Morgan Hill, CA 95037** ., and **RESTORATION ROBOTICS, INC.**, (hereinafter "Buyer"), having a principal place of business at 128 Baytech Drive, San Jose, CA 95134. Seller and Buyer are collectively referred to herein as the "Parties" and individually as a "Party".

WHEREAS, Buyer and Seller desire to enter into a Manufacturing Agreement for Consumables pursuant to which Buyer wishes to engage Seller to manufacture certain products, which include subassemblies and components; and

NOW THEREFORE, in consideration of the premises and undertakings hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **TERM**

1.1 The term of this Agreement shall commence upon the Effective Date, and shall continue for twenty four (24) months ("Initial Term") and shall automatically renew for additional twelve (12) month periods ("Renewal Term") unless either Party gives one hundred eighty (180) days advance notice of its intent to terminate pursuant to Section 12. The Initial Term, together with any Renewal Term, is referred to as the "Term".

2. **TERMS OF SALE**

2.1 Forecast; Orders.

(a) During the Term of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the products, including the subassemblies and components, from time to time (the "Products").

(b) Buyer shall provide Seller, on a monthly basis, a rolling twelve (12) month forecast indicating Buyer's monthly Product requirements. The first ninety (90) days of the forecast will constitute Buyer's written purchase order for Products to be delivered during such ninety (90) day period. The remainder of the forecast beyond ninety (90) days is binding only with respect to Buyer's liability for materials in Section 2.4 and elsewhere in this Agreement.

(c) Each purchase order shall reference this Agreement and the applicable Specifications (defined below), specify the quantity, model number, revision level, delivery date(s) and description of Products to be purchased. Buyer may use its standard purchase order form for any notice to be provided under this Agreement provided that each purchase order accepted by Seller shall constitute a firm and binding contract, consisting of the terms of: (1) this Agreement, (2) exhibits to this Agreement, (3) any terms conspicuously typewritten on the face of the purchase order that are not inconsistent with the terms of this Agreement, and (4) any terms in Seller's written acceptance that are not inconsistent with this Agreement and that are subsequently agreed to by Buyer in writing. Such terms in Seller's written acceptance are subject to review and acceptance by Buyer.

(d) Purchase orders and purchase order amendments shall normally be deemed accepted by Seller, provided that Seller may reject any purchase order or purchase order amendment that is outside of the flexibility parameters provided in Section 2.3 below, (b) if the fees reflected in the purchase order are inconsistent with the Parties' agreement with respect to the fees; (c) if the purchase order represents a significant deviation from the forecast for the same quarterly period in the previous year, unless such deviation is within the parameters of Section 2.3; or (d) if a purchase order would extend Seller's liability beyond Buyer's approved credit line. Seller will use commercially reasonable efforts to notify Buyer of the acceptance or rejection of an order within five (5) business days of its receipt. This Agreement sets forth the terms and conditions applicable to all purchase orders issued during the term of this Agreement, irrespective of

whether this Agreement is referenced by the purchase orders. The terms and conditions of this Agreement replace in their entirety any and all of the pre-printed purchase order terms and conditions appearing on Buyer's purchase order forms.

2.2 Precedence. In the event of any conflict between the terms of this Agreement and the terms of any exhibit or purchase order, the order of precedence is as follows:

1. The terms of this Agreement;
2. The terms of any exhibits to this Agreement; and
3. The terms on the face of Buyer's purchase order.
4. The terms of Seller's written acceptance (if any) of Buyer's purchase order, as described in Section 2.1 above.

2.3 Increases, Rescheduling and Cancellation.

(a) Subject to Section 2.4 below, Buyer may increase, reschedule, or cancel the quantity of any Products specified in a purchase order by delivering to Seller, by email, mail or facsimile, a written change order in accordance with the provisions of this Section 2.3, or in connection with an ECO (defined below) (hereinafter "Change Order"). No Change Order shall be effective until it is actually received and accepted by Seller's authorized representative.

(b) Subject to Section 2.4 below, Buyer may increase the quantity of any Product specified in a purchase order from the quantity originally set forth for the same period in the forecast provided by Buyer by delivering to Seller a Change Order, which is actually received and accepted by an authorized representative of Seller, which acceptance may or may not be granted in Seller's sole discretion. Quantities of the Products ordered for any calendar month may not exceed the original purchase order quantity without the prior written consent of Seller, which consent shall not be unreasonably withheld. In any event, Seller reserves the right to ship the increased quantities separately from the original order quantities. In addition, Seller will use reasonable commercial efforts to meet any quantity increases, which are subject to materials and capacity availability. If Seller agrees to accept a reschedule to pull in a delivery date or an increase in quantities in excess of the purchase order and if there are extra costs to meet such reschedule or increase, Seller will inform Buyer for its acceptance and approval in advance.

(c) Subject to Section 2.4 below, Buyer may reschedule all or any portion of a purchase order by delivering to Seller a Change Order, which is actually received and accepted by an authorized representative of Seller, within the number of days as specified below before the originally scheduled shipment date for the Product; provided, however, that in no event shall Buyer reschedule any quantities decreased or rescheduled in a manner contrary to the terms in this Agreement.

Number of Working Days (Calendar Days) Advance Notice	Percentage of Schedule Shipment that may be Decreased (up to)	Percentage of Schedule Shipment that may be Increased (up to)
0 - 30	0%	0%
31 - 60	0%	15%
61 - 90	15%	30%
91 - 120	50%	75%
121 or more days	100%	100%

(d)

2.4 Materials Procurement; Buyer Responsibility for Materials. Buyer is responsible, under the conditions provided in this Agreement, for all materials and inventory purchased by Seller under this Agreement in the event that Seller purchases and receives material for purchase orders that Seller is not allowed to build and ship to dates in purchase orders as accepted by Seller due to any Change Order

outside of the parameters set forth in Section 2.3 above, or due to any ECR requested by Buyer as further provided in this Agreement.

(a) Buyer's forecast and Buyer's purchase orders accepted by Seller and the schedule of Long Lead Materials that is set forth in Appendix A (the "Long Lead Time Materials List"), as amended from time to time by the Parties including through written correspondence, are authorization for Seller to purchase, without Buyer's prior approval (a) all inventory and materials required to manufacture the Products covered by such purchase orders and forecast based on the lead time to procure the materials plus the manufacturing cycle time required from the delivery of the materials to Seller's facility to the completion of the manufacture, assembly and test processes (the "Lead Time") (the "Long Lead Time Materials"); and (b) certain special inventory and materials required to manufacture the Products covered by Buyer's forecast that have Lead Times exceeding the period covered by the accepted purchase orders for the Products or that may only be purchased in quantities that exceed the amounts covered by the accepted purchase orders for the Products, or which are purchased in economic order quantities required to achieve Buyer's requested pricing (referred to elsewhere herein as minimum order quantity materials or "MOQ"). All Long Lead Time Materials known as of the date of this Agreement will be documented on the Long Lead Time Materials List, which will be approved by Buyer within 10 days of this Agreement.

(b) Buyer may direct Seller to purchase certain materials from vendors specifically identified by Buyer ("Buyer Controlled Materials") on terms and conditions negotiated by Buyer with such vendor ("Buyer Controlled Materials Terms"). Buyer acknowledges that the Buyer Controlled Materials Terms will directly impact Seller's ability to perform under this Agreement and to provide Buyer with the flexibility Buyer is requiring pursuant to the terms of this Agreement. In the event that Seller reasonably believes that the Buyer Controlled Materials Terms will create an additional cost that is not covered by this Agreement, then Seller will notify Buyer and the Parties will agree to either (a) compensate Seller for such additional costs, (b) amend this Agreement to conform to the Buyer Controlled Materials Terms or

(c) amend the Buyer Controlled Materials Terms to conform to this Agreement, in each case at no additional charge to Seller. Buyer agrees to provide copies to Seller of all Buyer Controlled Materials Terms upon the execution of this Agreement and promptly upon execution of any new agreements with vendors for Buyer Controlled Materials. Buyer agrees not to make any modifications or additions to the Buyer Controlled Materials Terms or enter into new Buyer Controlled Materials supply agreements with vendors that will negatively impact Seller's procurement activities under this Agreement.

(d) In the event Buyer consigns components, materials, or supplies to be used by Seller in the manufacture of the Product ("Consigned Materials"), Buyer agrees to consign adequate quantities to timely manufacture Products and agrees to cover any reasonable production-related attrition at Buyer's sole expense. Title to Consigned Materials remains at all times with Buyer and Seller has no obligation to purchase the Consigned Materials. Seller shall ensure that such Consigned Materials will be allocated part numbers to indicate Buyer's ownership. Seller will bear responsibility for any damage or loss of Consigned Materials related to nonproduction causes such as handling or storage while they are on Seller's premises.

(e) The rescheduling or cancellation of an order shall not affect any Products that have been shipped by Seller prior to or on the date the Seller received the written notice of cancellation, nor Buyer's obligation to purchase any Products in excess of the percentages shown in Section 2.3(c) above.

(f) All reschedules to push out delivery dates that are outside of the parameters set forth in the table in Section 2.3(c) require Seller's prior written approval, which, in its sole discretion, may or may not be granted. In addition, if Seller notifies Buyer that any inventory or materials has remained in Seller's possession for more than ninety (90) days after an approved reschedule, then Buyer agrees to immediately purchase any affected inventory and materials upon receipt of the notice by paying the following costs (the "Costs"): (i) 110% of the cost of all affected inventory and materials in Seller's possession and not returnable to the vendor or not usable for any other active customer, whether in raw form or work in process, less the salvage value thereof, (ii) 105% of the cost of all affected inventory and materials on order and not

cancelable, (iii) any vendor cancellation charges incurred with respect to the affected inventory and materials accepted for cancellation or return by the vendor, (iv) the then current fees for any affected Product, and (v) reasonable expenses incurred by Seller related to labor and equipment specifically put in place to support the purchase orders and forecasts that are affected by such reschedule or cancellation (as applicable). In addition, any finished Products that have already been manufactured to support the original delivery schedule will be treated as cancelled.

(g) If Seller notifies Buyer that such Product or inventory and materials has remained in Seller's possession for more than thirty (30) days since such cancellation, then Buyer agrees to purchase from Seller such Product and inventory and materials by paying the Costs. If the quantity forecasted for in any period is less than the previous quantity forecasted over the same quarterly period from the previous year, then that amount will be considered canceled or rescheduled and Buyer will be responsible for any inventory or materials purchased or ordered by Seller to support the forecast as further provided in this Section 2.4. Products that have been ordered by Buyer and that have not been picked up in accordance with the agreed upon shipment dates shall be considered cancelled and Buyer will be responsible for such Products in the same manner as set forth in this Section 2.4. For purposes of calculating the amount of inventory and materials in the event a purchase order quantity is considered cancelled, the lead time for the purposes of this subsection 2.4(f) shall be calculated as the lead time at the time of (i) procurement of the inventory or materials; (ii) cancellation of the purchase order, or (iii) termination of this Agreement, whichever is longer.

(h) Prior to invoicing Buyer for the amounts due pursuant to Section 2.4, Seller will use reasonable commercial efforts, for a period of thirty (30) days, to return unused inventory and materials, cancel pending orders for such inventory, and mitigate the amounts payable by Buyer. Buyer shall pay amounts due under this Section 2.4 within ten (10) days of receipt of an invoice. Seller will ship the Products, inventory and materials paid for by Buyer under this Section 2.4 to Buyer promptly upon said payment by Buyer. In the event Buyer does not pay within ten (10) days, Seller will be entitled to dispose of such Product, inventory and materials in a commercially reasonable manner and credit to Buyer any monies received from third parties. Seller shall then submit an invoice for the balance of the amount due and Buyer agrees to pay said amount within ten (10) days of its receipt of the invoice.

(i) For the avoidance of doubt, Seller's failure to invoice Buyer for any of the charges set forth in this Section 2.4 does not constitute a waiver of Seller's right to charge Buyer for the same event or other similar events in the future, unless previously agreed by an authorized representative of Seller.

3. STATEMENT OF WORK

3.1 Forward Production

(a) Manufacturing Standards. Products shall be manufactured and assembled in compliance with Seller's quality system that must comply with ISO 13485:2003, workmanship standards IPC610 – D Class B, and Buyer's Specifications (defined below). If Buyer's Specifications and Seller's workmanship standards conflict, Buyer's Specifications shall take precedence. Buyer may require that Seller purchase specific material or parts for the manufacture or assembly of the Products, or change the manufacturing process provided Buyer agrees in advance, in writing, to any adjustments, if any, to the price of the Products caused by the requirement to use a specific part, material, or manufacturing process and to purchase from Seller any Products, inventory or materials which are in excess of Buyer's purchase order or forecast or have been made obsolete by the change. Seller will provide any results of FDA, FDB or ISO audits, findings and corrective action plans directly related to Buyers products.

(b) Specifications. Buyer shall provide Seller with all written specifications necessary or useful for manufacturing the Product including the bill of materials ("BOM"), as exhibits to this Agreement (the "Specifications"), except where the Specifications are standards issued by a national or international standards body.

(c) Configuration Control. Seller shall not make or incorporate any change in the specifications for the Products without prior written approval of the Buyer, which shall be obtained through Buyer's established Engineering Change Order ("ECO") process. All components used

in production of Buyer's Products are listed on Buyer's Approved Vendors List (hereinafter "AVL"), with Buyer's part number and approved vendors for that component. It is the responsibility of Seller to obtain an up-to-date copy of the AVL. Seller must put procedures in place within their quality system to ensure that all components purchased for use in production of Buyer's Products are purchased from vendors listed on the AVL and otherwise in compliance with the AVL.

(d) Testing and Troubleshooting

(e) 3.1.d.1. Seller will perform testing, troubleshooting and repair test failures per the Buyer's test specifications. However, for those assemblies that are deemed as "no problem found," the Buyer agrees to provide test engineering assistance to the extent required to repair the assembly or to identify the assembly as not repairable and to accept the assembly "as is" since no manufacturing or component defect could be determined.

(f) 3.1.d.2. Seller does not have any responsibility whatsoever for design defects.

(g) Identification and Traceability. Seller shall maintain all records for the identification and traceability of products manufactured by Seller during all stages of receipt, production and distribution, as applicable to the Food and Drug Administration Code of Federal Regulations 21CFR820.60 and 21CFR820.65 for Quality Systems and any other applicable government rules and regulations.

(h) Certifications. Seller will be responsible for obtaining and maintaining in current and good standing, at its expense, any licenses, or permits, and any regulatory or government approvals necessary for the performance by Seller of its obligations and exercise of its rights under this Agreement, including, without limitation, the manufacture of Products. At Buyer's request, Seller will provide Buyer with reasonable copies of all such licenses, permits, and approvals to any governmental, quasi-governmental, or other regulatory or self-regulatory authorities.

(i) Subcontracting. Seller may not subcontract or assign any of its obligations under this Agreement to a third party without Buyer's prior written consent, which shall not be unreasonably withheld.

3.2 Reverse Logistics (consists of products meant for service and refurbishment)

(a) Seller to provide end to end service for RMA process including spare parts, field replacement units and any other need per the Buyer's requirements. Seller warrants and represents that all of Seller's employees handling returned products contaminated with blood or other potentially biohazardous materials have been properly trained pursuant to the Occupational Safety and Health Administration's guidelines and any other applicable industry safety standard for handling and disposal of medical devices, consumables, and parts thereof.

(b) Reverse logistics material, labor, handling and profit costs will not be differentiated from Forward Production.

3.3 Insurance. Buyer will procure and maintain at its expense comprehensive general liability insurance with a reputable insurer in amounts of not less than $5 million per incident and $10 million annual aggregate for products liability and completed operations coverage, and $1 million per incident and $2 million annual aggregate for all other coverages. Such comprehensive general liability insurance will (i) provide product liability coverage, (ii) provide broad form contractual liability coverage extending to Buyer's indemnification obligations under this Agreement, (iii) contain no products or completed operations exclusions, (iv) be an occurrence form and (v) name Seller and its affiliates as an additional insured. Buyer will maintain such insurance at all times during the Term of this Agreement and for a period of at least two (2) years thereafter. Buyer will provide Seller with written evidence of such insurance upon the request of Seller, and will provide Seller with written notice at least thirty (30) days prior to any cancellation, non-renewal, reduction or other material change in such insurance.

3.4 Seller will procure and maintain at its expense comprehensive general liability insurance with an insurer having an A.M. Best rating of A-7 or greater in amounts of not less than $1 million per incident and $2 million annual aggregate for products liability and completed operations coverage, and $1 million per incident and $2 million annual aggregate for all other coverages. Such comprehensive general liability insurance will (i) provide product liability coverage, (ii) provide broad form contractual liability coverage

extending to Seller's indemnification obligations under this Agreement, (iii) contain no products or completed operations exclusions, (iv) be an occurrence form and (v) name Buyer and its affiliates as an additional insured. Seller will maintain such insurance at all times during the Term of this Agreement and for a period of at least two (2) years thereafter. Seller will provide Buyer with written evidence of such insurance upon the request of Buyer and will provide Buyer with written notice at least thirty (30) days prior to any cancellation, non-renewal, reduction or other material change in such insurance.

4. **CHANGES**

4.1 Changes Generally. All documentation, approved ECOs, configuration histories, inspection data, and acceptance test reports related to changes made pursuant to this Section 4 must be periodically archived and Restoration Robotics reserves the right to audit Supplier's records and technical documentation to verify compliance (for example, in the event of an FDA compliance audit). Upon termination of the Agreement, for any reason, Supplier agrees to and shall provide Restoration Robotics with a complete technical documentation package within thirty (30) days from the date of termination.

4.2 Seller Changes.

(a) Seller shall not incorporate any engineering change to the Products without Buyer's prior written consent in accordance with Buyer's established ECO process. Seller shall notify Buyer of any engineering change proposed by Seller to the Products, and shall supply a written description of the expected effect of the engineering change on the Products, including the possible effect on price, performance, safety, reliability and serviceability as part of the proposed engineering change. Buyer, at its discretion, may elect to incorporate or not to incorporate any Seller-proposed engineering change to the Product design. If any Seller-proposed engineering change is accepted by Buyer and is incorporated into the Product design resulting in reduced Product price, Seller and Buyer will share in the resulting cost savings, based on the following schedule:

0-60 days	100% to Seller
61-120 days	50% to Seller: 50% to Buyer
after 120 days	100% to Buyer

(b) If a Seller-proposed engineering change is accepted by Buyer, the Parties agree to amend the unit price and purchase order accordingly, and the new product price shall apply to all Products delivered hereunder which include the Seller-proposed engineering change. Seller agrees that any and all Seller-proposed engineering changes shall belong to and be the exclusive property of the Buyer. Once the proposed engineering change is accepted by Buyer, Buyer assumes all liabilities for excess and obsolete inventory and materials resulting from such change that cannot be re-purposed by Seller as if such change had been proposed and adopted by the Buyer.

(c) Buyer owns all the intellectual property rights related to the Products and all such rights in any enhancements, improvements, derivatives thereof and changes thereto. Seller hereby assigns to Buyer any and all intellectual property rights in and to Seller-proposed engineering changes to the Products. Seller reserves all rights not expressly granted to Buyer hereunder.

4.3 Buyer Changes.

(a) Buyer may make engineering changes to the Products from time to time during the Term of this Agreement by written notification to Seller describing the details of the engineering change. Drawings, designs, and/or specifications required for the change shall also be supplied by Buyer. Buyer shall assume all liability for obsolete materials and products as if they were canceled pursuant to Section 2.3 as a result of an engineering change. Once the Parties have agreed upon any resulting unit price change as determined in Section 4.2(b), Seller shall incorporate the proposed engineering change into the Products on a schedule to be agreed to

by the Parties. Seller shall not proceed to implement any proposed engineering change without Buyer's written authorization.

(b) Within five (5) business days of Buyer's notification of a proposed engineering change, Seller shall provide Buyer with a written quotation, which includes any proposed increase or decrease in the unit price of the Products and excess and obsolete material. The Parties shall make a good faith effort to agree upon any change, which may apply to the unit price of the Product within thirty (30) days from the date of Buyer's notification of the proposed engineering change, and this Agreement shall be amended accordingly. Buyer assumes all liabilities for excess and obsolete inventory and materials resulting from such change. Upon relief of all existing inventory, the associated cost savings will be provided to the Buyer.

(c) Buyer owns all the intellectual property rights related to the Products and all such rights in any enhancements, improvements, derivatives thereof and changes thereto. Buyer reserves all rights not expressly granted to Seller hereunder.

5. **TOOLING AND TEST FIXTURES**

Seller shall order and purchase all of the process tooling, assembly tools and test fixtures necessary or appropriate to manufacture the Products, except for tools consigned by Buyer and listed in Exhibit B. Seller must obtain Buyer's approval before purchase of all tooling and fixtures necessary to manufacture the Products. Upon obtaining such approval from Buyer, Seller's receipt and use of Buyer-approved tooling and test fixtures shall be deemed as Buyer's acceptance of the process tooling, assembly tools and test fixtures. Upon termination of this Agreement and no later than 10 days after the date that Seller completes any agreed transition services pursuant to this Agreement, Seller shall ship to Buyer, FOB, Seller's Manufacturing Plant, and at the expense of Buyer, all of the process tooling and test fixtures paid for by the Buyer or consigned to Seller. The tools must be packaged such that they will not be damaged during transport back to the Buyer.

6. **PURCHASE PRICE AND PAYMENT TERMS**

(a) Purchase Price. The prices for the Products shall be mutually agreed upon by both Parties. If, during the Term of this Agreement, changed prices are put into effect by mutual written agreement of the Parties, such prices shall apply only to all purchase orders issued by Buyer after the effective date of the changed prices.

(b) Payment Terms. The purchase price for the Products, and all other related charges contemplated by this Agreement shall be due and payable thirty (30) days after the date of Seller's invoice. All nonrecurring engineering ("NRE") charges approved by Buyer shall be due and payable thirty (30) days after date of Seller's invoice.

(c) Credit Line. Seller, in its sole discretion, shall determine the amount of credit line to be granted to Buyer.

7. **PACKAGING. SHIPPING AND DELIVERY**

7.1 Packaging. All Products shall be packaged for shipment per Buyer specifications, government regulations and other applicable standards.

7.2 Shipping.

(a) All shipments shall be made FOB FCA shipping point at Seller's Manufacturing Plant. Title to Products and risk of loss, damage or destruction shall pass from Seller to Buyer upon Seller's delivery of the Products to the common carrier specified by the Buyer, or, if no instructions are given, Seller shall select the most appropriate carrier. Any such loss, injury or destruction shall not release Buyer from any obligation under this Agreement.

(b) All shipments made to Seller for Buyer's consigned or supplied material shall be made FOB FCA shipping point at Seller's factory.

7.3 Delivery.

(a) All orders shall be shipped complete. Seller shall immediately give Buyer oral and written advice of any prospective failure to ship the specified quantity of Products in time to meet the scheduled delivery date. Should only a portion of the Products be available for shipment by the delivery date, Seller shall consult with Buyer to obtain delivery instructions. Where Buyer

allows Seller to make partial shipments, the shipments shall be applied against completion of the oldest open purchase order first.

(b) If Seller ships any Product by a method other than as specified in the corresponding purchase order, Seller shall pay any resulting increase in the cost of freight incurred over the cost of freight which would have been incurred had Seller complied with Buyer's shipping instructions.

(c) If, due to Seller's failure to make a timely shipment, the specified method of transportation would not permit Seller to meet the scheduled delivery date, the Products affected shall be shipped by air transportation or other expedient means acceptable to Buyer. Seller shall pay for any resulting increase in the freight cost over that which Buyer would have been required to pay if the specified method of transportation was used.

(d) If Seller ships more Products than ordered in the purchase order, the amount of over-shipment may, at Buyer's option, either be kept by Buyer for credit against future shipments or returned to Seller at Seller's expense.

(e) Seller shall obtain Buyer's approval before making any delivery more than five (5) working days prior to the scheduled delivery date. If Seller ships more than five (5) working days in advance of the scheduled delivery date without Buyer's approval, Buyer may return the Products to Seller at Seller's expense.

8. **ACCEPTANCE**

8.1 Acceptance. Acceptance of the Products shall be based upon the Product specifications. The Products shall be deemed irrevocably accepted unless Buyer gives Seller written notice of the failure to conform to the Product specifications within fifteen (15) working days of receiving the Products from Seller.

8.2 Rejection. Buyer shall give Seller written notice of any rejection based upon the condition, quality, quantity or grade of the Products. Failure to give such written notice within fifteen (15) working days of receipt shall constitute irrevocable acceptance of the Products. If Buyer provides the written notice specified in Section 8.1 and rejects Products within the fifteen (15) working day acceptance period, Seller, at its sole option, shall either repair or replace any Products, which fail to meet the Product Specifications. Seller agrees to pay all reasonable shipping costs related to the return of such Products to Seller and the shipping costs related to redelivering the replacement Products to Buyer and/or Buyer's customers. The mode of shipment shall be via a standard commercial carrier.

9. **WARRANTIES, REMEDIES AND LIMITATION OF LIABILITY**

9.1 Warranty.

(a) Seller warrants to Buyer and any end users of the Product that, for a period of twelve (12) months from the date of delivery to the Buyer FOB Destination, each Product shall be free from defects, latent or otherwise, in materials and workmanship and shall have been produced in accordance with the manufacturing processes specified by Buyer and shall (a) conform, in all material respects, to the Specifications, standards, drawings, samples, descriptions, quality requirements, statements of work, and fit, form, and function requirements furnished, specified or approved by Buyer for the Products, (b) conform with Seller's quality standards, (c) comply with all applicable laws. Seller also warrants that each of the Products shall be new and conveyed by Seller to Buyer with good title, free and clear of all encumbrances. **"**Encumbrance**"** means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership. During such warranty period, Seller shall, at its sole discretion and at its expense, repair or replace the defective Products. Buyer's exclusive remedy for breach of warranty shall be as set forth in this Section 9.1; provided that Seller shall repair or replace any affected Products for any recall of Products that results from any workmanship-related cause that could have been identified at the time of manufacture through the Buyer specified inspection and test procedures. Seller will use commercially reasonable efforts to obtain and pass through to Buyer a warranty with regard to the materials that the materials conform to the vendor's specifications and/or with the Specifications and that the materials are free from defects in workmanship.

(b) An “Epidemic Failure” will be considered to exist when return rate data indicates that five percent (5%) of Products shipped during any twelve (12) consecutive months has been proven to exhibit the substantially same major functional, mechanical, or appearance defect. Seller and Buyer will agree to a reasonable plan and allocation of costs to carry out the repair or replacement of affected Products shipped during said twelve-month period. Upon agreement, Seller will pay any claims for such costs by Seller if the problem is a result of a breach by Seller of its express limited warranty set forth in Section 9.1(a).

9.2 LIMITATION OF WARRANTY. EXCEPT AS EXPRESSLY STATED IN SECTION 8.1 AND 9.1, SELLER HEREBY DISCLAIMS ANY OTHER WARRANTIES OR CONDITIONS ON THE PERFORMANCE OF THE WORK OR THE PRODUCTS, EXPRESS, IMPLIED, STATUTORY, OR IN ANY OTHER PROVISION OF THIS AGREEMENT OR COMMUNICATION WITH BUYER, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR NON-INFRINGEMENT. SELLER SHALL NOT BE RESPONSIBLE FOR ANY DEFECT CAUSED BY PRODUCT MISUSE.

9.3 NO OTHER LIABILITY. EXCEPT WITH REGARD TO A BREACH OF SECTION 14 BELOW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY “COVER” DAMAGES (INCLUDING INTERNAL COVER DAMAGES WHICH THE PARTIES AGREE MAY NOT BE CONSIDERED “DIRECT” DAMAGES), OR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE ARISING OUT OF THIS AGREEMENT OR THE SALE OF PRODUCTS, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (INCLUDING THE POSSIBILITY OF NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE PARTY HAS BEEN WARNED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE, AND EVEN IF ANY OF THE LIMITED REMEDIES IN THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.

THE FOREGOING SECTION 9 STATES THE ENTIRE LIABILITY OF THE PARTIES TO EACH OTHER CONCERNING INFRINGEMENT OF PATENT, COPYRIGHT, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHTS.

10. **INDEMNIFICATION**

10.1 Seller shall defend, indemnify and hold harmless Buyer, Buyer’s officers, directors, employees, and Buyer’s Affiliates, subsidiaries, successors and assigns from and against all claims, demands, liabilities, losses, costs, fees, expenses (including reasonable attorney fees), damages and injuries of any kind or nature suffered or incurred as a result of a third party claim arising in connection with or resulting from: (i) personal injury, death or property damages to the extent it is incurred due to defects (other than defects caused by a Restoration Robotics design of the Products) in the Products Manufactured by Supplier pursuant to this Agreement, including Supplier’s failure to comply with the Specifications, (ii) breach by Supplier of representations and warranties provided in this Agreement, or Supplier’ failure to comply with federal, state or local laws, (ii) gross negligence or wrongful intentional act of Supplier or its representatives, employees or agents.

10.2 Buyer shall defend, indemnify and hold harmless Seller, Seller’s officers, directors, employees, and Seller’s Affiliates, subsidiaries, successors and assigns from and against all claims, demands, liabilities, losses, costs, fees, expenses (including reasonable attorney fees), damages and injuries of any kind or nature suffered or incurred as a result of a third party claim arising in connection with or resulting from: (i) personal injury, death or property damages to the extent it is incurred due to defects caused by a Restoration Robotics design of the Products, (ii) Buyer’s failure to comply with federal, state or local laws, (iii) gross negligence or wrongful intentional act of Buyer or its representatives, employees or agents, or (iv) infringement of United States patent but only to the extent such infringement is caused by the Restoration Robotics design. Notwithstanding the above, under no circumstances will Buyer have any indemnification obligations under this Section 10.2(iv) for any patent infringement claim based on any off-the-shelf Products, components or a la carte items supplied by Supplier to Buyer, or for any third-party claims under this subsection 10.2 to the extent such claims result from 1) use or combination of the Products with other items such as other equipment, processes, programming applications or materials not furnished by Buyer, 2) use of any Products not in accordance with Buyer’s written Specifications; or 3) modifications to Products not made by or at the express written direction of Buyer.

10.3 If Seller’s rights to Manufacture the Products under the terms of this Agreement are, or in Buyer’s opinion are likely to be, enjoined due to the type of claim specified in Section 10.2(iv) (infringement of

United States patent), then Buyer may, at its sole option and expense: (i) obtain for Supplier the right to continue to Manufacture such Product under the terms of this Agreement; (ii) replace or modify an infringing Product or portion thereof with a substantially functional equivalent so that it is no longer infringes; or (iii) if neither option (i) nor (ii) above cannot be accomplished despite Buyer's reasonable efforts, then Buyer may terminate this Agreement in whole or, if practicable, with respect to the infringing Product or component. THE FOREGOING PROVISIONS OF THIS SECTION 10.3 SET FORTH BUYER'S SOLE AND EXCLUSIVE LIABILITY AND SUPPLIER'S SOLE AND EXCLUSIVE REMEDY FOR ANY THIRD-PARTY CLAIMS OF INFRINGEMENT.

10.410.4. A Party (the "Indemnitee") that intends to claim indemnification under this Section 10 shall promptly notify in writing the other Party (the "Indemnitor") of any loss, claim, damage, liability or action in respect of which the Indemnitee intends to claim such indemnification, and provide Indemnitor an opportunity to elect to take over, settle or defend the same through counsel of the Indemnitor's own choice (but reasonably acceptable to the Indemnitee) and under the Indemnitor's sole discretion and at the Indemnitor's own expense, and will make available to the Indemnitor in the event of such election, all defenses against such claims or actions, known or available to the Indemnitee. However, the Indemnitee shall have the right to participate in the defense against the indemnified claims with counsel of its choice at its own expense. The Indemnitor and the Indemnitee shall cooperate fully in all aspects of any investigation, defense, pre-trial activities, trial, compromise, settlement, or discharge of any claim in respect of which indemnity is sought pursuant to this Agreement, including, without limitation, providing the other Party with reasonable access to employees and officers (including, without limitation, as witnesses) and other information.

10.5The indemnity obligations in this Section 10 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is affected without the consent of the Indemnitor. However, if the Indemnitor receives a settlement offer that the Indemnitor rejects, the Indemnitor shall be responsible for any damages finally awarded or settlement amounts entered into to the extent based upon such claim. In no event shall the Indemnitor be entitled to settle any of the above-mentioned claims that could materially adversely affect the Indemnitee without the Indemnitee's consent, provided however, that the Indemnitor may settle or compromise any such claim without a written consent of the Indemnitee only when such settlement or compromise includes an unconditional release of the Indemnitee.

10.6In the event a claim is based partially on an indemnified claim described in this Section 10 and partially on a non-indemnified claim, or is based partially on a claim indemnified by Buyer and partially on a claim indemnified by Supplier, any payments and reasonable attorney fees incurred in connection with such claims are to be apportioned between the Parties in accordance with the degree of cause attributable to each Party. In the event either Party is adjudged to have been grossly negligent or to have acted with willful misconduct in connection with such claim, such Party will not be entitled to be indemnified and held harmless under this Section 10.

11. **STOP WORK**

In the event that Buyer fails to make timely payment at least sixty (60) days after the due date on any undisputed purchase order according to its payment terms and for as long as such payment remains overdue and payable, Seller shall be permitted to stop work on any and all outstanding purchase orders issued by Buyer, without penalty to Seller. Except in the event of termination by Seller pursuant to Section 12.1 or Section 12.2 below, Seller shall be obligated to re-commence work on outstanding purchase orders upon Buyer bringing overdue payment(s) current.

12. **TERMINATION**

12.1 This Agreement may be terminated at any time upon the mutual written agreement of both Parties hereto.

(a)Either Buyer or Seller may terminate this Agreement at any time upon one hundred twenty (120) days' notice consistent with the terms in Section 1.1; provided, that either Buyer or Seller may terminate this Agreement at any time upon one hundred eighty (180) days' notice during the Initial Term if Buyer's quarterly forecasted demand for Products with substantially the same mix of products and SKUs as the preceding period falls below 75% of Buyer's historical forecasted demand for the same period in the previous year.

(b)Buyer may terminate this Agreement at any time upon one hundred eighty (180) days' notice to Seller in the event of a change of control of Restoration Robotics. For purposes of this

Agreement, “Change of Control”, with respect to a Party, means the occurrence of any of the following events: (a) any consolidation or merger of the Party with or into any other entity in which holders of the Party’s outstanding equity interests immediately before such consolidation or merger do not, immediately after such consolidation or merger, retain equity interests representing a majority of the voting power of the surviving entity or equity interests representing a majority of the voting power of an entity that wholly owns, directly or indirectly, the surviving entity, (b) the sale, transfer or assignment of securities of the Party representing a majority of the voting power of all of Party’s outstanding voting securities to an acquiring party or group, or (c) the sale of all or substantially all of Party’s assets. For the avoidance of doubt, an initial public offering of Buyer’s equity interests is not considered a Change of Control for the purposes of this Section 12 or the Agreement.

(c) If Seller terminates, such termination must include the following: (a) formal written notification of intent to terminate and (b) a transition plan that provides for a period of one hundred eighty (180) days from Buyer’s receipt of the written notification of termination from Seller which includes (i) Product coverage for Buyer, and (ii) reasonable assistance to Buyer to transition Product manufacturing to Buyer or a third party.

(d) Upon termination by either Party for any reason (including pursuant to Sections 12.2 and 12.3 below, Buyer agrees to purchase, and Seller agrees to sell, all materials, components and work-in-process, including Inventory and Products, provided that Products to be purchased shall not exceed a maximum of three months future build quantities, plus long lead components and/or components that Buyer authorized Seller to purchase as follows:

1. Purchase all finished Products produced for valid purchase orders at the stated unit price; and

2. Purchase any work-in-process materials mutually agreed upon by both Parties during the Term of the Agreement; and

3. Purchase all materials at actual cost, including MOQ and excess inventory, procured by Seller or which are not cancelable or returnable (NCNR) to the vendor; and

4. Reimburse Seller for any reasonable cancellation and/or related costs from its vendors as a result of Buyer’s cancellation; and

5. Reimburse Seller for any verifiable and actual charges incurred because the cancellation caused Seller to not attain the annual usage supplied by Seller’s vendor and utilized in establishing material prices quoted under this Agreement. Seller must obtain written approval from an authorized representative of the Buyer before Seller agrees to a termination or cancellation fee if (i) Buyer is obligated to pay any cancellation or termination fee and (ii) such fee exceeds $1,000 per vendor.

6. MOQ and NCNR Purchases: For certain Products removed from production due to Buyer’s request to cease production of such Products, Buyer is responsible for the cost of any excess inventory required to be purchased by Seller to MOQ or NCNR requirements. MOQs are the result of procurement processes where Seller must buy full reels, tubed and packaged components. MOQ will be designated as such in advance and excess liability exposure will be shared with Buyer on a regular basis. If a MOQ or NCNR is to exceed $1,000 in excess cost, written approval must be obtained from Buyer.

7. All MOQ and NCNR purchase orders placed by Seller must be approved in writing by Buyer or Buyer’s authorized parties.

Seller agrees not to begin new production, or purchase more materials or components, without receiving written approval from Buyer, following receipt of a written notice of termination from Buyer. The cost for Products will be in accordance with the established pricing in effect at the time of termination. The cost of components will be limited to the actual purchase price paid by Seller for the components, plus mutually agreed upon material handling charges or supplier related charges, if any.

12.2 Termination for Cause by Seller. Seller shall have the right to cancel this Agreement and/or any active purchase orders:

(a) Upon Buyer's failure to pay outstanding invoices within ninety (90) days from the date of the invoice according to the payment terms set forth in Section 6(b); or

(b) Upon thirty (30) days advance written notice to Buyer regarding Buyer's material nonperformance or repudiation of any other substantive obligations of this Agreement (other than failure to pay any invoice) and Buyer's failure to cure such nonperformance or repudiation within ninety (90) days after the written notice is received, or such additional cure period as the Seller may authorize in writing; or

(c) Upon written notice from the Seller in the event Buyer has elected to close or dissolve its operation or is wound up and dissolved, becomes insolvent, or repeatedly fails to pay its debts as they become due, makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy or for reorganization or is adjudicated as bankrupt or insolvent, or has a liquidator or trustee appointed over its affairs and such appointment shall not have been terminated and discharged within thirty (30) days thereof.

12.3 Termination for Cause by Buyer. Buyer shall have the right to cancel this Agreement and/or any active purchase orders:

(a) Upon thirty (30) days advance written notice to Seller regarding Seller's material nonperformance or repudiation of any substantive obligations of this Agreement and Seller's failure to cure such nonperformance or repudiation within thirty (30) days after the written notice is received or such additional cure period as Buyer may authorize in writing; or

(b) Upon written notice from Buyer in the event Seller has elected to close or dissolve its operation or is wound up and dissolved, becomes insolvent, or repeatedly fails to pay its debts as they become due, makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy or for reorganization, or is adjudicated as bankrupt or insolvent, or has a liquidator or trustee appointed over its affairs and such appointment shall not have been terminated and discharged within thirty (30) days thereof.

13. **OTHER**

Notwithstanding any provisions to the contrary, Sections 5, 6, 9, 10, 12.1(c), and 14 shall survive the termination of this Agreement. Except for a termination as described in Sections 12.2, the provisions of this Agreement will continue to apply to purchase orders accepted by Seller prior to the effective date of such termination or expiration. This Agreement shall constitute the entire agreement of the Parties with respect to the subject matter herein, supersedes any prior agreement or understanding, whether written or oral, relating thereto, and can be amended only by a writing that is executed and delivered by both Parties hereto. This Agreement shall be governed by the laws of the State of California notwithstanding the conflict of laws provisions of the State of California. Further, to the extent that either Party waives any right hereunder, it shall not be deemed to have waived any other right hereunder. Finally, this Agreement shall be binding upon successors and assigns of each Party hereto and may only be assigned with the prior written consent of the other Party.

14. **CONFIDENTIALITY**

. "Confidential Information" means information or material, whether of technical nature, business nature or otherwise, including trade secrets, pertaining to any aspects of Buyer's business which is commercially valuable to Buyer and not generally known or readily ascertainable. Confidential Information includes, without limitation, any and all technical and non-technical information including techniques, sketches, designs, drawings, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, and formulae; information related to the current, existing or contemplated or proposed Buyer's products and services; information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, customer lists and information, business forecasts, sales and merchandising, pricing, marketing plans and information, as well as the terms of this Agreement; and any information or data developed pursuant to the performance of the Services. Confidential Information shall not include information which: (a) is or becomes public knowledge without any action by, or involvement of, Seller, as evidenced by written records of Seller; (b) is disclosed by Seller with the specific, prior written approval of Buyer; (c) is independently developed by Seller without use of Buyer's Confidential Information; (d) is rightfully received by Seller from a third party who is authorized to make such disclosure without requiring confidentiality treatment; or (e) is disclosed publicly pursuant to any judicial or

governmental order, provided that Seller gives Buyer sufficient prior notice to contest such order. All Confidential Information provided pursuant to this Agreement shall not be distributed, disclosed or disseminated in any way or form by Seller to anyone except its own employees who have a reasonable need to know such Confidential Information and who have been advised of the confidential nature and required to observe the terms and conditions hereof; nor shall Confidential Information be used by Seller for its own purpose, except for the purposes of exercising its rights or fulfilling its obligations under the Agreement. Neither Party shall communicate or otherwise disclose to the other Party, during the Term of this Agreement, confidential or proprietary information of third parties. Upon request of Buyer, copies and embodiments of all Confidential Information shall be promptly returned to Buyer by Seller, unless such copies are required to support existing Buyer's purchase orders under the terms of this Agreement. Upon termination of this Agreement for any reason, Seller shall promptly return or deliver to Buyer all Confidential Information provided by Buyer, including all copies thereof, unless such copies are required to support existing Buyer's purchase orders under the terms of this Agreement. Both Parties agree and acknowledge the existence of a confidentiality agreement entered into on April 24, 2015 between Buyer and Seller ("Confidentiality Agreement"). To the extent any terms in this Section 14 conflicts with the provisions in the Confidentiality Agreement, the terms of the Confidentiality Agreement shall control.

15. **RECORD RETENTION; AUDIT.**

15.1 Seller shall keep adequate and current records of any development and content of all work product under this Agreement. Seller shall deliver all such records and other information, papers, manuals, drawings and documents coming into Seller's possession or created by Seller in connection with providing services under this Agreement, as well as all tangible Restoration Robotics property (including, but not limited to, computer hardware and software, samples, prototypes, Tools, equipment, descriptions or video presentations, records and notebooks) to Buyer promptly upon termination of this Agreement. Seller shall establish and maintain complete and accurate books, records and a reasonable accounting system that readily identifies Seller's assets, financial health, costs of goods, and the ability for Seller to comply and fulfill Seller's obligations under this Agreement. Supplier shall keep such books and records available for inspection during the Term of this Agreement and for a period of three (3) years following termination of this Agreement.

15.2 During the Term of this Agreement, Buyer's employees or independent auditors selected by Buyer and reasonably acceptable to Seller shall be provided reasonable access to facilities at which Products are manufactured and packaged to enable such employees or independent auditors to audit manufacturing and packaging performance, including an analysis of Seller's conformity with manufacturing, packaging and quality requirements, including those mandated by the applicable regulatory authorities and Seller's compliance with this Agreement. Such audits will be conducted during normal business hours and in a manner so as not to unreasonably disrupt Seller's operations. Buyer will provide Seller with reasonable prior written notice of an audit. Seller will cooperate in the audit, will provide the information reasonably required to conduct the audit available on a timely basis and will assist the designated employees of Buyer or its independent auditors as reasonably necessary.

16. **ASSIGNMENT AND CHANGE OF CONTROL**

Buyer and Seller hereby agree that neither Party may assign or transfer this Agreement or any interest herein or any rights or obligations hereunder without the prior written consent of the other Party, which consent will not be unreasonably withheld or delayed; provided, however, that Buyer may assign its rights and obligations to an entity controlling, controlled by or under common control with Buyer, or to Buyer's successor in interest, or to any party to which Buyer sells the portion of its business which relates to the Products.

17. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the duly authorized representatives of Buyer and Seller have executed this Agreement on the dates shown below:

SELLER: NPI SOLUTIONS	BUYER: RESTORATION ROBOTICS, INC.
By: /s/ Kevin Andersen	By: /s/ Gabe Zingaretti
Name: Kevin Andersen	Name: Gabe Zingaretti

Title: President | Title: COO
Date: November 19, 2018 | Date: November 20, 2018

Exhibit 21.1

LIST OF SUBSIDIARIES

Name	Jurisdiction
Radiant, Inc. Limited	Hong Kong
Radiant Europe Limited	United Kingdom
Radiant Korea Yuhan Hoesa	South Korea
Radiant Spain S.L.	Spain
Venus Concept SL	Spain
Venus Concept Mexico SA DE SV	Mexico City, Mexico
Venus Concept GmbH	Germany
Venus Concept Australia PTY Ltd	Victoria, Australia
Venus Concept USA Inc.	Delaware, USA
Venus Concept France SAS	France
Venus Concept Canada Corp.	Ontario, Canada
Venus Aesthetic LLP	Gujarat, India
Venus Concept UK Limited	England and Wales, United Kingdom
Venus Concept Ltd	Israel
Venus Concept Israel Ltd	Israel
Venus Concept Italy S.r.l.	Italy
Venus Concept Sucursal Colombia	Colombia
Venus Concept (Shanghai) Co., Ltd.	China
Venus Concept Argentina SA	Argentina
Venus Concept Kazakhstan LLP	Kazakhstan
Venus Concept Africa (PTY) Ltd	South Africa
Venus Concept RU Ltd.	Russia
Venus Concept Japan Co., Ltd.	Japan
Venus Concept Korea Ltd.	South Korea
InPhronics Limited	Hong Kong
PT. Neoasia Medical	Indonesia
Venus Concept Central Eastern Europe	Bulgaria
Venus Concept (HK) Limited	Hong Kong
Venus Concept Singapore Pte. Ltd.	Singapore
Venus Principal Concept LLP	Singapore
Venus Concept Vietnam Company Limited	Vietnam
Venus Concept Brasil Ltda	Brazil

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No(s). 333-220993, 333-231507, 333-223448, and 333-235480 on Form S-8, and in Registration Statement No(s). 333-236207 and 333-228562 on Form S-3 of our auditors' report dated March 30, 2020, relating to the consolidated financial statements of Venus Concept Inc. and its subsidiaries (the "Company") for the year ended December 31, 2019 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the conditions and events that raise substantial doubt on the Company's ability to continue as a going concern) appearing in this Report on Form 10-K dated March 30, 2020.

/s/ MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2020
Toronto, Canada

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-236207 on Form S-3 of Venus Concept Inc., of our report dated December 2, 2019, relating to the financial statements of Venus Concept Ltd., appearing in this Annual Report on Form 10-K for the year ended December 31, 2019.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 30, 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Domenic Serafino, certify that:

1. I have reviewed this annual report on Form 10-K of Venus Concept 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 13(a)-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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 our 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 fourth fiscal quarter 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 our 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.

[SIGNATURE PAGE FOLLOWS]

Date: March 30, 2020 By: /s/ DOMENIC SERAFINO

Name: Domenic Serafino
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Domenic Della Penna, certify that:

1. I have reviewed this annual report on Form 10-K of Venus Concept 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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 our 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 fourth fiscal quarter 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 our 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.

[SIGNATURE PAGE FOLLOWS]

Date: March 30, 2020 By: /s/ DOMENIC DELLA PENNA

Name: Domenic Della Penna
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Domenic Serafino, the Chief Executive Officer of Venus Concept Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended 2019 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[SIGNATURE PAGE FOLLOWS]

Date: March 30, 2020

By:/s/ DOMENIC SERAFINO

Name: Domenic Serafino
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Domenic Della Pena, the Chief Financial Officer of Venus Concept Inc. (the "**Company**"), hereby certify, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended 2019 (the "**Report**") of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[SIGNATURE PAGE FOLLOWS]

Date: March 30, 2020

By: /s/ DOMENIC DELLA PENNA

Name: Domenic Della Penna Chief Financial Officer
(Principal Financial Officer)