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, 2024
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 Capital 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

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

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

As of June 30, 2024, (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 $3,411,271 based upon the closing price of $8.613 per share as reported for such date by the Nasdaq Capital 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 if such persons were 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 26, 2025 was 709,130.

Table of Contents

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SAFE HARBOR STATEMENT AND RISK FACTOR SUMMARY

Safe Harbor Statement

This Annual Report on Form 10-K (the "Annual Report") for the year ended December 31, 2024 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange 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 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 may turn out to be inaccurate.

The factors which we currently believe could have a material adverse effect on our business operations and financial performance and condition include, but are not limited to, those risks and uncertainties that are detailed in the "Risk Factor Summary" below and under Item 1A. of Part I of this Annual Report. You are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these statements. The forward-looking statements are based on information available to us as of the filing date of this Annual Report. 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 (the "SEC"), after the date of this Annual Report.

This Annual Report 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.

Market, Industry and Other Data

This Annual Report contains estimates, projections and other information concerning our industry, our business, and the markets for our products and services. 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 that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as 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.

Risk Factor Summary

Our business is subject to a number of risks, a summary of which is set forth below. These risks are discussed more fully in Part I, Item 1A. Risk Factors.

- Our evaluation of strategic alternatives may not result in any transaction.
- We are exposed to the credit risk of certain of our customers and distributors.
- Unfavorable macroeconomic conditions may adversely impact our business.
- Any inability to recruit, hire, train, and retain sales professionals, senior management and key employees could have a material adverse effect on the Company's business, financial condition and results of operations.
- Our recurring losses from operations and negative cash flows raise substantial doubt about our ability to continue as a going concern.

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

- Our loan and security agreements contain restrictions that may limit our flexibility to effectively operate our business.

- 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.

- It is difficult to forecast our future performance and our financial results may fluctuate unpredictably.

- 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.

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

- Our devices and our operations are subject to extensive government regulation and oversight both in the United States of America (the "United States" or "U.S") and abroad, and our failure to comply with applicable requirements could harm our business.

- 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, including but not limited to, the ongoing Israel-Hamas conflict.

- We may not be able to maintain our listing on the Nasdaq Capital Market, which could decrease the liquidity of our common stock and make it more difficult to sell our common stock in the public market.

- The market price of our common stock may be volatile, and you may not be able to resell our common stock at or above the price you paid.

- 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.

- 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 are a smaller reporting company and we have taken advantage of certain exemptions from disclosure requirements available to smaller reporting companies.

PART I

Item 1. Business.

Overview

Venus Concept Inc. (referred to herein, together with its subsidiaries unless the context otherwise denotes, as the "Company," "Venus Concept," "us," "our," or "we") 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 services. Our systems have been designed on cost-effective, proprietary and flexible platforms that enable us to expand beyond the aesthetic industry's traditional markets of dermatology and plastic surgery, and into non-traditional markets, including family medicine and general practitioners and aesthetic medical spas. In the years ended December 31, 2024 and 2023, respectively, a substantial majority of our systems delivered in North America were in non-traditional markets.

We have had recurring net operating losses and negative cash flows from operations. As of December 31, 2024 and December 31, 2023, we had an accumulated deficit of $308.9 million and $261.9 million, respectively. Until we generate revenue at a level to support our cost structure, we expect to continue to incur substantial operating losses and negative cash flows from operations. In order to continue our operations, we must achieve profitability and/or obtain additional equity investment or debt financing. Until we achieve profitability, we plan to fund our operations and capital expenditures with cash on hand, borrowings and issuances of capital stock. As of December 31, 2024 and December 31, 2023, we had cash and cash equivalents of $4.3 million and $5.4 million, respectively.

The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increases to inflation rates, rising interest rates, global tariff threats, foreign currency impacts, declines in consumer confidence, increasing tariff threats, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted.

Venus Viva®, Venus Viva® MD, Venus Legacy®, Venus Concept®, Venus Versa®, Venus Fiore®, Venus Freedom™, Venus Bliss™, Venus Bliss Max™, NeoGraft®, Venus Glow™, ARTAS®, ARTAS iX®, and AI.ME™, are trademarks of the Company and its subsidiaries. Our logo and other trade names, trademarks and service marks appearing in this document are our property. Other trade names, trademarks and service marks appearing in this document are the property of their respective owners. Solely for convenience, our trademarks and trade names referred to in this document appear without the TM or the ® symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the rights of the applicable licensor to these trademarks and trade names.

Products and Services

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

- the sale, including traditional sales, Venus Prime and legacy subscription-based sales, of systems, inclusive of the main console and applicators/handpieces (referred to as system revenue);
- marketing supplies and kits;
- consumables and disposables;
- service revenue; and
- replacement applicators/handpieces.

Service revenue includes revenue derived from our extended warranty service contracts provided to our existing customers.

Systems are sold through traditional sales contracts, through our internal financing programs and through distributors. In the third quarter of 2022 we commenced an initiative to reduce our reliance on system sales sold under subscription agreements in the United States. This strategic shift is designed to improve cash generation and reduce our exposure to defaults and increased bad debt expense given the increasingly challenging economic environment caused by the coexistence of high inflation and high interest rates.

We generate revenue from traditional system sales and from sales under our internal financing programs, which are available to customers in North America and select international markets. Approximately 26% of our aesthetic system revenues were derived from our internal financing programs in the year ended December 31, 2024. We currently do not offer the ARTAS iX system under our internal financing programs.

In January 2024, the Company launched its new Venus Prime program which is a structured in-house financing program replacing its legacy subscription program for customers in North America. Under our Venus Prime program, select customers can qualify for competitive financing rates and continue to benefit from the payment flexibility afforded by our previous subscription financing program when purchasing our aesthetic medical devices, as well as a seamless technology upgrade program made available to our customers in years 2 and 3 of ownership.

Like our legacy subscription model, Venus Prime includes an up-front fee and a monthly payment schedule, typically over a period of 36 months, with approximately 40% to 45% of total contract payments collected in the first year. To ensure that each monthly 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 Venus Prime 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. This structure can provide greater flexibility than traditional equipment leases secured through financing companies. We work closely with our customers 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 received regulatory clearance for twelve novel aesthetic technology platforms, including our ARTAS and NeoGraft systems. We believe our ARTAS and NeoGraft systems are complementary and give us a hair restoration product offering that can serve a broad segment of the market. Our medical aesthetic technology platforms have received regulatory clearance for a variety of indications, including 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 in jurisdictions around the world. In addition, our technology pipeline is heavily focused on improving and enhancing our current technologies, products, and services and the development of robotically assisted minimally invasive solutions for aesthetic procedures that are primarily treated by surgical intervention, including the AI.ME platform for which we received FDA 510(k) clearance for fractional skin resurfacing in December 2022.

In the United States, we have obtained 510(k) clearance from the FDA for our Venus Viva, Venus Viva MD, Venus Legacy, Venus Versa, Venus Versa Pro, Venus Velocity, Venus Bliss, Venus Bliss Max, Venus Epileve, Venus Fiore, ARTAS, ARTAS iX and AI.ME systems. Outside the United States, we market our technologies in over 60 countries across Europe, the Middle East, Africa, 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.

As of December 31, 2024, we operated directly in 12 international markets through our 10 direct offices in the United States, Canada, Japan, Mexico, Spain, Germany, Australia, China, Hong Kong, and Israel.

Our revenues for the year ended December 31, 2024, and 2023 were $64.8 million and $76.4 million, respectively. We had a net loss attributable to Venus Concept of $47.0 million and $37.2 million for the year ended December 31, 2024, and 2023, respectively. We had an Adjusted EBITDA loss of $21.2 million and $20.3 million for the year ended December 31, 2024, and 2023, respectively.

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 reported approximately 35 million cosmetic procedures worldwide in 2023. Total cosmetic procedures worldwide in 2023 was comprised of approximately 15.8 million surgical cosmetic procedures and approximately 19.2 million non-surgical cosmetic procedures. Total non-surgical procedures worldwide in 2023 included approximately 14.8 million injectable procedures – primarily neurotoxin and hyaluronic acid fillers – with the remaining 4.4 million non-surgical, non-injectable procedures worldwide in 2023 representing annual addressable procedure opportunity for our minimally invasive and non-invasive medical aesthetic technologies.

Hair Restoration Procedures

According to the "2022 Practice Census Results Report" from the International Society of Hair Restoration ("ISHRS"), an estimated 703,183 patients worldwide had a surgical hair restoration procedure in 2021 and estimated the global market for surgical hair restoration treatments totaled $4.5 billion in 2021.

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.

- *Wide acceptance of aesthetic procedures.* According to the American Society for Aesthetic Plastic Surgery ("ASAPS"), in 2022, people in the U.S. spent more than $11.8 billion on combined surgical and non-surgical aesthetic procedures. The number of non-surgical procedures has increased, growing 23% from 2021 to 2022, Nonsurgical procedures were boosted by large increases in infusions, skin treatments, body contouring, and neurotoxins.

- *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 2022 than surgical procedures. There has also been a market shift to less invasive hair restoration procedures such as follicular unit extraction ("FUE") surgery which, according to ISHRS, is the most common method among males (75.4%), followed by strip/linear harvesting (21.3%) and combination strip and FUE (3.3%). The most common type of procedure among female patients is also FUE (57.0%) followed by strip/linear harvesting (41.7%).

- *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.

Aesthetic Solutions

Traditional Aesthetic Treatment Options and Their Limitations

We believe that several limitations have restricted the growth of traditional 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 Radiofrequency ("RF"), Intense Pulsed Light ("IPL"), lasers using various wavelengths, shockwave therapy or ultrasound.

Most traditional aesthetic technologies present several limitations, including surgical risks, potentially painful and medication-dependent surgical recovery, pain and discomfort, potentially undesired results. In addition, traditional aesthetic technologies are limited in efficacy by the relative skill and technique of the operator, and patient access to invasive treatments is often limited by cost.

Our Aesthetic Technology Solutions

We have designed a suite of medical aesthetic systems that use our proprietary multipolar pulsed technology ("$(MP)^2$") 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 acceptable 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 effective 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 Pulsed Electromagnetic Field Therapy ("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 our products at competitive prices without sacrificing quality, while maintaining our margin objectives. Our competitive prices and internal lease model also allow our customers the ability to offer more affordable treatment options to patients.

Our Competitive Advantages for the Aesthetic Market

- *Expands potential market.* Venus Prime, along with our legacy 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.

- *Maintains strong customer relationships.* 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 30-day activation code technology also reduces 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 maximize the value of our products after purchase.

- *Opportunities for access to the newest available Venus Concept's technology and revenue enhancement.* Where the conditions are appropriate, our customers have the opportunity to upgrade into our newest available or alternative technology. In addition, our customers participate in the most current marketing and branding activities we offer. Our quarterly educational webinars, online promotions events, and periodic remote consultations lead to continuing client interaction and the ability to expand the client's business and service offerings.

Competitive Advantages for Our Customers in the Aesthetic Market

- *Return on investment.* By spreading payments over a 36-month period, our internal financing programs are designed to help our customers achieve positive cash-flow from their investment in our systems, thus reducing a portion of implementation risk and concerns associated with large initial capital outlays.

- *Expansion of services.* Our aesthetic systems allows customers to expand the 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 customer practices may be further enhanced.

- *Leverage physician time and clinic infrastructure.* Subject to the local 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-physician trained operators as long as the systems are operated under the physician supervision. We believe that this creates leverage to save physician time and requires the use of less practice infrastructure.

- *Customer Business Development program.* Our customer business development program offers marketing and clinical support to our customers. These services focus on improving practice or clinic revenue performance, as well as the customers' overall financial and business metrics. In addition, we provide remote educational programs that focus on driving best practices and increasing clinical and economic performance of our customers.

Hair Restoration Solutions

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

Non-Surgical Options

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

Surgical Procedures

Surgical procedures to address hair loss, specifically follicular unit transplantation ("FUT Strip Surgery") and FUE, continue to evolve and become more popular. FUE is significantly less invasive than FUT Strip Surgery, which requires the physician to surgically remove a large strip of the patient's scalp and implant individual hair follicles from the strip into the patient's scalp. This procedure results in a linear scar at the donor area. In a FUE procedure, the physician or technician removes individual hair follicles from the patient's scalp without removing a strip of tissue. 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. FUE can be performed with manual hand-held punches ("Manual FUE"), automated hand-held devices (e.g., NeoGraft) or robotically with the ARTAS System.

Limitation of Traditional Hair Loss Treatment Options

While FUT Strip Surgery and Manual FUE can provide significant, long-term results in restoring hair, there are several limitations associated with these procedures, including the demanding training and major investment of time required for a physician or technician to become proficient, the labor intensive nature of the procedures, the ability of physician or technician to effective create sites for hair follicle implantation, and the risk of inconsistence of physician or technician performance.

Our Hair Loss Treatment Solutions

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 tasks associated with the hair restoration procedures, the ARTAS System can make hair restoration procedures less labor intensive and can reduce operator fatigue, thereby reducing 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 the FDA to expand the ARTAS technology to include implantation of harvested hair follicles into our ARTAS iX System for sale in the United States. As of December 1, 2022, the ARTAS iX conforms to the European Union's ("EU") "Low Voltage Directive" which allows us to affix the CE Mark and market the ARTAS iX system in the EU.

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 and practice-based marketing support. For example, we believe we help our physician customers increase the number of procedures performed by assigning a business development manager ("BDM") to aid in building the physician-customer's hair restoration practice. Support from a BDM includes assistance with recruitment, consultation, and conversion of patients. Additionally, BDMs deploy patient marketing materials, assist with social media and digital marketing strategies, and provide 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:

- The ARTAS procedure provides patients with a minimally invasive, less painful alternative to FUT Strip Surgery. The ARTAS System has a faster recovery time and avoids the long linear scar at the back of the patient's head.

- 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 FUT 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 shorter 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 with 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 currently provide hair restoration procedures in the following ways:

- We believe the ARTAS System and ARTAS 3D pre-operative planning software 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 FUT Strip Surgery or a Manual FUE procedure. With the robotic assistance provided by the ARTAS System, we believe physicians and technicians will be able to perform the complicated, repetitive and often tedious task of dissecting hair grafts with less fatigue and greater productivity than would be possible in a Manual FUE procedure.

- Hair restoration procedures are generally paid for by the patient and do not involve the complexity of securing reimbursement from third-party payors.

- As 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 shortened 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 separate 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 number 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 continue 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.

The NeoGraft Solution

We believe that NeoGraft offers a technology solution that complements our robotic hair restoration system and provides an alternative to FUT Strip Surgery and Manual FUE procedures for our customers and their patients.

Patient Value

- Unlike traditional FUT Strip Surgery procedures, the NeoGraft system is minimally invasive. In a 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 pain.

- In addition to treating male pattern hair loss for patients with black and brown straight hair, the NeoGraft may also be used for women and people with curly or light-colored hair.

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

Physician Value

- The highly ergonomic mechanical NeoGraft system works as a natural extension of the surgeon's 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.

- Our NeoGraft system is a lower priced option to our ARTAS 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 and hair restoration technologies and their complimentary products. To achieve this goal, we intend to:

- *Broaden our portfolio of product offering*. We 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 the United States will bring new and innovative technology solutions to the hair restoration and non-invasive and minimally invasive categories of aesthetic medicine.

- *Apply robotic technologies to new applications.* Our research and development teams in Israel and the United States continue to collaborate on the development of new and innovative technology solutions in the non-invasive and minimally invasive aspects of aesthetic medicine. We continue the development of robotically assisted minimally invasive solutions for aesthetic procedures that, currently, are primarily treated by surgical intervention, including the AI.ME platform for which we received FDA 510(k) clearance for fractional skin resurfacing in December 2022. Shortly thereafter, our Medical Advisory Board began evaluating several new potential clinical applications including treatment of loose skin, striae and scars. Those evaluations remain ongoing. We believe that robotics, machine vision and artificial intelligence can provide significant improvements in the execution and performance of a broad range of non-invasive and minimally invasive aesthetic procedures. We are currently investigating a number of internal development programs combining energy-based devices and robotics and partnering opportunities for the application of our robotics technologies in a wide range of aesthetic procedures.

- *Hair restoration market.* We continue to focus on providing a complete set of products and services to the hair restoration market. With ARTAS and NeoGraft, we believe that our hair restoration product offering serves a broad segment of the market.

- *Expand FDA (and other regulatory agencies) cleared indications for our products.* We intend to seek additional regulatory clearances from the FDA 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 other markets.

- *Expand into non-traditional markets.* We intend to continue to market our systems to providers of aesthetic services in the large and under-penetrated non-traditional aesthetic market. We believe the ease of use 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.

- *Enhance our international operations.* We have built a direct sales force through wholly owned subsidiaries in the United States, Canada, United Kingdom, Japan, Mexico, Spain, Germany, Israel, Australia and China, with a majority-owned subsidiary in Hong Kong and a strong and growing network of international distributors and strategic partners. We have implemented a strategy to bolster our sales and marketing capabilities internationally and believe we are well positioned to continue to grow our revenue from customers located outside North America.

Our Aesthetic Technologies

We use a variety of technologies that allow us to expand into non-traditional physician markets. One differentiating technology is our proprietary $(MP)^2$ technology. Our $(MP)^2$ technology is applicable to a wide range of non-invasive skin tightening, wrinkle reduction, body contouring, cellulite, and fat reduction, which have been cleared in the United States, Canada, and Europe. 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 Venus Velocity, Venus Viva, Venus Viva MD, Venus Fiore, Venus Bliss, Venus Bliss Max, Venus Epileve, ARTAS and NeoGraft systems come with integrated internet of things capabilities.

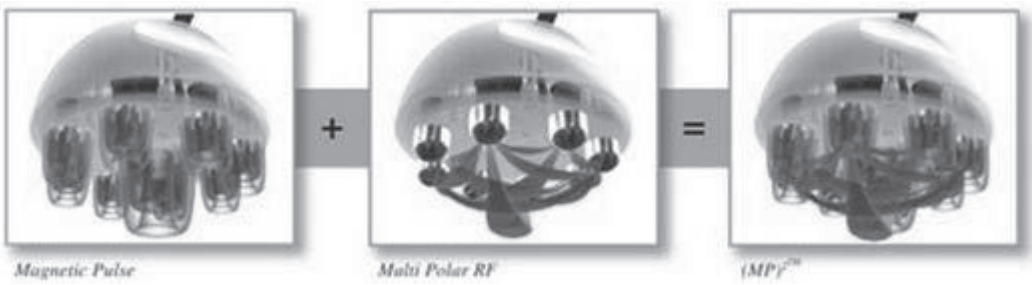
Our $(MP)^2$ Proprietary Technology

Our proprietary $(MP)^2$ technology employs both PEMF and multipolar 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. The non-thermal impact of PEMF therapy is used for aesthetic application requiring enhanced collagen synthesis, for treatment of wounds, and in the management of postsurgical pain and edema.

RF energy, on the other hand, delivers radiofrequency 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 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, which is distributed evenly across the treatment area and volume 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 with a technology that is cleared for various indications by the FDA, Health Canada and the EU (CE Mark). Additional benefits of using our (MP)^2 technology include:

- Delivery of RF energy in a uniform manner. The volumetric homogeneous distribution of heat reduces localized temperature spikes and eliminates the requirement to use a cooling aid, resulting in comfortable treatments.

- Ergonomic handpieces designed to increase comfort and reduce operator fatigue. The (MP)^2 technology offers 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 RF (delivery of ablation and coagulation to pre-determined fractions of the skin), IPL and laser technologies that allow us to address key markets for skin resurfacing, wrinkle reduction, body contouring, noninvasive lipolysis 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/coagulative techniques improve the appearance of skin surfaces by micro-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 RF technology does not use lasers or other light technologies, which are skin color dependent, fractional RF can be used on patients of all skin tones. Fractional RF technology has been incorporated into our Venus Viva applicator, supported by our Venus Viva, Venus Viva MD and Venus Versa systems.

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 chromophore targets and may be applied to remove unwanted hair as well as vascular and pigmented 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.

Diode Lasers

Diode laser technology is a recognized technology for hair removal and lipolysis. The Venus Velocity and Venus Epileve systems achieve hair removal, permanent hair reduction and treatment of ingrown hair using the diode laser. Both devices employ the laser energy to the treatment area through a chilled sapphire light guide that conductively cools the skin surface simultaneously with the delivery of laser energy that is absorbed in the hair follicle pigment, thereby maintaining a lower temperature in the epidermis to enhance the comfort of the procedure and avoid potential epidermal damage while destroying the hair for hair removal. The Venus Velocity and the Venus Epileve systems allow 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 our Venus Bliss and Venus Bliss Max devices. 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. The 1064 nm laser emission performs hyperthermic treatment of the subcutaneous tissue layers and generates an injury to adipocytes (fat cells) through direct heating. The disrupted fat cells and other cellular debris are then removed through the body naturally.

Electrical Muscle Stimulation (EMS)

Electrical Muscular Stimulation ("EMS") employs electrical pulses of predetermined frequencies, durations, and intensities for elicitation of healthy muscle contraction. EMS employs its cycled stimuli of muscles' warm up contraction/relaxation of the treated area via two electrodes. We have incorporated EMS technology into Bliss Max and our upcoming Venus Nova device to create comprehensive multi-treatment body solutions.

Micro-Coring

Micro-coring employs a mechanical rotating needle assembly for fractional removal of portions of epidermal and dermal layers of the skin. The sub-millimetric excised skin columns are evacuated from the skin using a vacuum and the triggered demarcated wound healing process results in fractional skin resurfacing through the mechanisms of re-epithelization and deposition of newly synthesized collagen. The micro-coring procedure has been initially used in the ARTAS device for harvesting and implantation of hair follicles. In skin treatment, micro-coring is used by our robotic AI.ME device for fractional skin resurfacing.

Our Robotic Technology

We believe our robotic technology has improved multiple phases of the hair transplantation procedure, which include harvesting, recipient site making and implantation.

Harvesting

During the harvesting phase of an ARTAS 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, the state of the donor area and the potential viability for subsequent harvesting for future transplantation procedures.

Once optimal hair follicles for transplant are identified by the ARTAS vison system, these follicles are dissected 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 by the physician or the technician, 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 needle travels at speeds that produce targeted precision and a cleanly scored incision. 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.

Recipient Site Making

Prior to the ARTAS System, creating sites to receive harvested grafts was performed manually using a hand-held tool or needle to create hundreds or 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.

The ARTAS System site making functionality incorporates artificial intelligence and robotics precision to strategically make surgical incision sites for implanting hair follicles, while 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 results in patients with more hair than if the sites were created 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's scalp. The treatment plan is prepared using three-dimension modeling software that takes a 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

Customers 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, reduce inconsistencies associated with manual implantation, potentially reduce the amount of time each graft spends outside of the scalp and decrease the overall time required for implantation.

Our Products

Our product portfolio includes nine 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 offer two hair restoration solutions, NeoGraft and ARTAS, as well as the newest addition to our portfolio, our AI.ME next generation robotic platform for fractional skin resurfacing.

Product name	Technology	Regulatory Clearance
Venus Legacy 	Venus Legacy combines $(MP)^2$ with Venus Concept's VariPulse technology, which is a software controlled vacuum application, delivering alternating negative and positive pressure to the tissue in three predefined programs, to achieve lymphatic drainage, and ease applicator movement as vacuum is applied, and real-time thermal feedback to act as a workstation, providing homogeneous heating to multiple tissue depths while allowing for adjustable pulsed suction.	**United States** • 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 and wrinkle reduction. **EU** Increase of skin tightening, temporary circumferential reduction, cellulite reduction and wrinkle reduction.

Product Name	Technology	Regulatory Clearance
Venus Versa  **Venus Versa Pro** 	Venus Versa and Versa Pro are versatile systems 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 and Versa Pro 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, or the applicator's sequence of use, the platform can provide multiple aesthetic solutions.	**United States, EU and Canada** The Venus Versa and Versa Pro* systems are multi-application devices intended for use in aesthetic and cosmetic procedures. The SR515 and SR580 IPL applicators are indicated for treatment of benign pigmented epidermal and cutaneous lesions including, hyperpigmentation, melasma, ephelides (freckles), lentigines, nevi, cafe-au-lait macules, 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 Venus Versa Viva applicator with 160 pin RF tip is intended for dermatological procedures requiring ablation and resurfacing of the skin. The Versa Pro system adds the Viva MD applicator for use with an 80 pin RF tip for added dermatological procedures. The Diamondpolar and Octipolar applicators (United States only) 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. The Octipolar applicator (EU and Canada only), is designed for use in temporary body contouring via skin tightening, circumferential reduction, and cellulite reduction. *Venus Versa Pro is cleared in the US only.
Venus Viva and Venus Viva MD 	Venus Viva is an advanced, portable, fractional RF system for dermatological procedures requiring ablation and resurfacing of the skin. Venus Viva uses (Nano)Fractional RF and Smart Scan technologies. The combination of technologies allows ablation/coagulation heated zone density control and pattern generation via a proprietary tip. The energy is delivered through 160 (Viva) or 80 (Viva MD) pins per tip into the treated skin and maintains the surrounding tissue intact and healthy to support the healing process.	**United States, EU and Canada** The Venus Viva SR is intended for dermatological procedures requiring ablation and resurfacing of the skin. **EU and Canada** Using the Diamondpolar applicator for treatment of moderate to severe wrinkles and rhytides in Fitzpatrick skin types I-IV.

Product Name	Technology	Regulatory Clearance
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 high 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.	**United States, EU and 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 regrowing when measured at 6, 9, and 12 months after the completion of a treatment regimen); and • Treatment of pseudofolliculitis barbae.
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 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 applicator independently. Venus Fiore has received clearance in United States, Canada, the EU and Israel.	**United States** The Venus Fiore device (K211461) is intended for the treatment of the following medical conditions; using the Pearl, Diamond and Slim 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. • Temporary reduction in the appearance of cellulite. **EU and Canada** The Venus Fiore system is intended for the following: • With the VG applicator – For improvement of symptoms of vaginal laxity and vaginal atrophy. • With the MP applicator – For dermatological procedures requiring increasing of skin tightening improvement in skin laxity of the Mons Pubis (MP) area. • With the LA applicator – For dermatological procedures for skin tightening improvement in skin laxity of the Labia Majora (LA) area. **Israel** Aesthetic and functional treatment of the vagina, labia and mons pubis.

Product Name	Technology	Regulatory Clearance
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. 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.	**United States and Canada** Using the diode laser system, the Venus Bliss device is intended for non-invasive lipolysis of the abdomen, flanks, back and thighs in individuals with a Body Mass Index (BMI) of 30 or less. Using the (MP)² applicator (United States only) 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. Using the (MP2) applicator (EU and Canada only) is intended for: • Temporary increase of skin tightening. • Temporary circumferential reduction. • Temporary cellulite reduction. • Temporary wrinkle reduction. (Canada only)

Product Name	Technology	Regulatory Clearance
Venus Bliss Max 	The Venus Bliss Max device is a computerized system comprised of a system console (main unit), four (4) Diode Laser applicators, one (1) MP2 (RF+ PEMF+ Vacuum) applicator and four (4) FlexMAX (EMS) applicators. The system delivers laser, bipolar RF and biphasic electrical energies, vacuum pressure, and pulsed electromagnetic fields (PEMF) to the skin and the underlying tissues of the treatment area. The device provides individual adjustment of laser power, EMS intensity level, and RF power, in addition to vacuum levels, for each patient. The console of the Venus Bliss Max device contains a power supply unit, Laser, RF, and EMS controllers, (power modules, on main board), a suction module (vacuum), a controller unit (on main board), Laser water cooling system (power module, on main board), a touch- screen user interface and display panel. The applicators are connected to the console via a cable. The RF applicator is comprised of various combinations of RF electrodes, magnetic coils, and vacuum conduits. The Laser applicators are comprised of a light guide, touch sensors and light-emitting diodes. The EMS applicator is comprised of two electrodes and a light indicator.	**United States** The Venus Bliss Max device is a diode laser system intended for non-invasive lipolysis of the abdomen, flanks, back and thighs in individuals with a Body Mass Index (BMI) of 30 or less. In addition, the Venus Bliss Max device is intended for the treatment of the following medical conditions; using the MP^2 applicator for delivery of RF energy combined with massage and magnetic field pulses: • Relief of minor muscle aches and pain, relief of muscle spasm • Temporary improvement of local blood circulation • Temporary reduction in the appearance of cellulite. In addition, the Venus Bliss Max device using the FlexMAX applicators is intended for muscle conditioning to stimulate healthy muscles. The Venus Bliss Max device using the FlexMAX applicators is not intended to be used in conjunction with therapy or treatment of medical diseases or medical conditions of any kind. The Venus Bliss Max device using the FlexMAX applicators is intended to be operated by a trained professional.

Product Name	Technology	Regulatory Clearance
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.	**United States (listed as a Class I device by the FDA)** Motorized dermabrasion device. **Canada** (listed as a Class I device). **EU** Not a medical device.
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.	**United States (listed as a Class I device by the FDA)** 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.
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.	**EU and Canada** The Venus 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.

Product Name	Technology	Regulatory Clearance
ARTAS iX 	The ARTAS System is comprised of the cart, which includes the robotic arm, integrated vision system, artificial intelligence algorithms and a series of proprietary end effectors employed in an automatic manner. The accessories at the distal 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 including hair follicle harvesting and implantation.	**United States and 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.
AI.ME 	The AI.ME System is an interactive, image-guided, computer assisted system consisting of several main subsystems. These include a cart robotic arm, integrated imaging system, vacuum assembly, coring mechanism, punch assembly, and computer. The AI.ME system is a micro coring device controlled by a robot that removes skin by using a disposable punch assembly containing six (6), hollow needle punches inserted into the skin with a fixed maximum penetration depth of 3 mm to remove up to 10% of skin in the treatment area for fractional skin resurfacing.	**United States** Fractional skin resurfacing.

Products in 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. We are currently developing the following products and technologies:

ARTAS iX2

We are working on the next generation ARTAS Hair Restoration system. The iX2 will simulate human hand motion for extracting hair follicles by changing the punch trajectory while in motion with the articulated mechanism and utilizing oscillation along with rotation to improve the ability to capture the entire follicle and reduce transection. The system will also allow the use of Off-The-Shelf punches to allow the physician more flexibility in using punches with which they are familiar.

Venus Nova

We are working on the next generation of the well-established Venus Legacy product line. This device is intended to extend the capabilities of the original Venus Legacy system product line by combining $(MP)^2$ 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. This will result in enhanced lymphatic drainage and improved circulation stimulation. The device will come with both hand-held and hands-free applicators which will include $(MP)^2$ and EMS technologies.

Other Developments

Our research and development efforts also currently include research to expand indications, broaden our offering of system applicators, advance our proprietary (MP)2 technology, add new technologies and indications, develop design improvements and new products, as well as continue to support our harvesting, site making and implantation functions for the ARTAS iX System.

Clinical Developments

We continue to invest in research and development to support our technology, marketing and post-marketing surveillance. We also have a portfolio of over 40 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 paid consultants for us.

Research has shown that $(MP)^2$ technology improves aspects of textural lesions and body contouring. The fractional RF has been shown to improve skin structure, including wrinkles, scars and striae through ablation and resurfacing. IPL technology used in the Venus Versa has shown to be versatile and effective for treating vascular and pigmented lesions, acne and rosacea. Our diode laser technology has been shown to be effective for lipolysis and reduction of fat layer thickness, as well as efficiently effecting hair reduction/removal. Additionally, the Venus Fiore device has demonstrated ability to improve symptoms related to vaginal atrophy.

We have 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 develop new technologies and applications and support existing technologies and applications 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, as well as to a broad base of non-traditional physician markets, including general and family practitioners and aesthetic medical spas.

Direct Sales

We currently provide our new Venus Prime financing model and traditional sales model, and associated marketing support programs in the United States and Canada. We provide our legacy subscription model and traditional sales model, as well as the associated marketing support programs through our wholly owned subsidiaries in Japan, Mexico, Spain, Germany, Israel, Australia, and China as well as through Venus Concept's majority-owned subsidiary in Hong Kong.

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. As of December 31, 2024, we had a direct sales and marketing team of approximately 86 employees, managed by one Executive Vice President, Global Sales and Marketing, three Vice Presidents of Sales for various international markets and one Vice President of Global Marketing and Product Management. We plan to continue to focus our direct sales efforts in the North America market and continue to evaluate and optimize our use of direct and distributor resources in our international markets.

Distributors

In countries where we do not operate directly, we sell our products through distributors. As of December 31, 2024, we had distribution agreements in over 40 countries. We enter into both exclusive and non-exclusive distribution agreements, which generally provide the distributor with a right to distribute certain of our products within a designated territory. Each agreement sets forth certain minimum quarterly purchase commitments and if the distributor fails to meet its minimum purchase commitments, we have the ability to either convert any exclusive distribution rights to non-exclusive rights during the then-remaining term or 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, 2024, we had a Vice President of Global Marketing and Product Management, with regional marketing support in select countries. We have an internal team of digital marketing, brand, marketing operations and events specialists that support North America and our regional markets.

We implemented business to business and business to customer public relations outreach strategies 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 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 customers and authorized distributors with customer support through our fully integrated marketing program and strong clinical and technical support teams.

Customer Business Development Program

To support the growth initiatives of our customers, we have built a business development strategy 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 providing sales strategies related to our products and ancillary services. Our customer business development program includes the following features:

- Inclusion in an advanced clinic directory that is promoted online to consumers. The full-page listing includes the clinic's contact information, business hours, website, social media profiles and a full list of available Venus Concept device treatments.

- A comprehensive device launch plan, guidance on effective pricing and bundling strategies and involved in short and long-term business goal reviews and tracking.

- Online courses and private remote workshops related to business strategies and clinic efficiency including customer retention and conversion strategies, effective patient consultation, credentialing, Venus Concept devices sales talking points, telephone skills, cross-selling and up-selling techniques, and photography best practices. Our workshops related to marketing strategies include search engine optimization essentials and cover social media and marketing strategies.

- New Customer Launch Kits comprised of a starter package with marketing materials necessary to introduce and promote new Venus Concept products with a heavy emphasis on a digital and social media strategy.

- Analysis of business practices with instruction on effective patient consultation and conversion strategies.

- 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 warranty our products against defects in materials and workmanship under normal use and service for a period of one year, with certain other products carrying a different warranty correlating to the number of uses the product undergoes or based upon the perishability of the product. Once the warranty expires, our customers have the option of purchasing an extended warranty 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 international distributors. 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, the service and support of our products is managed 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 centers in Yokneam, Israel, and San Jose, California and use two ISO-certified contract manufacturers in Karmiel, Israel, and Mazet, France. We assemble the ARTAS System in San Jose, California, while reusable and disposable kits are assembled exclusively for us by NPI Solutions, Inc. ("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 around the world. 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, and to provide advanced, high-quality systems as well as the flexibility to create customized solutions for our customers.

Manufacturing facilities that produce medical devices intended for distribution in the United States and internationally are subject to regulation and periodic unannounced inspection by the FDA and other domestic and international regulatory agencies. In the United States, we are required to manufacture our products in compliance with the FDA's Quality System Regulations ("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 conform with and are in full compliance with ISO:13485:2016, CE (MDD→ MDR) and MDSAP.

We maintain a quality system designed to be compliant with quality system management and QSR and have procedures in place to ensure that all products and materials we purchase conform to our specifications, including evaluation of suppliers, and where required, qualification of the components supplied. We believe that our current facilities are adequate to support our operations.

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, 2024, our patent portfolio is comprised of:

- 16 issued U.S. patents which cover our $(MP)^2$, fractional RF and Ai.ME, Directional Skin Tightening technology (including cellulite treatments) that are associated with six different patent families (the earliest of which will expire in 2028), 4 pending U.S. patent applications, 31 issued foreign counterpart patents, and 12 pending foreign counterpart patent applications;
- 4 issued foreign patents covering the NeoGraft system and its methods of use (the earliest of which expired in 2022); and
- 92 issued U.S. patents primarily covering the ARTAS System and methods of use (the earliest of which expire in 2025, 176 issued foreign counterpart patents, and 4 pending foreign counterpart patent applications.

As of December 31, 2024, our trademark portfolio included the following trademark registrations, pending trademark applications or common law trademark rights, among others: MP2®, Tribella®, Vero Hair®, NANOFRACTIONAL RF®, Venus Viva®, Venus Legacy®, Venus Concept®, Venus Versa®, Venus Bliss™, Venus Bliss Max™, NeoGraft®, ARTAS®, ARTAS iX®, Aesthetic Intelligence™ and AI.ME™. We continue to file new trademark applications in many countries to protect our current and future products and related slogans.

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

In July 2006, we entered into a license agreement (the "HSC License Agreement") HSC Development LLC ("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 developed 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 and 1-for-15 reverse stock splits, 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 neurotoxins and dermal fillers, chemical peels, and microdermabrasion. In the United States, we compete against companies that have developed minimally invasive and non-invasive medical aesthetic procedures. Outside of the United States, likely due to less stringent regulatory requirements, there are more aesthetic products and procedures available in international markets than are cleared for use in the United States. Sometimes, there are also fewer limitations on the claims our competitors in international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we may face a greater number of competitors in markets outside of the United States. We also compete generally with medical technology and aesthetic companies, including those offering products and services 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 FUT Strip Surgeries and Manual FUE procedures. Many of our surgical device and equipment competitors have greater capital resources, sales and marketing operations and service infrastructures than we do, as well as longer commercial histories and more extensive relationships with physicians. FUT Strip Surgery and some Manual FUE procedures have a greater penetration into the hair restoration market, due in part to having a longer history in the 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 our competitors' systems compete largely based on 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.

Government Regulation

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

Regulation by the FDA

In the United States, the Federal Food, Drug, and Cosmetic Act ("FDCA"), the 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. The 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 requires marketing authorization from the FDA prior to distribution unless an exemption applies. The two primary types of FDA marketing authorizations applicable to a device are premarket notification, also called 510(k) clearance, and premarket approval ("PMA"). The type of marketing authorization is generally linked to the classification of the device. The FDA classifies medical devices into one of three classes (Class I, II, or III) based on the degree of risk the 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 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 the FDA. By contrast, devices placed in Class III generally require PMA approval or approval of a *de novo* reclassification petition prior to commercial marketing. The FDA's 510(k) clearance process usually takes from three to nine months but can take longer. For products requiring PMA approval, the regulatory process generally takes from one to three years or more, from the time the application is filed with the 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 the 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 the 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. 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.

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.

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. PMA applications must be supported by valid scientific evidence, which typically requires extensive data, including technical, preclinical, clinical, and manufacturing data, to demonstrate to the 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. Approval of FDA review of an initial PMA application may require several years to complete.

Clinical Trials

Clinical trials are almost always required to support the 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 the FDA, to human health, the device sponsor may need to file an investigational device exemption ("IDE") application with the 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 the 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 the FDA and the appropriate institutional review boards ("IRB"). Clinical trials are subject to extensive monitoring, recordkeeping and reporting requirements.

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 (the "MDR") applicable as of May 2021 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 the FDA are subject to pervasive and continuing regulation by the 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 the FDA, QSR requirements, labeling and marketing regulations, clearance or approval of product modifications, medical device reporting regulations, correction, removal and recall reporting regulations, Unique Device Identifiers compliance, the FDA's recall authority, and post-market surveillance activities and regulations.

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, our 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. For additional information on these potential actions and other governmental regulation risks, see Part I, Item 1A "*Risk Factors—Risks Related to Government Regulation*" included elsewhere in this report.

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 they may have with physicians and other potential purchasers of their products. 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, and treatment using our products, are not reimbursable by Medicare, Medicaid or other federal health care programs, or by commercial insurance. As a result, many federal and state fraud and abuse statutes do not apply to Venus Concept.

Compliance with applicable United States and foreign laws and regulations, such as import and export requirements, anti-corruption laws such as the *Foreign Corrupt Practices Act* and similar worldwide anti-bribery laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy and data security 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. 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.

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 ("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 the Medical Devices Directive 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 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, a conformity assessment procedure requires the intervention of a notified body, which is an organization designated by the competent authorities of an 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. Following the issuance of this a CE Certificate of Conformity, 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. We have successfully completed several notified body audits since our original certification in December 2009. Following these audits, our 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 our 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 the EEA member State laws implementing them, in all the 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 is now effective. 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 (Regulation (EU) 2017/745) allows us to continue to market our CE-marked devices provided that the requirements of its transitional provisions are fulfilled. Under Article 120 of the MDR, certificates issued by Notified Bodies to the MDD (93/42/EEC) prior to May 25, 2017 remain valid until their indicated expiry dates. Following expiration, an agreement must be made between manufacturers and their Notified Body to extend the validity of the MDD issued EC certificates until, at the latest, 31 December 2028. This agreement involves the application of the manufacturer to full MDR certification, something which entails additional and more stringent procedural and product updates when compared to the previous MDD requirements. Among other changes, the MDR introduces annual, comprehensive post-market surveillance update reports, product-centric clinical evaluations, and use of the EUDAMED platform (which remains under development for some modules). The latest update from the European Commission estimates that EUDAMED will be "fully functional" in Q2 2027. Venus Concept has already entered into an agreement for full MDR certification of its products and quality management system with its Notified Body, GMED, and is actively working towards meeting its requirements in full.

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 environmental 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 Data Security

We are subject to diverse laws and regulations relating to data privacy and data security, both in the United States and internationally. New global privacy rules are continually being enacted and existing ones are being updated and strengthened. Failure to comply with any privacy or data security laws or regulations or any security incident or breach involving the misappropriation, loss or other unauthorized access, 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. For additional information on the risks we face with regard to data privacy and security, please see Part I, Item 1A "*Risk Factors*" included elsewhere in this report.

Because the laws and regulations continue to expand, differ from jurisdiction to jurisdiction, and are subject to evolving (and at times inconsistent) governmental interpretation, compliance with these laws and regulations may require significant additional cost expenditures or changes in products or business that increase competition or reduce revenue. Noncompliance could result in the imposition of fines, penalties, orders to stop noncompliant activities, or orders to stop doing business in a jurisdiction.

We are also subject to evolving international laws on data transfer, data localization and electronic marketing. The rules on data transfer will apply when we transfer personal data to group companies or third parties outside of certain geographies. For example, there is currently litigation challenging companies' data transfers using the EEA's standard contractual clauses and use of third-party cookies. It is uncertain whether such transfers will be 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 United States to change vendors, or to arrange for local storage of personal data and we are monitoring developments in this area.

Employees

As of December 31, 2024, we had a total of 292 full-time employees. Of the total number of employees, 128 were based in the United States, 69 based in Canada, 33 based in Israel, and 62 in the rest of the world. Of the total number of full-time employees as of December 31, 2024, approximately 75 were direct sales representatives and sales management.

Corporate Information

We were founded on November 22, 2002 as a Delaware corporation. Our principal executive offices are located at 235 Yorkland Blvd., Suite 900, Toronto, Ontario M2J 4Y8, Canada and our telephone number is (877) 848-8430. You may find our website at www.venus.ai electronic copies of the Annual Report, 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 Exchange Act. Such filings are placed on our website as soon as reasonably practicable after they are filed with the SEC. Our most recent charter for our audit, compensation, and nominating and corporate governance committees and our Code of Business Conduct and Ethics and our Anti-Corruption Policy are available on our website as well. Any waiver of our Code of Business Conduct and Ethics may be made only by the Board of Directors of the Company (the "Board"). 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, and you should not consider information on our website to be part of this Annual Report. 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.edgar and on our website under the "Investor Relations" 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 risks and uncertainties, including those described below, any of which could adversely affect our business, results of operations, financial condition and prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business operations. You should carefully consider the risks described below and the other information in this Annual Report, including our audited consolidated financial statements and the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Related to Our Business

Our evaluation of strategic alternatives may not result in any transaction.

Our ability to execute the current business plan depends on our ability to obtain additional support via a strategic transaction or a series of strategic transactions. The process of exploring strategic alternatives is time-consuming, and our Board has not set a timetable for the conclusion of its review of strategic alternatives. Our review of strategic options and alternatives could result in, among other things, a sale, merger, reverse merger, consolidation or business combination, asset divestiture, partnering, licensing or other collaboration agreements, or potential acquisitions, recapitalizations or restructurings, or in one or more transactions. There can be no assurance that the exploration of strategic alternatives is the correct strategy to pursue or that it will result in the identification or consummation of any transaction or, if consummated, the terms and conditions of any such transaction. Certain potential strategic transaction alternatives, if available and achieved, could result in substantial dilution to existing stockholders and have a material adverse effect on the market price of our common stock.

Additionally, there can be no assurance that we will have sufficient capital resources to fund any strategic transaction, if available. If we raise additional funds through the issuance of equity securities, including as part of a strategic transaction, it could result in substantial dilution to our existing stockholders, increased fixed payment obligations, and any issued securities may have rights senior to those of our shares of common stock.

We offer credit terms to some qualified customers and distributors. In the event that a customer or distributor defaults on the amounts payable to us, our financial results may be adversely affected.

For the year ended December 31, 2024 and 2023, approximately 26% and 33% of our system revenues were derived from our internal financing programs (Venus Prime and our legacy subscription-based model). Under our internal financing programs, we collect an up-front fee, combined with a monthly payment schedule typically over a period of 36 months, with approximately 40% to 45% of total contract payments collected in the first year. For accounting purposes, these arrangements are considered to be sales-type finance leases, where the present value of all cash flows to be received under the agreement is recognized as revenue upon shipment of the system to the customer. We cannot provide any assurance that the financial position of customers purchasing products and services under our internal financing programs will not change adversely before we receive all the monthly installment payments due under the contract. In the event that there is a default by any of the customers to whom we have sold systems under our internal financing programs, we may recognize bad debt expenses in our general and administrative expenses. If the extent of such defaults are material, it could negatively affect our results of operations and operating cash flows.

In addition to our internal financing programs, we generally offer credit terms of 30 to 90 days to qualified customers and distributors. In the event that there is a default by any of the customers or distributors to whom we have provided credit terms, we may recognize bad debt expenses in our general and administrative expenses. If the extent of such defaults are material, it could negatively affect our future results of operations and cash flows.

We may also be adversely affected by bankruptcies or other business failures of our customers, distributors, and potential customers. A significant delay in the collection of accounts receivable or a reduction of accounts receivables collected may impact our liquidity or result in bad debt expenses.

We have initiated a review of strategic alternatives to improve our operating performance and achieve cost savings, but we may not be able to implement and/or administer these programs in the manner contemplated and these restructuring programs may not produce the desired results.

On February 7, 2023, the Company announced its restructuring plan, including workforce reductions, management changes and the discontinuation of operations in unprofitable markets. Although we expect these initiatives to help us achieve operational improvements and cost savings, we may not be able to implement these initiatives in the manner contemplated or achieve the desired results. Additionally, the implementation of restructuring programs may result in additional costs, some of which could be material. Failure to successfully implement our restructuring initiatives may negatively affect our financial performance.

On January 24, 2024, the Company announced that the Board is evaluating potential strategic alternatives to maximize shareholder value. As part of the process, the Board is considering a full range of strategic alternatives, which may include one or more financings, mergers, reverse mergers, other business combinations, sales of assets, licensings or other transactions.

There can be no assurance that the evaluation of strategic alternatives will result in any transaction, nor can there be any assurance regarding any transaction's timing or ultimate outcome. The Company has not set a timetable for completion of the process and does not intend to disclose developments related to the process unless and until the Company executes a definitive agreement with respect thereto, or the Board otherwise determines that further disclosure is appropriate or required.

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

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

The Company has recurring net operating losses and negative cash flows from operations. As of December 31, 2024 and December 31, 2023, the Company had an accumulated deficit of $308,899 and $261,903, respectively, though, the Company was in compliance with all required covenants as of December 31, 2024, and December 31, 2023. The Company's recurring losses from operations and negative cash flows raise substantial doubt about the Company's ability to continue as a going concern within 12 months from the date that the audited consolidated financial statements are issued. The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increasing inflation rates, rising interest rates, foreign currency impacts, declines in consumer confidence, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted, and the Company cannot assure that it will remain in compliance with the financial covenants contained within its credit facilities.

In order to continue its operations, the Company must achieve profitable operations and/or obtain additional equity or debt financing. Until the Company achieves profitability, management plans to fund its operations and capital expenditures with cash on hand, borrowings, and issuance of capital stock. Until the Company generates revenue at a level to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows from operating activities.

Unfavorable macroeconomic conditions may adversely impact our business and we may need additional capital to fund its future operations.

Given the economic uncertainty in the global markets, the Company cannot anticipate the extent to which the current economic turmoil and financial market conditions will continue to adversely impact the Company's business and the Company may need additional capital to fund its future operations and to access the capital markets sooner than planned. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, it may be compelled to reduce the scope of its operations and planned capital expenditures or sell certain assets, including intellectual property assets. These audited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from the uncertainty. Such adjustments could be material.

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

Global supply chain disruption and inflation may have a material adverse effect on the Company's business, financial condition and results of operations. The Company maintains manufacturing operations at its facilities in San Jose, California and Yokneam, Israel. We depend on third-party suppliers and manufacturers to produce components and provide raw materials used to manufacture our products. The disruptions to the global economy in 2022 which continued through 2024 impeded global supply chains and resulted in longer lead times and increased component costs and freight expenses. As a result, our suppliers or manufacturers may not have the materials, capacity, or capability to timely manufacture our products and alternative suppliers or manufacturers may not be readily available or cost efficient, which would negatively affect our results of operations. Despite the actions the Company has undertaken to minimize the impacts from disruptions to the global economy, there can be no assurances that unforeseen future events in the global supply chain, and inflationary pressures, will not have a material adverse effect on its business, financial condition, and results of operations.

Changes in trade policies among the United States and other countries, in particular the imposition of new or higher tariffs, may adversely impact costs related to the production, manufacturing and transportation of our products. Increased tariffs or the imposition of other barriers to international trade could decrease demand and have a negative effect on our revenues and operating results.

The United States has imposed or proposed new or higher tariffs on certain products exported by a number of U.S. trading partners, including China, Europe, Canada, and Mexico. In response, many of those trading partners, including China, have imposed or proposed new or higher tariffs on American products. The Company derives a meaningful percentage of its revenues from outside of the US, and therefore, these developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may have a material adverse effect on the Company's business and operations

In addition, the Company and/or its contract manufacturers, source component parts used in our products from countries affected by higher tariffs. We also routinely ship our products internationally. An increase in tariffs may adversely affect our gross profit margins in the future due to higher costs of production, manufacturing and transportation of our products and/or impact our ability to sell our product in certain affected international markets.

Furthermore, compliance with export controls and implementation of additional tariffs may increase compliance costs and further affect our business and operating results.

Our loan and security agreements contain restrictions that may limit our flexibility to effectively operate our business.

Main Street Priority Lending Program Term Loan

On December 8, 2020, Venus Concept USA Inc. ("Venus USA"), a wholly-owned subsidiary of the Company, executed a loan and security agreement (the "MSLP Loan Agreement"), a promissory note (the "MSLP Note"), and related documents for a loan in the aggregate amount of $50.0 million for which City National Bank of Florida ("CNB") will serve as lender pursuant to the Main Street Priority Loan Facility as established by the Board of Governors of the Federal Reserve System Section 13(3) of the Federal Reserve Act (the "MSLP Loan"). Venus USA's obligations under the MSLP Loan will be secured pursuant to a guaranty of payment and performance dated as of December 8, 2020 (the "Guaranty Agreement"), by and between the Company and CNB. On December 9, 2020, the MSLP Loan was funded and the transaction closed. On May 24, 2024, and again on September 26, 2024, a portion of the principal was converted into shares of Preferred Stock, however the same terms from the original agreement continued to apply to the remaining loan. For additional details of the MSLP Loan Agreement, see Note 10 "*Main Street Term Loan*" to our consolidated financial statements included elsewhere in this report.

The MSLP Note provides for customary events of default, including, among others, those relating to a failure to make payment, bankruptcy, breaches of representations and covenants, and the occurrence of certain events. In addition, the MSLP Loan Agreement and MSLP Note contain various covenants that limit our ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without CNB's consent, to, among other things, sell, lease, transfer, exclusively license or dispose of our assets, incur, create or permit to exist additional indebtedness, or liens, to make dividends and other restricted payments, and to make certain changes to our ownership structure.

For additional details of the MSLP Loan Agreement, the related agreements and the covenants to which we are subject, see *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Note 10 *"Main Street Term Loan"* to the consolidated financial statements included elsewhere in this Annual Report.

Madryn Credit Agreement and Exchange Agreement

On October 11, 2016, Venus Ltd. entered into a credit agreement as a guarantor with Madryn Health Partners, LP, as administrative agent, and certain of its affiliates as lenders (collectively, "Madryn"), as amended (the "Madryn Credit Agreement"), pursuant to which Madryn agreed to make certain loans to certain of Venus Concept's subsidiaries.

Contemporaneously with the MSLP Loan Agreement, the Company, Venus USA, Venus Concept Canada Corp. ("Venus Canada"), Venus Concept Ltd. ("Venus Ltd."), and the Madryn Noteholders (as defined below), entered into a Securities Exchange Agreement (the "Exchange Agreement") dated as of December 8, 2020, pursuant to which the Company (i) repaid on December 9, 2020, $42.5 million aggregate principal amount owed under the Madryn Credit Agreement, and (ii) issued, on December 9, 2020, to Madryn Health Partners (Cayman Master), LP and Madryn Health Partners, LP (the "Madryn Noteholders") secured subordinated convertible notes in the aggregate principal amount of $26.7 million (the "Notes"). The Madryn Credit Agreement was terminated effective December 9, 2020 upon the funding and closing of the MSLP Loan and the issuance of the Notes.

In connection with the Exchange Agreement, we also entered into a Guaranty and Security Agreement dated as of December 9, 2020 (the "Madryn Security Agreement"), pursuant to which we agreed to grant Madryn a security interest in substantially all of our assets to secure the obligations under the Notes. The Madryn Security Agreement contains various covenants that limit our ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit our ability, without the Madryn Noteholders' consent, to, among other things, incur, create or permit to exist additional indebtedness, or liens, and to make certain changes to our ownership structure. The Madryn Security Agreement also contains a covenant which requires that if we or any of our subsidiaries that has guaranteed the Notes consummates a disposition of material assets the result of which is that less than 50% of the consolidated net tangible assets of such entities secure the Notes then, within 90 days thereafter, we and our subsidiaries party to the Madryn Security Agreement must provide certain additional collateral so that more than 50% of the consolidated net tangible assets of the Company and its subsidiaries which have guaranteed the Notes will be collateral securing the Notes.

If an Event of Default occurs, then, the Madryn Noteholders may, subject to certain terms, (i) declare the outstanding principal amount of Notes, all accrued and unpaid interest and all other amounts owing under the Notes and other transaction documents entered into in connection therewith to be immediately become due and payable without any further action or notice by any person (ii) foreclose on the collateral granted to it to collateralize the indebtedness and (ii) exercise all rights and remedies available to it under the Notes, the Madryn Security Agreement and any other document entered into in connection with the foregoing, which would significantly affect our ability to operate our business.

For additional information regarding the Madryn Credit Agreement, the Exchange Agreement, the Notes and related agreements, see Note 11 *"Madryn Debt and Convertible Notes"* to our consolidated financial statements included elsewhere in this report.

Madryn Loan and Security Agreement

On April 23, 2024, the Company entered into a Loan and Security Agreement (the "Loan and Security Agreement"), by and among Venus USA, (the "Bridge Borrower"), Venus Canada, Venus Ltd. (Venus Ltd., together with the Company and Venus Canada, the "2024 Guarantors," and together with the Bridge Borrower, the "Bridge Financing Loan Parties") and, each lender party thereto (collectively, the "2024 Lenders") and Madryn Health Partners, LP, as administrative agent. Pursuant to the Loan and Security Agreement, the 2024 Lenders agreed to provide the Bridge Borrower with bridge financing in the form of a term loan in the original principal amount of $2,238,000 and one or more delayed draw term loans of up to an additional principal amount of $21 million (the "Bridge Financing").

The Loan and Security Agreement also provides that all present and future indebtedness and the obligations of the Borrower to Madryn shall be secured by a priority security interest in all real and personal property collateral of the Loan Parties.

The Loan and Security Agreement contains customary representations, warranties and affirmative and negative covenants. In addition, the Loan and Security Agreement contains customary events of default that entitle Madryn to cause the Borrower's indebtedness under the Loan and Security Agreement to become immediately due and payable, and to exercise remedies against the Loan Parties and the collateral securing the term loan. Under the Loan and Security Agreement, an event of default will occur if, among other things, any Loan Party fails to make payments under the Loan and Security Agreement, any Loan Party breaches any of the covenants under the Loan and Security Agreement, a Change of Control (as defined in the Loan and Security Agreement) occurs, any Loan Party, or its assets, become subject to certain legal proceedings, such as bankruptcy proceedings. Upon the occurrence and for the duration of an event of default, a default interest rate equal to 15.0% per annum will apply to all obligations owed under the Loan and Security Agreement.

For additional information regarding the Madryn Loan and Security Agreement, see Note 11 "*Madryn Debt and Convertible Notes*" to our consolidated financial statements included elsewhere in this report.

EW Notes and Security Agreement

On January 18, 2024, the Company, Venus USA, Venus Canada and Venus Ltd entered into a Note Purchase and Registration Rights Agreement (the "Note Purchase Agreement") with EW Healthcare Partners, L.P. ("EW") and EW Healthcare Partners-A, L.P. ("EW-A," and together with EW, the "EW Investors"). Pursuant to the Note Purchase Agreement, the Company issued and sold to the Investors $2.0 million in aggregate principal amount of secured subordinated convertible notes (the "EW Notes"). The Notes are secured by a Guaranty and Security Agreement, dated January 18, 2024 (the "EW Security Agreement").

Pursuant to the Security Agreement, during the continuance of an event of default under the Notes, if the Company is unable to repay all outstanding amounts under the EW Notes, the EW Investors may, subject to the terms of the CNB Subordination Agreement (as defined therein), foreclose on the collateral to collateralize such indebtedness. Any such foreclosure could significantly affect the Company's ability to operate its business.

The Security Agreement contains various covenants that limit the Company's ability to engage in specified types of transactions. Subject to limited exceptions, these covenants include restrictions on the Company's ability, to incur, create or permit to exist additional indebtedness, or liens, and to make certain changes to its ownership structure, in each case without the EW Investor's consent.

For additional information regarding the Madryn Loan and Security Agreement, see Note 13 "*EW Convertible Notes*" to our consolidated financial statements included elsewhere in this report.

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, as well as seeking regulatory clearances and approvals to market future products will require substantial funds to complete. As of December 31, 2024, we had capital resources consisting of cash and cash equivalents of approximately $4.3 million. Further, in order to grow our business and increase revenues, we will need to introduce and commercialize new products, maintain an effective sales and marketing force, and implement new software systems. We believe that we will continue to expend substantial resources for the foreseeable future in connection with the ongoing commercializing of our systems, supporting our sales and marketing efforts, and continuing research and development and product enhancements activities. We will have to increase our revenues while effectively managing our expenses in order to achieve profitability and to sustain it. Our operating expenses may fluctuate significantly in the future because of a variety of factors, many of which are outside of our control. Our failure to control expenses could make it difficult to achieve profitability or to sustain profitability in the future.

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

While we believe that the net proceeds from our recent and announced financing activities, our recent initiatives in pursuing strategic alternatives, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months, we may need to raise additional capital through public or private equity or debt financings or other sources, such as strategic collaborations sooner than expected or otherwise implement additional cost-saving initiatives. Any such financing may result in dilution to stockholders, the issuance of securities that may have rights, preferences, or privileges senior to those of holders of our common stock, the imposition of more burdensome debt covenants and repayment obligations, the licensing of rights to our technology or other restrictions that may affect our business. In addition, we may seek additional capital if favorable market conditions exist or given other strategic considerations even if we believe we have sufficient capital to fund our current or future operating plans.

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

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

We are restricted by covenants in the MSLP Loan, the Loan and the Security Agreement (as defined below), the Madryn Security Agreement and the EW Convertible Note. These covenants restrict, among other things, our ability to incur additional indebtedness, which may limit our ability to obtain additional debt financing.

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 years ended December 31, 2024 and 2023, 69% and 65%, respectively, of our global revenues were denominated in U.S. dollars and our reporting currency was the U.S. dollar. We pay a meaningful portion of our expenses in New Israeli Shekels ("NIS"), Canadian Dollars ("CAD"), and other foreign currencies. Expenses in NIS and CAD accounted for 20% and 18%, respectively, of our expenses for the year ended December 31, 2024, and 26% and 16%, respectively, of our expenses for the year ended December 31, 2023. Salaries paid to our employees, general and administrative expenses and general sales and related expenses are paid in many different currencies. As a result, we are exposed to the currency fluctuation risks relating to the denomination of its future revenues in U.S. dollars. More specifically, if the U.S. dollar devalues against the CAD or the NIS, our CAD and NIS denominated expenses will be greater than anticipated when reported in U.S. dollars. Inflation in Israel compounds the adverse impact of such devaluation by further increasing the amount of our Israeli expenses. Israeli inflation may also in the future outweigh the positive effect of any appreciation of the U.S. dollar relative to the CAD and the NIS, if, and to the extent that, it outpaces such appreciation or precedes such appreciation. We generally do not engage in currency hedging to protect the Company from fluctuations in the exchange rates of the CAD, NIS, and other foreign currencies in relation to the U.S. dollar (and/or from inflation of such foreign currencies), and we may be exposed to material adverse effects from such movements. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the U.S. dollar or any other currency against the NIS or CAD.

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

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

It is difficult to forecast our future performance and our financial results may fluctuate unpredictably.

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

- variations in market demand for our systems and services from quarter to quarter;
- the inability of our customers to obtain the necessary financing or access capital;

- performance of new functionalities and system updates;
- performance of third-party distributors, manufacturers or suppliers;
- positive or negative media coverage of our systems, positive or negative patient experiences, the procedures or products of our competitors, or our industry generally;
- our ability to maintain our current, or obtain further, regulatory clearances, approvals or CE Certificates of Conformity;
- seasonal or other variations in patient demand for aesthetic procedures; and
- introduction of new medical aesthetic procedures or products and services that compete with our products and services.

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

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

We also compete generally with medical technology and aesthetic companies, including those offering products and products unrelated to skin treatment. Aesthetic industry consolidations have created combined entities with greater financial resources, deeper sales channels, and greater pricing flexibility than ours. Rumored or actual consolidation of our competitors could cause uncertainty and disruption to our business. In the surgical hair restoration market, we consider our direct competition to be FUT Strip Surgeries and Manual FUE procedures. Many of our surgical device and equipment competitors have greater capital resources, sales and marketing operations and service infrastructures than we do, as well as longer commercial histories and more extensive relationships with physicians. Our indirect competition in the hair restoration market also includes non-surgical treatments for hair loss, such as prescription therapeutics, including Propecia, and non-prescription remedies, such as wigs, hair pieces and spray-on applications. Some of these companies have greater resources than we do, a broad range of product offerings, large direct sales forces, and long-term customer relationships with the physicians we target, which could make our market penetration efforts more difficult. Competition in the medical technology and aesthetic hair restoration markets could result in price-cutting, reduced profit margins, and limited market share, any of which would harm our business, financial condition, and results of operations.

Surgical alternatives to the ARTAS System may be able to compete more effectively than the ARTAS procedure in established practices with trained staff and workflows built around performing these surgical alternatives. Practices experienced in offering FUT Strip Surgery or Manual FUE using hand-held devices may be reluctant to incorporate or convert their practices to offer ARTAS procedures due to the effort involved to make such changes. These alternative options may be able to provide satisfactory results for male hair loss, generally at a lower cost to the patient than the ARTAS System. As a result, if patients choose these competitive alternatives, our results of operation could be adversely affected.

The aesthetic equipment market is characterized by rapid innovation. Our inability to develop and/or acquire new products and services, obtain regulatory clearance and maintain regulatory compliance, market new products successfully, and identify new markets for our technology may cause us to fail to compete effectively.

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

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

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

In addition to our direct sales and marketing forces, we currently depend on third-party distributors to sell, market, and service our systems in certain markets outside of North America and to train our customers in these markets. For the years ended December 31, 2024 and 2023, we generated 13% and 8%, respectively, of our systems revenues from sales made through third-party distributors. Our agreements with third-party distributors set forth minimum quarterly purchase commitments required for each distributor and provide the distributor the right to distribute our systems within a designated territory. If we continue to expand into new markets outside of North America, we will need to engage additional third-party distributors which exposes us to a number of risks, including:

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

- third-party distributors may not be as selective as we would be in choosing customers to purchase our systems or as effective in training those customers in marketing and patient selection;

- third-party distributors may violate applicable laws and regulations, which may limit our ability to sell products in certain markets; and

- disagreements with our distributors that could require or result in costly and time-consuming litigation or arbitration, which we could be required to conduct in jurisdictions in which we are not familiar with the governing law.

We depend on senior management and key employees to operate our business. Changes to management or the inability to recruit, hire, train and retain qualified personnel, could harm our ability to successfully manage, develop and expand our business, which could impair our future revenue and profitability.

Our success depends on the skills, experience and efforts of our senior management and other key employees, the majority of whom are employed on an "at will" basis. The loss of any of our senior management and other key employees could weaken our management expertise and harm our business, and it may not be able to find adequate replacements on a timely basis, or at all. Any of our senior management and other key employees may terminate their employment at any time, with or without notice and their knowledge of our business and industry may be difficult to replace.

We may not be able to attract and retain personnel on acceptable terms given the competition for such personnel among technology and healthcare companies and universities. The loss of, or our inability to attract, train and retain qualified personnel could harm our business and our ability to compete and become profitable.

Economic and other risks associated with international sales and operations could adversely affect our business.

Sales in markets outside of the United States accounted for approximately 41% of our revenue for the year ended December 31, 2024 and 43% of our revenue for the year ended December 31, 2023. In addition, the majority of our research and development activities and the manufacture of our systems are located outside of the United States. As a result of our international business, we are subject to a number of risks, including:

- difficulties in staffing and managing our international operations;

- increased competition as a result of more products and procedures receiving regulatory approval or otherwise free to market in international markets;

- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;

- reduced or varied protection for intellectual property rights in some countries;

- import and export restrictions, trade regulations, and non-U.S. tax laws;

- changes to import and export tariffs stemming from protectionist measures;

- fluctuations in currency exchange rates;

- foreign certification and regulatory clearance or approval requirements;

- customs clearance and shipping delays;
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general and uncertainties related to the coronavirus;
- preference for locally manufactured products;
- potentially adverse tax consequences, including the complexities of foreign value-added tax systems, tax inefficiencies related to our corporate structure, and restrictions on the repatriation of earnings;
- the burdens of complying with a wide variety of foreign laws and different legal standards; and
- increased financial accounting and reporting burdens and complexities.

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

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

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

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

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 for certain components of the ARTAS System, reusable procedure kits, disposable procedure kits and spare procedure kits. We also rely on other suppliers for some of the components used to manufacture our other devices. These suppliers may be unwilling or unable to supply components of these systems to us or NPI reliably and at the levels we anticipate or require to meet demand for our products. For us to be successful, our suppliers must be able to provide products and components in substantial quantities, in compliance with regulatory requirements, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. An interruption in our commercial operations could occur if we encounter delays or difficulties in securing these components, and if we cannot then obtain an acceptable substitute. We source a number of components used in the manufacture of our systems from China and given the uncertainty with respect to the tariffs, if any, the new US Federal administration will levy on goods imported from China and other international jurisdictions, access to our existing supply chain may be become impaired, which could result in manufacturing delays and inventory shortages. If we are required to transition to new third-party suppliers for certain components of our systems or our ARTAS procedure kits, we believe that there are only a few such suppliers that can supply the necessary components. A supply interruption, price fluctuation or an increase in demand beyond our current suppliers' capabilities could harm our ability to manufacture our systems and NPI's ability to manufacture our ARTAS procedure kits until new sources of supply are identified and qualified. In addition, the use of components or materials furnished by these alternative suppliers could require us to alter our operations.

In addition, our reliance on these suppliers subjects us to a number of risks that could harm our reputation, business, and financial condition, including, among other things, a lack of long-term supply arrangements for key components with our suppliers, difficulty and cost associated with locating and qualifying alternative suppliers for our components in a timely manner, production delays related to the evaluation and testing of products from alternative suppliers, and corresponding regulatory qualifications, delay in delivery due to our suppliers prioritizing other customer orders over ours, damage to our reputation caused by defective components produced by our suppliers, and increased cost of our warranty program due to product repair or replacement based upon defects in components produced by our suppliers.

Where practicable, we are seeking, or intending to seek, second-source manufacturers for certain of our components. However, we cannot provide assurances that we will be successful in establishing second-source manufacturers or that the second-source manufacturers will be able to satisfy commercial demand for our systems. If any of these risks materialize, costs could significantly increase and our ability to meet demand for our products could be impacted. If we are unable to satisfy commercial demand for our systems in a timely manner, our ability to generate revenue from these systems would be impaired.

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.

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

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

In the ordinary course of our business and to the extent necessary, we rely on software to control the ongoing use of our systems, collect, and aggregate diagnostic data, and collect and store sensitive data, including intellectual property and proprietary business information, and certain personally identifiable information of customers, distributors, consultants and employees in our data centers and on our networks. The secure processing, maintenance, and transmission of this information is important to our operations and business strategy. We have established physical, electronic, and policy measures to secure our systems in an attempt to prevent a system breach and the theft of data we collect, and we rely on commercially available systems, software, tools, and monitoring in our effort to provide security for our information technology systems and the digital information we collect, process, transmit and store. Despite our security measures, our information technology systems and related infrastructure, and those of our current and any future collaborators, contractors, and consultants and other third parties on which we rely, may be vulnerable to attacks by computer viruses, malware, hackers, or breaches due to malfeasance, employee or contractor error, telecommunication or electrical failures, terrorism or other created or natural disasters. Despite our cybersecurity measures, it is possible for security vulnerabilities to remain undetected for an extended time period, up to and including several years. While we have experienced, and expect to continue to experience, threats and disruptions to the Company's information technology infrastructure, none of them to date has had a material impact to the Company. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. Moreover, if a computer security breach affects our systems or results in the unauthorized release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, the media, or individuals pursuant to various federal and state privacy and security laws, if applicable, and may be subject to financial liability to the extent we are not in compliance with privacy laws to which we are subject at the time of a breach. We could also be exposed to a risk of loss or litigation and potential liability, which could materially adversely affect our business, results of operations and financial condition.

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

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

The data we collect from our pre-clinical studies and clinical trials may not be sufficient to support the FDA clearance or approval, and if we are unable to demonstrate the safety and efficacy of our future products in our clinical trials, we will be unable to obtain regulatory clearance or approval to market our products.

In addition, we may estimate and publicly announce the anticipated timing of the accomplishment of various clinical, regulatory and other product development goals, which are often referred to as milestones. The actual timing of these milestones could vary dramatically compared to our estimates, in some cases for reasons beyond our control. We cannot assure you that we will meet our projected milestones and if we do not meet these milestones as publicly announced, the commercialization of our products may be delayed and, as a result, our stock price may decline.

Delays in the commencement or completion of clinical testing could significantly affect our product development costs. The commencement and completion of clinical trials can be delayed or terminated for a number of reasons, including delays or failures related to:

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

Patient enrollment in clinical trials and completion of patient follow-up depend on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the eligibility criteria for the clinical trial, patient compliance, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new treatments that may be cleared or approved for the indications we are investigating. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may delay commencement or completion of the clinical trial, cause an increase in the costs of the clinical trial and delays, or result in the failure of the clinical trial.

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

Furthermore, a clinical trial may be suspended or terminated by us, the FDA, the IRB overseeing the clinical trial at issue, the Data Safety Monitoring Board for such trial, any of our clinical trial sites with respect to that site, or other regulatory authorities due to several factors, including:

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

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

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 ours, which could adversely affect our ability to compete in the market.

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

We protect our proprietary information and technology through nondisclosure agreements, noncompetition covenants, and other contractual provisions and agreements, as well as through patent, trademark and trade secret laws in the United States and similar laws in other countries. These protections may not be available in all jurisdictions and may be inadequate to prevent our competitors or other third-party manufacturers from copying, reverse engineering or otherwise obtaining and using our technology, proprietary rights or products. For example, the laws of certain countries in which our products are manufactured or licensed do not protect our proprietary rights to the same extent as the laws of the United States. In addition, third parties may seek to challenge, invalidate or circumvent our patents, trademarks or applications for any of the foregoing. We have focused patent, trademark, copyright and trade secret protection primarily in the United States and Europe, although we distribute our products globally. As a result, we may not have sufficient protection of our intellectual property in all countries where infringement may occur. There can be no assurance that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology or design around our proprietary rights. In each case, our ability to compete could be significantly impaired. To prevent substantial unauthorized use of our intellectual property rights, it may be necessary to prosecute actions for infringement and/or misappropriation of our proprietary rights against third parties. Any such action could result in significant costs and diversion of our resources and management's attention, and we may not be successful in such action.

We have obtained and maintained our existing patents, sought to diligently prosecute our existing patent applications, and sought to file patent applications and obtain additional patents and other intellectual property rights to restrict the ability of others to market products that compete with our current and future products. As of December 31, 2024, the Company's patent portfolio was comprised of 16 issued U.S. patents, 8 pending U.S. patent applications, 31 issued foreign counterpart patents, and 12 pending foreign counterpart patent applications relating to the (MP)2, fractional RF and Ai.ME, and Directional Skin Tightening technology (including cellulite treatments), 4 issued foreign patents covering the NeoGraft system and its methods of use, and 92 issued U.S. patents, 176 issued foreign counterpart patents, and 4 pending foreign counterpart patent applications relating to the ARTAS System and methods of use. However, patents may not be issued on any pending or future patent applications we file, the claims that issue may provide limited or no coverage of its products and technologies, and, moreover, issued patents owned or licensed to us now or in the future may be found by a court to be invalid or otherwise unenforceable at any time. We may choose to not apply for patent protection or may fail to apply for patent protection on important technologies or product candidates in a timely fashion. In addition, we may be unable to obtain patents necessary to protect our technology or products due to prior uses of or claims to similar processes or systems by third parties, or to blocking intellectual property owned by third parties. Even though we have issued patents, and even if additional patents are issued to us in the future, they may be challenged, narrowed, invalidated, held to be unenforceable or circumvented, which could limit our ability to prevent competitors from using similar technology or marketing similar products, or limit the length of time our technologies and products have patent protection. Also, even if our existing and future patents are determined to be valid and enforceable, they may not be drafted or interpreted broadly enough to prevent others from marketing products and services similar to ours, by easily designing products around our patents or otherwise developing competing products or technologies. In addition, the ownership or inventorship of one or more of our patents and patent applications may be challenged by one or more parties in one or more jurisdictions, including in a patent interference or a derivation proceeding in the United States Patent and Trademark Office ("USPTO"), or a similar foreign governmental agency or during the course of a litigation. If a competitor were able to successfully design around our patents, we may not be able to block such competition, and furthermore the competitor's products may be more effective or commercially successful than its products. In addition, our current patents will eventually expire, or they may otherwise cease to provide meaningful competitive advantage, and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid other adverse effects on our business.

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 United States. These products may compete with our systems and our patents and our other intellectual property rights may not be effective or sufficient to prevent competitors from competing in those jurisdictions. If we encounter such difficulties or are otherwise precluded from effectively protecting and enforcing our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed.

Third-party patent applications and patents could significantly reduce the scope of protection of patents owned by or licensed to us and limit our ability to obtain a meaningful scope of patent protection or market and sell our products or develop, market, and sell future products. In the United States, other parties may attack the validity of our patents after they issue, in a court proceeding, or in an ex-parte reexamination proceeding or one or more post-grant procedures that were authorized under the America Invents Act of 2011, that were available commencing on March 16, 2013 such as post-grant review, covered business method review or inter partes review, in front of the Patent Trial and Appeal Board of the USPTO. The costs of these proceedings could be substantial.

At any given time, we may be involved as either a plaintiff or a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. The large number of patents, the rapid rate of new patent applications and issuances, the complexities of the technologies involved, and the uncertainty of litigation significantly increase the risks related to any patent litigation. Any potential intellectual property litigation may (i) force us to withdraw existing products from the market or may be unable to commercialize one or more of our products, (ii) cause us to incur substantial costs, and (iii) could place a significant strain on our financial resources, divert the attention of management from our core business and harm our reputation.

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

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

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

Our rights to use the technology we license are subject to compliance with the terms of those licenses. In some cases, we do not control the prosecution, maintenance, or filing of the patents to which we hold licenses, or the enforcement of these patents against third parties. These patents and patent applications are not written by us or our advisors, and we did not have control over the drafting and prosecution. We cannot be certain that drafting and/or prosecution of the licensed patents and patent applications by the licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents and other intellectual property rights.

Risks Related to Government Regulation

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

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

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

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

The FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our products. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may fail to obtain any marketing clearances or approvals, lose any marketing clearance or approval that we may have obtained, and we may not achieve or sustain profitability.

Even after we have obtained the proper regulatory clearance or approval to market a product, we have ongoing responsibilities under the FDA regulations. The failure to comply with applicable regulations could jeopardize our ability to sell our systems and result in enforcement actions such as fines, injunctions, civil penalties, recalls or seizure of products, withdrawal of current clearances, and refusal of future clearances.

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

We must maintain regulatory approval in foreign jurisdictions in which we plan to market and sell our systems. In the EEA, for example, manufacturers of medical devices need to comply with the Essential Requirements laid down in Annex II to the EU Medical Devices Directive (Council Directive 93/42/EEC) and the MDR which is replacing the EU Medical Devices Directive. Compliance with these requirements is a prerequisite to be able to affix the CE mark to medical devices, without which they cannot be marketed or sold in the EEA. With respect to active implantable medical devices or Class III devices, the manufacturer must conduct clinical studies to obtain the required clinical data, unless reliance on existing clinical data from equivalent devices can be justified. The conduct of clinical studies in the EEA is governed by detailed regulatory obligations. These may include the requirement of prior authorization by the competent authorities of the country in which the study takes place and the requirement to obtain a positive opinion from a competent Ethics Committee. This process can be expensive and time-consuming.

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

Our promotional materials and training methods must comply with FDA and other applicable laws and regulations, including the prohibition of the promotion of off-label use in both the United States and in foreign countries. The use of one of our systems for indications other than those cleared by the FDA or approved by any foreign regulatory body may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

If the FDA or any foreign regulatory body determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including, among other things, the issuance or imposition of an untitled letter, a warning letter, injunction, seizure, refusal to issue new 510(k)s or PMAs, withdrawal of existing 510(k)s or PMAs, refusal to grant export approvals, and civil fines or criminal penalties.

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

The FDA's medical device reporting regulations require us to report to the FDA when we receive or become aware of information that reasonably suggests that one of our systems may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. If we fail to comply with our reporting obligations, the FDA could act, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products or delay in clearance of future products.

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

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

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

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

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., the QSR, ISO 13485:2016, and the MDSAP). Adherence to quality management system regulations and the effectiveness of our quality management control systems are periodically assessed through internal audits and inspections of manufacturing facilities by regulatory authorities. Failure to comply with applicable quality management system requirements, or later discovery of previously unknown problems with our products or manufacturing processes, including our failure or the failure of our third-party manufacturer to take satisfactory corrective action in response to an adverse quality system inspection, can result in enforcement action, which could have an adverse effect on our business. Our manufacturing process and facilities are audited annually for compliance with the last editions of QSR, ISO13485 and MDSAP requirements. Regulating agencies, including the FDA, foreign regulatory authorities, and our notified body can institute a wide variety of enforcement actions, ranging from inspectional observations to more severe sanctions such as:

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

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

Risks Related to Our Operations in Israel

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

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

Any hostilities, armed conflicts, terrorist activities or political instability involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect business conditions and have a material adverse effect on our business, financial condition and results of operations and could make it more difficult for us to raise capital. In addition, hostilities, armed conflicts, terrorist activities or political instability involving Israel could have a material adverse effect on our facilities including our corporate administrative office or on the facilities of our local suppliers, in which event all or a portion of our inventory may be damaged and our ability to deliver products to customers could be significantly delayed.

Several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities in the region or otherwise. While these restrictions are loosening and countries previously barred from doing business with Israel are eliminating these restrictions, to the extent they still exist, these restrictions may limit our revenues.

Conditions in the Middle East, including the October 2023 attack by Hamas and other terrorist organizations on Israel and Israel's war against them, may adversely affect our operations and limit our ability to manage and market our products, which could lead to a decrease in revenues.

Certain of our operations are conducted in Israel and a number of our employees, contract manufacturers and consultants, including employees of our service providers, are located in Israel. As such, our business and operations may be directly affected by economic, political, geopolitical and military conditions affecting Israel.

On October 7, 2023, Hamas militants and members of other terrorist organizations infiltrated Israel's southern border from the Gaza Strip and conducted a series of terror attacks on civilian and military targets. Thereafter, these terrorists launched extensive rocket attacks on the Israeli population and industrial centers located along the Israeli border with the Gaza Strip. Shortly following the attack, Israel's security cabinet declared war against Hamas. While a proposed armistice and hostages/prisoners exchange to end the Israel-Hamas war was agreed to by Israel and Hamas on January 15, 2025, and came into effect on January 19, 2025, the intensity, duration and impact of Israel's current war against Hamas and the corresponding geopolitical instability in the region is difficult to predict, as are the war's economic implications on the Company's business and operations.

Additionally, political uprisings, social unrest and violence in various other countries in the Middle East, including Israel's neighboring countries Syria, Lebanon, Egypt and Jordan, are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and certain countries and have raised concerns regarding security in the region and the potential for armed conflict. Iran is also believed to have a strong influence over various proxy militias across the Middle East, and among the Syrian government, Hamas and Hezbollah, in addition to its readiness to engage in conflict with Israel directly. These situations may potentially escalate in the future into more violent events which may affect Israel and us. These situations, including conflicts which involved missile strikes against civilian and military targets in various parts of Israel may negatively impact the Company's operations in Israel.

Our facilities are within the range of rockets that have been launched from surrounding territories, though none of our operations or those of our manufacturers have been impacted to date. In the event that our facilities in Israel, or the facilities of our vendors in Israel, are damaged as a result of the hostilities or hostilities otherwise disrupt the ongoing operation of our facilities, our ability to deliver products to customers in a timely manner to meet our contractual obligations with customers and vendors could be materially and adversely affected. Any losses or damages incurred by us could have a material adverse effect on our business.

Our insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East or for any resulting disruption in our operations. Although the Israeli government has in the past covered the reinstatement value of direct damages that were caused by terrorist attacks or acts of war, we cannot be assured that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred and the government may cease providing such coverage or the coverage might not suffice to cover potential damages. Any losses or damages incurred by us could have a material adverse effect on our business.

Our operations may be disrupted because of the obligation of Israeli citizens to perform military service.

As a result of the Israeli security cabinet's decision to declare war against Hamas, Israeli reservists have been drafted to perform immediate military service. Certain of our employees and consultants in Israel, in addition to employees of our service providers located in Israel, have been called for service in the current war with Hamas as of the date of this Annual Report, and such persons may be absent for an extended period of time. As a result, our operations may be disrupted by such absences, which may materially and adversely affect our business and results of operations. Additionally, the absence of employees of our Israeli suppliers and contract manufacturers due to their military service in the current war or future wars or other armed conflicts may disrupt their operations, in which event our ability to deliver products to customers may be materially and adversely affected.

Risks Related to Our Common Stock

We may not be able to maintain our listing on The Nasdaq Capital Market and it may become more difficult to sell our stock in the public market.

Minimum Stockholder Equity Requirement

On May 31, 2023, we received a notice (the "Notice") from Nasdaq stating that our stockholders' equity as reported in our Quarterly Report on Form 10-Q for the period ended March 31, 2023 was below the minimum $2,500,000 required for continued listing under Nasdaq Listing Rule 5550(b)(1) ("Minimum Equity Requirement").

The Notice had no immediate effect on the listing of our common stock. On July 17, 2023, we submitted to Nasdaq a plan to regain compliance with the Minimum Equity Requirement (the "Plan"). On July 28, 2023, Nasdaq granted us an extension until November 27, 2023 to evidence compliance with the Minimum Equity Requirement, conditioned upon our achievement of certain milestones as set forth in the Plan. On November 28, 2023, the Company received a written notice from the Nasdaq Staff which described its determination that the Company had not regained compliance with the Minimum Equity Requirement within the Plan period. As a result, the Nasdaq Staff advised the Company that its securities will be delisted at the opening of business on December 7, 2023, unless the Company timely requests a hearing before a Nasdaq Hearings Panel (the "Panel").

On December 5, 2023, the Company timely requested a hearing before the Panel. The hearing was held on March 5, 2024, staying any delisting pending the issuance of the Panel's decision.

On March 20, 2024, the Company received a decision from the Panel granting its request for continued listing on the Nasdaq Capital Market, subject to the Company demonstrating compliance with Nasdaq Listing Rule 5550(b) on or before May 28, 2024, and certain other conditions.

On June 4, 2024, the Company was formally notified by Nasdaq that the Company had regained compliance with the stockholders' equity Minimum Equity Requirement.

The Company is subject to a "Mandatory Panel Monitor," as defined in Nasdaq Listing Rule 5815(d)(4)(B), through June 4, 2025. If the Company is found to be noncompliant with the Minimum Equity Requirement within the monitoring period, the Company would not be allowed to provide the Nasdaq Listing Qualifications Staff with a plan to regain compliance with the Minimum Equity Requirement; rather, the Nasdaq Listing Qualifications Staff would be required to issue a delist determination. In such case, the Company would have the opportunity to request a new hearing before the Panel, which request would stay any further action by the Nasdaq Listing Qualifications Staff until the time of the hearing.

Minimum Bid Price Requirement

On April 11, 2024, the Company received a notice from Nasdaq stating that for 32 consecutive business days the Company's common stock did not maintain a minimum closing bid price of $1.00 per share as required for continued listing under Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has 180 calendar days, or until the Initial Compliance Date, to regain compliance with the Minimum Bid Price Requirement. The Company did not regain compliance with the Bid Price Requirement by the Initial Compliance Date.

On October 17, 2024, Nasdaq notified the Company that it is eligible for an additional 180 calendar day period, or until the Extended Compliance Date, to regain compliance with the Bid Price Requirement. If, at any time before the Extended Compliance Date, the bid price for the Company's common stock closes at $1.00 or more for a minimum of 10 consecutive business days as required under the Compliance Period Rule, the Staff will provide written notification to the Company that it complies with the Bid Price Requirement, unless the Staff exercises its discretion to extend this 10 day period pursuant to Nasdaq Listing Rule 5810(c)(3)(H).

On March 3, 2025, the Company effected a 1-for-11 reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding common stock, par value $0.0001 per share by the filing of a Certificate of Amendment of Certificate of Incorporation with the Secretary of State of the State of Delaware pursuant to the Delaware General Corporation Law. The Reverse Stock Split became effective at 5:00 p.m. Eastern Time on March 3, 2025, and began trading on a Reverse Stock Split-adjusted basis as of the opening of the Nasdaq Capital Market on March 4, 2025. On March 18, 2025, the Company received a notice from Nasdaq stating that the Company had regained compliance with the Bid Price Requirement.

If our common stock ultimately is delisted for failure to comply with the Minimum Bid Price or Minimum Equity Requirement, our shareholders could face significant adverse consequences, including:

- limited availability or market quotations for our common stock;
- reduced liquidity of our common stock;
- determination that shares of our common stock are "penny stock", which would require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stocks;
- limited amount of news analysts' coverage of us; and
- decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

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 could be subject to significant fluctuations. Some of the factors that may cause the market price of the Company's common stock to fluctuate include:

- uncertainties relating to potential strategic alternatives or any strategic transaction, including actual or perceived adverse developments in this process or the announcement or pendency of any such transaction;
- introduction of new products, services or technologies, significant contracts, commercial relationships or capital commitments by competitors;
- failure to meet or exceed financial and development projections the Company may provide to the public;
- failure to meet or exceed the financial and development projections of the investment community;
- announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by the Company or its competitors;
- disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- additions or departures of key personnel;
- significant lawsuits or government investigations, including patent or stockholder litigation;

- if securities or industry analysts do not publish research or reports about the Company's business, or if they issue adverse or misleading opinions regarding our business and stock;
- changes in the market valuations of similar companies;
- general market or macroeconomic conditions;
- sales of common stock by us or our stockholders in the future;
- trading volume of our common stock;
- adverse publicity relating to hair restoration or other minimally invasive or non-invasive medical aesthetic procedures generally, including with respect to other products in such markets;
- the introduction of technological innovations that compete with the products and services of the Company; and
- period-to-period fluctuations in the Company's financial results.

In addition, the stock markets in general, and the markets for medical device and aesthetic stocks in particular, have experienced extreme volatility that may have been unrelated to the operating performance of the issuer. These broad market fluctuations may adversely affect the market price or liquidity of our common stock.

Under SEC rules, we are a smaller reporting company and we have taken advantage of certain exemptions from disclosure requirements available to smaller reporting companies; this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

Under SEC rules, we qualify as, a "smaller reporting company". We have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, because of our non-accelerated filer status, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. As a result, stockholders may not have access to certain information they may deem important. We cannot predict whether investors will find our securities less attractive because we rely on these exemptions. If some investors find the securities less attractive as a result of reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

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

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

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

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

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of the Board;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;

- the exclusive right of the Board to elect a director to fill a vacancy created by the expansion of the Board or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on the Board;

- the ability of the Board to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;

- the ability of the Board to alter its bylaws without obtaining stockholder approval;

- the required approval of at least 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, the chief executive officer, the president or the Board, which may delay the ability of the stockholders to force consideration of a proposal or to act, including the removal of directors; and

- advance notice procedures that stockholders must comply with in order to nominate candidates to the Board or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

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

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

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, 2024, our executive officers, directors and certain of our shareholders who are affiliated with our directors, in the aggregate, beneficially own approximately 25% of our outstanding shares of common stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, if they choose to act together, these persons would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of the Company on terms that other stockholders may desire.

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

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

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

We recognize the critical importance of maintaining the safety and security of our systems and data and have a holistic process for overseeing and managing cybersecurity and related risks. This process is supported by both management and our Board. As such, we are committed to maintaining robust governance and oversight of these risks and to implementing mechanisms, controls, technologies, and processes designed to help us assess, identify, and manage these risks. While we have not, as of the date of this Annual Report, experienced a "cybersecurity threat" (as defined in Item 106(a) of Regulation S-K) or "cybersecurity incident" (as defined in Item 106(a) of Regulation S-K) that has materially affected or was reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition, there can be no guarantee that we will not experience such a cybersecurity threat or cybersecurity incident in the future. Such threats or incidents, whether or not successful, could result in us incurring significant costs related to rebuilding our internal systems, writing down inventory value, implementing additional threat protection measures, providing modifications or replacements to our products and services, defending against litigation, responding to regulatory inquiries or actions, paying damages, providing customers with incentives to maintain a business relationship with us, or taking other remedial steps with respect to third parties, as well as potentially incurring significant reputational harm. In addition, these cybersecurity threats are constantly evolving, thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures. Our cybersecurity program is designed to detect and investigate cybersecurity threats against our network, products, and services, and to prevent their occurrence and recurrence through changes or updates to our internal processes and tools and changes or updates to our products and services; however, we remain potentially vulnerable to known or unknown cybersecurity threats. In some instances, we, our suppliers and our customers can be unaware of a cybersecurity threat or cybersecurity incident or its magnitude and effects. Further, there is increasing regulation regarding responses to cybersecurity incidents, including reporting to regulators, which could subject us to additional liability and reputational harm.

We aim to incorporate industry best practices throughout our cybersecurity program. To this end, the Company has recently implemented a series of upgrades to its firewalls, improved its network configuration, augmented its managed detection and response services, and implemented the use of new logging tools to network connected devices. Our cybersecurity program focuses on implementing effective and efficient controls, technologies, and other processes to assess, identify, and manage material cybersecurity risks. Our cybersecurity program is designed to be aligned with applicable industry standards and is assessed periodically by independent third-party auditors. We have processes in place to assess, identify, manage, and address material cybersecurity threats and cybersecurity incidents. These include, among other things: ongoing security awareness training for our employees; mechanisms to detect and monitor unusual network activity; and containment and incident response tools. We actively engage with industry groups for benchmarking and awareness of best practices. We monitor potential cybersecurity threats that are internally discovered or externally reported to us that may affect our business and have processes to assess those issues for potential cybersecurity impact or risk. We also have a process in place to manage cybersecurity risks associated with third-party service providers. All transactions with third parties are conducted through secure gateways with access being controlled solely by the Company.

We describe how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, in *Item 1A. Risk Factors – Security breaches and other disruptions could compromise our information and expose us to liability* of this Annual Report.

Cybersecurity Governance

Management's Role

Our Director, Information Technology (the "DIT") and Chief Legal Officer have primary responsibility for assessing and managing material cybersecurity risks and are members of management's IT steering committee, which is comprised of a cross-functional team that consists, in part, of the executive team and certain members of the senior leadership team (the "Steering Committee"), which is a committee that drives alignment on information technology security decisions across the Company. The Steering Committee meets quarterly, or more frequently as determined to be necessary or advisable, to review security performance metrics, identify security risks, and assess the status of approved security enhancements. The Steering Committee also considers and makes recommendations on security policies and procedures, security service requirements, and risk mitigation strategies. The Steering Committee also receives prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed from members of the Information Technology team. Once the Steering Committee has considered this information and recommended a course of action, senior executives provide the Board with updates concerning cybersecurity risks and the Company's cybersecurity strategies and objectives.

In addition to the Steering Committee, the Company has formed a cybersecurity subcommittee of the Steering Committee, whose mission is to enhance the reporting, governance and where-necessary, response to cybersecurity incidents and thereby reduce the prevalence and potential harm to the Company and its investors caused by a cybersecurity incident.

Our DIT has served in various roles in information technology and information security for over 20 years, delivering and managing complex information technology systems including the cybersecurity function for governments, industry leaders and public companies. Our DIT holds an undergraduate degree from Tel Aviv University and a postgraduate degree from the London School of Economics. Our Chief Legal Officer has over 14 years of experience managing risks, including risks arising from cybersecurity threats, at other publicly traded companies.

Board Oversight

Cybersecurity is an important part of our risk management processes and an area of focus for our Board and management. Our Board has ultimate oversight of cybersecurity risk, which it manages as part of our enterprise risk management program. That program is utilized in making decisions with respect to company priorities, resource allocations, and oversight structures. The Board is assisted by the Audit Committee, which is responsible for the oversight of risks from cybersecurity threats and regularly reviews our Company's risk matrices, including cybersecurity, with management and reports to the Board. Cybersecurity reviews by the Audit Committee or the Board generally occur at least annually, or more frequently as determined to be necessary or advisable. Our Board members also engage in ad hoc conversations with management on cybersecurity-related news events and discuss any updates to our cybersecurity risk management and strategy programs. As noted above, if a significant cybersecurity incident occurs, the Steering Committee will report same promptly to the Board on an ad hoc and as-needed basis. Otherwise, management reports cybersecurity risks and developments to the Board quarterly.

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 warehouse space.

We lease a facility in San Jose, California which hosts our offices, research and development activities, logistics and manufacturing. We lease these facilities pursuant to a lease agreement that expires July 14, 2027. The facilities consist of approximately 30,011 square feet of total space.

We lease a facility in Davie, Florida, which is used to support our logistics and technical support services for our United States operations. We lease these facilities pursuant to a lease agreement that expires November 30, 2025. The facilities consist of approximately 4,733 square feet of total space.

We also have offices and a research and development center located at 1 Hamelacha Street, Yokne'am Illit 2069200, Israel. We lease these facilities pursuant to a lease agreement that expires on September 30, 2025, with an option to extend the term for an additional 12 months. These facilities consist of approximately 530 square meters of total space.

We believe that our existing facilities are sufficient to meet our current needs.

Item 3. Legal Proceedings.

As of December 31, 2024, the Company was not party to any material active or pending legal proceedings.

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.

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 is listed for trading on the Nasdaq Capital Market under the symbol "VERO".

Holders

As of March 26, 2025, there were 71 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 and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that the Board 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. Reserved.

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 within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 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. Any statements contained in this Annual Report that are not 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 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 may turn out to be inaccurate or 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*"*. Any forward-looking statement made by us in this Annual Report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or verbal, that may be made from time to time, whether as a result of new information, future developments or otherwise.*

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 services. Our systems have been designed on cost-effective, proprietary and flexible platforms that enable us to expand beyond the aesthetic industry's traditional markets of dermatology and plastic surgery, and into non-traditional markets, including family medicine, general practitioners and aesthetic medical spas. In 2024 and 2023, respectively, a substantial majority of our systems delivered in North America were in non-traditional markets. As we grow our ARTAS hair restoration business and expand robotics offerings through the AI.ME™ platform we expect our penetration into the core practices of dermatology and plastic surgery to increase.

We have had recurring net operating losses and negative cash flows from operations. As of December 31, 2024 and 2023, we had an accumulated deficit of $308.9 million and $261.9 million, respectively. Until we generate revenue at a level to support our cost structure, we expect to continue to incur substantial operating losses and negative cash flows from operations. In order to continue our operations, we must achieve profitability and/or obtain additional equity investment or debt financing. Until we achieve profitability, we plan to fund our operations and capital expenditures with cash on hand, borrowings and issuances of capital stock. As of December 31, 2024 and 2023, we had cash and cash equivalents of $4.3 million and $5.4 million, respectively.

The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruption, including increases to inflation rates, rising interest rates, foreign currency impacts and declines in consumer confidence, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted.

On January 24, 2024, the Company announced that the Board has authorized the review of the strategic alternatives with a goal of enhancing stockholder value. There is no set timetable for the strategic review process and there can be no assurance that such review will result in any transaction or other alternative or the terms and conditions of any transaction or other alternative.

Equity Purchase Agreement with Lincoln Park

On June 16, 2020, we entered into the Equity Purchase Agreement with Lincoln Park Capital Fund LLC ("Lincoln Park") which provided that, upon the terms and subject to the conditions and limitations set forth therein, we may sell to Lincoln Park up to $31.0 million of shares of our common stock pursuant to our shelf registration statement. The purchase price of shares of common stock related to a future sale was based on the then prevailing market prices of such shares at the time of sales as described in the Equity Purchase Agreement. Concurrently with entering into the Equity Purchase Agreement, we also entered into the Registration Rights Agreement. During the year ended December 31, 2022, we sold to Lincoln Park 0.003 million shares of our common stock under the Equity Purchase Agreement, at which point this agreement expired. The net cash proceeds from shares issuance as of December 31, 2022 were $0.3 million. The Equity Purchase Agreement expired on July 1, 2022.

On July 12, 2022, we entered into the 2022 LPC Purchase Agreement with Lincoln Park, and we issued and sold to Lincoln Park 0.004 million shares of our common stock as a commitment fee in connection with entering into the 2022 LPC Purchase Agreement, with the total value of $0.3 million. Subsequent to execution of the 2022 LPC Purchase Agreement the Company issued approximately 39.5 thousand shares of common stock to Lincoln Park at an average price of $49.94 per share, for a total value of $1.97 million through December 31, 2022. During the twelve months ended December 31, 2023, the Company issued an additional 31.1 thousand shares of common stock to Lincoln Park at an average price of $35.53 per share, for a total value of $1.1 million. During 2024, the Company issued an additional 758 shares of common stock to Lincoln Park at an average price of $12.76 per share, for a total value of $10. The 2022 LPC Purchase Agreement expired on August 1, 2024. For additional information regarding the 2022 LPC Purchase Agreement, see Note 15 "*Stockholders' Equity*" in the notes to our consolidated financial statements included elsewhere in this report.

The 2022 Private Placement

In November 2022, we entered into a securities purchase agreement with certain investors (collectively, the "2022 Investors") pursuant to which the Company issued and sold to the 2022 Investors an aggregate of 10,608 shares of common stock, par value $0.0001 per share, and 3,185,000 shares of voting convertible preferred stock, par value $0.0001 per share (the "Voting Preferred Stock"), which are convertible into 193,014 shares of common stock upon receipt of a valid conversion notice from a 2022 Investor or at the option of the Company within 30 days following the occurrence of certain events (the "2022 Private Placement"). The 2022 Private Placement was completed on November 18, 2022. The gross proceeds from the securities sold in the 2022 Private Placement totaled $6.7 million before offering expenses. The costs incurred with respect to the 2022 Private Placement totaled $0.2 million and were recorded as a reduction of the 2022 Private Placement proceeds in the consolidated statements of stockholders' equity. The accounting effects of the 2022 Private Placement transaction are discussed in Note 15 *"Stockholders' Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

The 2023 Multi-Tranche Private Placement

In May 2023, we entered into a securities purchase agreement (the "2023 Multi-Tranche Private Placement Stock Purchase Agreement") with certain investors (collectively, the "2023 Investors") pursuant to which the Company may issue and sell to the 2023 Investors up to $9,000,000 in shares (the "2023 Multi-Tranche Private Placement") of newly-created senior convertible preferred stock, par value $0.0001 per share (the "Senior Preferred Stock"), in multiple tranches from time to time until December 31, 2025, subject to a minimum aggregate purchase amount of $0.5 million in each tranche. The initial sale in the 2023 Multi-Tranche Private Placement occurred on May 15, 2023, under which the Company sold the 2023 Investors 280,899 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Initial Placement").

On July 6, 2023, the Company and the 2023 Investors entered into an amendment to the 2023 Multi-Tranche Private Placement Stock Purchase Agreement (the "Multi-Tranche Amendment"). The Multi-Tranche Amendment (a) clarifies the appropriate date pursuant to which the purchase price for each share of Senior Preferred Stock to be sold in the Private Placement is determined (such that the purchase price shall be equal to the "Minimum Price" as set forth in Nasdaq Listing Rule 5635(d)) and (b) permits the Company to specify a desired closing date (subject to approval by the 2023 Investors) for each sale in the 2023 Multi-Tranche Private Placement.

On July 12, 2023, the Company and the 2023 Investors consummated the second tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 500,000 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Second Placement").

On September 8, 2023, the Company and the 2023 Investors consummated the third tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 292,398 shares of Senior Preferred Stock for an aggregate purchase price of $1.0 million (the "Third Placement").

On October 20, 2023, the Company and the 2023 Investors consummated the fourth tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 502,513 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Fourth Placement", and together with the First Placement, Second Placement and Third Placement, the "Placements").

The Company used the proceeds of the Placements, after the payment of transaction expenses, for general working capital purposes. The accounting effects of the 2023 Multi-Tranche Private Placement transaction are discussed in Note 15 *"Stockholders' Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

Series X Convertible Preferred Stock

On October 4, 2023, the Company entered into an Exchange Agreement (the "2023 Exchange Agreement") with the Madryn Noteholders, pursuant to which the Madryn Noteholders agreed to exchange $26,695,110.58 in aggregate principal amount outstanding under the Notes for (i) $22,791,748.32 in aggregate principal amount of new secured convertible notes of the Company and (ii) 248,755 shares of newly-created convertible preferred stock of the Company, par value $0.0001 per share designated as "Series X Convertible Preferred Stock." The transaction is discussed in Note 15 *"Stockholders Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

Registered Direct Offering

On February 22, 2024, the Company, entered into a securities purchase agreement (the "SPA") with certain institutional investors (each, a "2024 Investor"), pursuant to which the Company agreed to issue and sell to the 2024 Investors (i) in a registered direct offering, an aggregate of 74,342 shares of the Company's common stock, at a price of $16.115 per share and (ii) in a concurrent private placement, warrants to acquire up to an aggregate of 74,342 shares of Common Stock (the "2024 Investor Warrants"), at an initial exercise price of $14.74 per share (the "Offering"). The transaction is discussed in Note 15 *"Stockholders' Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

Madryn Loan and Security Agreement

On April 23, 2024, the Company entered into a Loan and Security Agreement (the "Loan and Security Agreement"), by and among Venus USA (the "Bridge Borrower"), Venus Canada, Venus Ltd. (Venus Ltd., together with the Company and Venus Canada, the "2024 Guarantors", and together with the Bridge Borrower, the "Bridge Financing Loan Parties") and, each lender party thereto (collectively, the "2024 Lenders") and Madryn Health Partners, LP, as administrative agent. Pursuant to the Loan and Security Agreement, the 2024 Lenders agreed to provide the Bridge Borrower with bridge financing in the form of a term loan in the original principal amount of $2.2 million and one or more delayed draw term loans of up to an additional principal amount of $2.8 million (the "Bridge Financing"). The Bridge Financing originally had a maturity date of May 26, 2024. Pursuant to the Loan and Security Agreement, each of the 2024 Guarantors, jointly and severally, guarantee, that the Obligations (as defined in the Loan and Security Agreement) will be performed and paid in full when due and payable.

On July 26, 2024, September 11, 2024, and November 1, 2024 additional delayed draws in the amounts of $1.0 million were made, respectively. On November 26, 2024, an additional delayed draw of $1.2 million was made, and on December 9, 2024, an additional delayed draw of $1.5 million was made, for a total drawdown as of December 31, 2024 of $7.9 million.

From May 24, 2024 through December 31, 2024 the Loan Parties entered into Bridge Financing Amendments Two through Ten, which among other things, extended the maturity date to January 31, 2025, increased the delayed draw commitment from $2.8 million to $6.0 million, made interest payments payable-in-kind, deleted the net loss covenant, and granted relief from minimum liquidity requirements. These amendments are discussed in Note 11 *"Madryn Debt and Convertible Notes"* in the notes to our consolidated financial statements included elsewhere in this report.

2024 Exchange Agreements and Series Y Convertible Preferred Stock Issuance

On May 24, 2024, the Company entered into an exchange agreement, by and among the Company, Venus USA, and Madryn (the "2024 Exchange Agreement") whereby the Company exchanged $52,142 in aggregate principal amount outstanding under the MSLP Loan Agreement for $17,142 in aggregate principal of new secured notes (“New Secured Notes”) and 576,986 shares of newly-created convertible preferred stock of the Company, designated as "Series Y Convertible Preferred Stock." The Series Y Convertible Preferred Stock is priced at $667.26 per share, being equal to the product of (i) the average closing price (as reflected on Nasdaq.com) of the Company's common stock for the five trading days immediately preceding date of the 2024 Exchange Agreement, multiplied by (ii) 9.0909. The New Secured Notes follow the same terms as the MSLP Loan Agreement. As part of the extinguishment of principal, the Company recognized a $10.9 million non-cash loss.

On September 26, 2024, the Company entered into an Exchange Agreement, by and among the Company, Venus USA, and Madryn (the "Second 2024 Exchange Agreement") whereby the Company exchanged $17,662 of the balance outstanding under the MSLP Loan Agreement for $2,662 in aggregate principal amount outstanding under the MSLP Loan Agreement and 203,583 shares of Series Y Convertible Preferred Stock. As part of the extinguishment of principal, the Company recognized a $0.5 million non-cash loss. Also, on September 26, 2024 the Loan Parties entered into a Third Loan Amendment which, among other things, (i) modify the October 2024 interest payment to be payable-in-kind, (ii) delete the net loss covenant, and (iii) grant relief from minimum liquidity requirements.

The transactions are discussed in Note 15 *"Stockholders' Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

Products and Services

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

- the sale, including traditional sales, Venus Prime and legacy subscription-based sales, of systems, inclusive of the main console and applicators/handpieces (referred to as system revenue);
- marketing supplies and kits;
- consumables and disposables
- service revenue; and
- replacement applicators/handpieces.

Service revenue includes revenue derived from our extended warranty service contracts provided to our existing customers.

Systems are sold through contracts directly, through our internal financing programs and through distributors. In the third quarter of 2022 we commenced an initiative to reduce our reliance on system sales sold under subscription agreements in the United States. This strategic shift is designed to improve cash generation and reduce our exposure to defaults and increased bad debt expense given the increasingly challenging economic environment caused by the coexistence of high inflation and high interest rates.

We generate revenue from traditional system sales and from sales under our internal financing programs, which are available to customers in North America and select international markets. Approximately 26% and 33% of our system revenues were derived from our internal financing programs in the year ended December 31, 2024 and 2023, respectively. We currently do not offer the ARTAS iX system under our internal financing programs.

In January 2024, the Company launched its new Venus Prime program which is a structured in-house financing program replacing its legacy subscription program for customers in North America. Under our Venus Prime program, select customers can qualify for competitive financing rates and continue to benefit from the payment flexibility afforded by our previous subscription financing program when purchasing our aesthetic medical devices, as well as a seamless technology upgrade program made available to our customers in years 2 and 3 of ownership.

Like our legacy subscription model, Venus Prime includes an up-front fee and a monthly payment schedule, typically over a period of 36 months, with approximately 40% to 45% of total contract payments collected in the first year. To ensure that each monthly 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 Venus Prime 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. This structure can provide greater flexibility than traditional equipment leases secured through financing companies. We work closely with our customers 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 received regulatory clearance for twelve novel aesthetic technology platforms, including our ARTAS and NeoGraft systems. We believe our ARTAS and NeoGraft systems are complementary and give us a hair restoration product offering that can serve a broad segment of the market. Our medical aesthetic technology platforms have received regulatory clearance for a variety of indications, including 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 in jurisdictions around the world. In addition, our technology pipeline is heavily focused on improving and enhancing our current technologies, products, and services and the development of robotically assisted minimally invasive solutions for aesthetic procedures that are primarily treated by surgical intervention, including the AI.ME platform for which we received FDA 510(k) clearance for fractional skin resurfacing in December 2022.

In the United States, we have obtained 510(k) clearance from the FDA for our Venus Viva, Venus Viva MD, Venus Legacy, Venus Versa, Venus Versa Pro, Venus Velocity, Venus Bliss, Venus Bliss Max, Venus Epileve, Venus Fiore, ARTAS, ARTAS iX and AI.ME systems. Outside the United States, we market our technologies in over 40 countries across Europe, the Middle East, Africa, 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.

As of December 31, 2024, we operated directly in 12 international markets through our 10 direct offices in the United States, Canada, Japan, Mexico, Spain, Germany, Australia, China, Hong Kong, and Israel.

Our revenues for the year ended December 31, 2024, and 2023 were $64.8 million and $76.4 million, respectively. We had a net loss attributable to the Company of $47.0 million and $37.1 million in the year ended December 31, 2024, and 2023, respectively. We had an Adjusted EBITDA loss of $21.2 million and $20.3 million for the year ended December 31, 2024, and 2023, respectively.

Use of Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP measure defined as net income (loss) before foreign exchange loss (gain), financial expenses, income tax expense (benefit), 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 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 is a 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,	
	2024	2023
Reconciliation of net loss to adjusted EBITDA	**(in thousands)**	
Net loss	$ (46,971)	$ (37,050)
Foreign exchange (gain) loss	2,135	(295)
Loss on disposal of subsidiaries	23	174
Loss on debt extinguishment	11,355	2,040
Finance expenses	6,885	6,893
Income tax benefit	(611)	(71)
Depreciation and amortization	3,889	4,115
Stock-based compensation expense	1,043	1,569
Other adjustments (1)	1,020	2,362
Adjusted EBITDA	$ (21,232)	$ (20,263)

(1) For the years ended December 31, 2024 and December 31, 2023, the other adjustments are represented by restructuring activities designed to improve the Company's operations and cost structure.

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 sales contracts and internal financing programs. The following table sets forth the number of systems we have delivered in the geographic regions indicated:

	Year Ended December 31,	
	2024	2023
United States	435	448
International	614	722
Total systems delivered	1,049	1,170

Mix between traditional sales, distributor sales, and sales made under our internal financing programs. We deliver systems through (1) traditional direct system sales contracts to customers, (2) our internal financing programs, and (3) system sales through distribution agreements. Unit deliveries under direct system sales contracts and internally financed sales have 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 and internally financed sales have similar gross margins, cash collections on sales financed under our internal financing programs generally occur over a three-year period, with approximately 40% to 45% collected in the first year and the balance collected evenly over the remaining two years of the agreement. In the third quarter of 2022 we commenced an initiative to reduce our reliance on system sales sold under our internal financing programs in the United States. This strategic shift is designed to improve cash generation and reduce our exposure to defaults and increased bad debt expense given the increasingly challenging economic environment caused by the coexistence of high inflation and high interest rates.

Investment in Sales, Marketing and Operations. In recent years, we made a strategic decision to penetrate the global market by investing in sales and marketing expenses across all geographic segments. This included the opening of direct offices and hiring experienced sales, marketing, and operational staff. While we generated incremental product sales in these new markets, these revenues and the related margins did not fully offset the startup investments made in certain countries. We continue to evaluate our profitability and growth prospects in these countries and have taken and will continue to take steps to exit countries which we do not believe will produce sustainable results. Since June 2020 we have ceased direct sales operations in 13 countries across Europe, Asia Pacific, Latin America and Africa and have increased our investment and focus in the United States market.

In the years ended December 31, 2024 and 2023, respectively, we did not open any direct sales offices.

Bad Debt Expense. We maintain an allowance for expected credit losses for estimated losses that may primarily arise from customers who purchased our products under our internal financing programs who are unable to make the remaining payments required under their agreements. We continue to focus our selling efforts on cash sales and internal financing customers with a stronger credit profile, thereby reducing our exposure to credit losses. In the year ended December 31, 2024, we incurred bad debt expense of $1.4 million consistent to a bad debt expense of $1.4 million in the year ended December 31, 2023. As of December 31, 2024, our allowance for expected credit losses stands at $3.8 million which represents 12.2% of the gross outstanding accounts receivable as of this date.

Outlook

The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruption, including increases to inflation rates, rising interest rates, foreign currency impacts, declines in consumer confidence, and a challenging growth environment. In addition, we face uncertainty with respect to the tariffs, if any, the new U.S. Federal administration will levy on goods imported from China, Mexico, Canada and other international jurisdictions. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted. The bulk of the revenue decline in the year ended December 31, 2024 was due to a significant tightening in credit markets in the U.S. and international markets due to higher interest rates, impacting our customers' ability and/or desire to secure capital equipment financing. In addition, our international results were negatively affected by an acceleration of our international strategy to wind down underperforming countries as we continued to transition to third party distributors. We continue to focus on quality of revenue and despite the revenue decline, our cash used in operations was $1.8 million lower, or 13.9% than the same period in 2023. On a positive note, the Federal Reserve Board (Fed), the European Central Bank, the Swiss National Bank and the Bank of Canada all recently reduced interest rates in an effort to reduce the degree of restrictiveness in monetary policy, and signaling future rate cuts over the near term. We remain focused on adapting to the challenges presented by the current macro-economic environment, as well as the opportunities presented by an easing of monetary policy.

Israel – Hamas conflict. Following the October 7, 2023 attack by Hamas on Israeli citizens and the declaration of war that followed, we have taken steps to mitigate exposure to risks related to our Israeli operations, the risks of which are further described in *Item 1A. Risk Factors – Risks Related to Our Operations in Israel* of this Annual Report. These efforts include but are not limited to, working with our contract manufacturers to accelerate inventory build, contingency planning with respect to alternative manufacturing sites within their network, and relocating larger amounts of finished goods to warehouses in North America to protect our ability to distribute products. Alongside the Company's continuity plan, we maintain daily contact with our employees in Israel and have instituted a wellness program designed to provide access to healthcare practitioners/consultants for short term counselling for colleagues and family members in order to provide assistance during the conflict.

Supply chain. We did not experience significant supply issues during the year ended December 31, 2024 as we continue to actively work with our suppliers and third-party manufacturers to mitigate supply issues and build inventory of key component parts. We anticipate some supply challenges in 2025, due to geopolitical disruption in the middle east impacting shipping lanes, deliveries of materials and component parts, impacting production lead times that may impact our ability to manufacture the number of systems required to meet customer demand. In addition, since the second quarter of 2021 we have experienced significant inflationary pressures throughout our supply chain, which may continue into 2025. We also face uncertainty with respect to the tariffs, if any, the new U.S. Federal administration will levy on goods imported from China, Mexico, Canada and other international jurisdictions. We expect to mitigate such pressures, where possible, through price increases and margin management.

Global economic conditions. General global economic downturns and macroeconomic trends, including heightened inflation, capital markets volatility, interest rate and currency rate fluctuations, the threat of tariffs, and economic slowdowns, have resulted and may continue to result in unfavorable conditions that negatively affect demand for our products and exacerbate some of the other risks that affect our business, financial condition and results of operations. Both domestic and international markets experienced significant inflationary pressures in fiscal year 2024. While inflation rates in the U.S., as well as in other countries in which we operate, are showing signs of moderation, the impact of such successive increases on cost structures remains, affecting governments, corporations and small businesses alike. Our customers have also been affected by higher inflation and higher interest rates, impacting their ability to secure third party financing or causing many of them to delay capital purchases due to high interest rates. As noted above, the Federal Reserve in the U.S. and other central banks in various countries have commenced a cycle of interest rate reductions in response to concerns about inflation and stagnant growth.

Sales markets. We are a global business, having established a commercial presence in more than 60 countries during our history. While the continued post-pandemic recovery remains challenging due to the coexistence of high inflation and high interest rates, we continue to evaluate our direct operations, particularly those outside of North America.

Accounts receivable collections. We remain fully focused on our revised credit screening practices and thereby reducing bad debt expenses. As of December 31, 2024, our allowance for expected credit losses stands at $3.8 million, which represents 12.2% of the gross outstanding accounts receivable as of that date. This represents a significant decrease of $3.6 million from our December 31, 2023 allowance for expected credit losses balance of $7.4 million.

Foreign exchange fluctuations. We are primarily exposed to foreign exchange risk with respect to revenues generated outside of the United States denominated in NIS, Euro, CAD, British pound, Australian dollar, Chinese renminbi, Hong Kong dollar, Japanese yen, Argentina peso, Colombian peso, and Mexican peso. We manage our foreign currency exposures on a consolidated basis, which allows us to net exposures and take advantage of any natural offsets. We do not hedge our entire foreign exchange exposure and are still subject to earnings and stockholders' equity volatility relating to foreign exchange risk. Financial market and currency volatility may limit our ability to cost-effectively hedge these exposures. Post the U.S. federal election in November of 2024, most currencies depreciated versus the U.S. dollar, resulting in a $1 million foreign exchange loss in the fourth quarter alone.

Basis of Presentation

Revenues

We generate revenue from sales of systems through our internal financing programs, traditional system sales to customers and distributors, other product revenues from the sale of ARTAS kits, Viva tips, other consumables, marketing supplies, and service revenue from our extended warranty service contracts provided to existing customers.

System Revenue

For the years ended December 31, 2024 and 2023, approximately 26% and 33%, respectively, of our total system revenues were derived from our internal financing programs. The relative decrease in internal financing program revenues in 2024 is in line with our strategy to prioritize cash deals over internal financing program deals in order to improve cash generation and preserve liquidity. Our internal financing programs are 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 down payment. 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 agreement is recognized as revenue upon shipment to the customer and achievement of the required revenue recognition criteria.

For the years ended December 31, 2024 and 2023, approximately 61% and 59%, respectively, of our total system revenues were derived from traditional sales. The increased focus on traditional sales is in line with our strategy to prioritize cash deals over internal lease program deals in order to improve cash generation and preserve liquidity.

Customers generally demand higher discounts in connection with traditional sales. We recognize revenues from products sold to 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) determination of the transaction price; (4) allocation of the transaction price to the separate performance obligations in the contract; and (5) recognition of revenue when (or as) the entity satisfies a performance obligation.

We do not grant rights of return or early termination rights to our customers under either our traditional sales or internal financing programs. These traditional sales are generally made through our sales team in the countries in which the team operates.

For the years ended December 31, 2024 and 2023, approximately 13% and 8% of our total 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, and are accounted for using the sell-in method.

Procedure Based Revenue

We generate revenue from the harvesting, site making, and implantation procedures performed with our ARTAS system. The harvesting procedure, as the name suggests, is the act of harvesting hair follicles from the patient's scalp for implantation in the prescribed areas. To perform these procedures, a disposable clinical kit is required. These kits can be large (with an unlimited number of harvests) or small (with a maximum of 1,100 harvests). The customer must place an online order with us for the number and type of kits desired and make a payment. Upon receipt of the order and the related payment, we ship the kit(s), and the customer must scan the barcode on the kit label in order to perform the procedure. Once the kits are exhausted, the customer must purchase additional kits. The site making procedure uses the ARTAS system to create a recipient site (i.e., site making) in the patient's scalp affected by androgenic alopecia (or male pattern baldness). The site making procedure also requires a disposable site making kit. The site making kits are sold to customers in the same manner as the kits for harvesting procedures. The implantation procedure utilizes the same disposal kit that is used for site making and involves immediately implanting follicles into the created recipient site. The implantation kits are sold to customers in the same manner as the harvesting and site making kits.

Other Product Revenue

We also generate revenue from our customer base by selling Viva tips, Glide (a cooling/conductive gel which is required for use with many of our systems), marketing supplies and kits, various consumables and disposables, replacement applicators and handpieces, and ARTAS system training.

Service Revenue

We generate ancillary revenue from our existing customers by selling additional services including extended warranty service contracts.

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 as well as clinical training costs.

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. As the business environment improves, we expect sales and marketing expenses to continue to increase, but at a rate slightly below our rate of revenue growth.

General and Administrative

Our general and administrative costs primarily consist of expenses associated with our executive, accounting and finance, information technology, legal, regulatory affairs, quality assurance and human resource departments, direct office rent/facilities costs, and intellectual property portfolio management. These expenses consist of personnel-related expenses (primarily salaries, benefits, incentive compensation and stock-based compensation), audit fees, legal fees, consultants, travel, insurance, and expected credit losses. During the normal course of operations, we may incur expected credit losses on accounts receivable balances that are deemed to be uncollectible.

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, clinical costs, and facilities costs in our Yokneam, Israel and San Jose, California research centers. 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.

We expense 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, and development activities, but to decline as a percentage of revenue as our revenue increases over time.

Finance Expenses

Finance expenses consist 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 rates on our long-term debt were 7.7% for the MSLP Loan (now owned by Madryn), 13.5% for the Madryn Notes, and 12.0% for the 2024 Notes as of December 31, 2024 and 8.71% for the MSLP Loan and 14.03% for the Madryn Notes as of December 31, 2023.

Foreign Exchange (Gain) Loss

Foreign currency exchange (gain) loss 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.

Loss on Debt Extinguishment

Loss on Debt Extinguishment is due to the May 2024 exchange of $52.1 million in aggregate principal amount outstanding under the MSLP Loan Agreement for $17.1 million in aggregate principal of New Secured Notes and 576,986 shares of Series Y Convertible Preferred Stock. As part of the May 2024 extinguishment of principal, the Company recognized a $10.9 million non-cash loss. Additionally, in September 2024 the Company exchanged $15.0 million in aggregate principal of New Secured Notes for 203,583 shares of Series Y Convertible Preferred Stock. As part of the September 2024 extinguishment of principal, the Company recognized a $0.5 million non-cash loss.

Income Tax Benefit

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. 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.

Income tax benefit is recognized based on the actual taxable income or loss incurred during the year ended December 31, 2024.

Non-Controlling Interests

We have minority shareholders in one jurisdiction in which we have direct operations. 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 sheets and consolidated statements of stockholders' equity (deficit).

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,	
	2024	**2023**
Consolidated Statements of Loss:	***(dollars in thousands)***	
Revenues:		
Leases	$ 13,265	$ 20,504
Products and services	51,568	55,850
Total revenue	64,833	76,354
Cost of goods sold	20,527	24,187
Gross profit	44,306	52,167
Operating expenses:		
Sales and marketing	28,332	31,231
General and administrative	36,470	41,048
Research and development	6,688	8,197
Total operating expenses	71,490	80,476
Loss from operations	(27,184)	(28,309)
Other expenses:		
Foreign exchange (gain) loss	2,135	(295)
Finance expenses	6,885	6,893
Loss on disposal of subsidiaries	23	174
Loss on debt extinguishment	11,355	2,040
Loss before income taxes	(47,582)	(37,121)
Income tax benefit	(611)	(71)
Net loss	$ **(46,971)**	$ **(37,050)**
Net loss attributable to the Company	(46,996)	(37,250)
Net income attributable to noncontrolling interest	25	200
As a % of revenue:		
Revenues	100%	100%
Cost of goods sold	31.7	31.7
Gross profit	68.3	68.3
Operating expenses:		
Selling and marketing	43.7	40.9
General and administrative	56.3	53.8
Research and development	10.3	10.7
Total operating expenses	110.3	105.4
Loss from operations	(41.9)	(37.1)
Foreign exchange (gain) loss	3.3	(0.4)
Finance expenses	10.6	9.0
Loss on disposal of subsidiaries	0.0	0.2
Loss on debt extinguishment	17.5	2.7
Loss before income taxes	(73.4)	(48.6)

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

	Year Ended December 31,	
Revenues by region:	**2024**	**2023**
United States	$ 38,176	$ 43,454
International	26,657	32,900
Total revenue	$ 64,833	$ 76,354

	Year Ended December 31,	
	2024	**2023**
Revenues by product:	**(in thousands)**	
Venus Prime / Subscription—Systems	$ 13,265	$ 20,504
Products—Systems	38,020	41,874
Products—Other (1)	10,469	10,563
Services (2)	3,079	3,413
Total revenue	$ 64,833	$ 76,354

(1) Products-Other include ARTAS procedure kits, Viva tips, Glide and other consumables.
(2) Services include extended warranty sales.

Comparison of the Years Ended December 31, 2024 and 2023

Revenues

	Year Ended December 31,					
	2024		**2023**		**Change**	
(in thousands, except percentages)	**$**	**% of Total**	**$**	**% of Total**	**$**	**%**
Revenues:						
Subscription—Systems	$ 13,265	20.6	$ 20,504	26.9	$ (7,239)	(35.3)
Products—Systems	38,020	58.6	41,874	54.8	(3,854)	(9.2)
Products—Other	10,469	16.1	10,563	13.8	(94)	(0.9)
Services	3,079	4.7	3,413	4.5	(334)	(9.8)
Total	$ 64,833	100.0	$ 76,354	100.0	$ (11,521)	(15.1)

Total revenue decreased by $11.5 million, or 15.1%, to $64.8 million for the year ended December 31, 2024 from $76.4 million for the year ended December 31, 2023. The decrease in revenue is primarily attributed to the effects of tighter third-party lending practices which negatively impacted capital equipment sales in both the U.S. and international markets, and an acceleration in exiting unprofitable direct markets, partially offset by an improvement in third party international distributor revenues. Despite the challenging credit environment, our focus on quality of revenue continues to have a positive effect on our cash burn rate. Our cash used in operations in the year ended December 31, 2024 was 13.9% less than the year ended December 31, 2023.

We sold an aggregate of 1,049 systems in the year ended December 31, 2024 compared to 1,170 in the year ended December 31, 2023. Despite comparable system unit sales, revenues during 2024 were below 2023 revenues due to higher international distributor sales, which are sold at lower average selling prices. The percentage of systems revenue derived from our internal financing programs was approximately 26% in the year ended December 31, 2024 compared to 33% in the year ended December 31, 2023. The relative decrease in internal financing programs revenue is in line with our strategy to prioritize cash deals over internal financing program deals in order to improve cash generation and preserve liquidity. Specific to the U.S. market, systems revenue derived from our internal lease programs was approximately 25% and 29% during the twelve months ended December 31, 2024 and 2023, respectively. The Company remains steadfast in ensuring that its in-house financing program accepts only qualified customers in order to minimize future credit losses, often at the expense of topline revenue.

Other product revenue decreased by $0.1 million, or 0.9%, to $10.5 million in the year ended December 31, 2024 from $10.6 million in the year ended December 31, 2023.

Services revenue was $3.1 million in the year ended December 31, 2024 compared to $3.4 million in the year ended December 31, 2023. The decrease is primarily due to the overall decline in device sales.

Cost of Goods Sold and Gross Profit

Cost of goods sold decreased by $3.7 million, or 15.1%, to $20.5 million in the year ended December 31, 2024 compared to $24.2 million in the year ended December 31, 2023. Gross profit decreased by $7.9 million, or 15.1%, to $44.3 million in the year ended December 31, 2024, compared to $52.2 million in the year ended December 31, 2023. The decrease in gross profit is primarily due to the effects of tighter third party lending practices which negatively impacted capital equipment sales in both the U.S. and international markets. The decrease in revenue in our international markets was also driven by the accelerated exit from unprofitable direct markets, partially offset by an improvement in third party international distributor revenues. Gross margin was 68.3% of revenue in the year ended December 31, 2024, compared to 68.3% of revenue in the year ended December 31, 2023. Despite the decrease in direct market sales, our focus on margin management resulted in flat gross margins year over year. Our margins on distributor revenues are slightly less than margins in our direct markets.

Operating Expenses

	Year Ended December 31,					
	2024		2023		Change	
(in thousands, except percentages)	**$**	**% of Revenues**	**$**	**% of Revenues**	**$**	**%**
Operating expenses:						
Selling and marketing	$ 28,332	43.7	$ 31,231	40.9	$ (2,899)	(9.3)
General and administrative	36,470	56.3	41,048	53.8	(4,578)	(11.2)
Research and development	6,688	10.3	8,197	10.7	(1,509)	(18.4)
Total operating expenses	$ 71,490	110.3	$ 80,476	105.4	$ (8,986)	(11.2)

Selling and Marketing

Selling and marketing expenses decreased by $2.9 million or 9.3% in the year ended December 31, 2024 compared to the year ended December 31, 2023. This decrease is largely due to lower revenues and reduced activities as we exited unprofitable direct markets, and the effects of tighter third party lending practices which negatively impacted capital equipment sales in both the U.S. and international markets. As a percentage of total revenues, our selling and marketing expenses increased by 2.8%, from 40.9% in the year ended December 31, 2023 to 43.7% in the year ended December 31, 2024. As the business environment improves, we expect sales and marketing expenses to increase in absolute terms, but at a rate slightly below our rate of revenue growth.

General and Administrative

General and administrative expenses decreased by $4.6 million or 11.2% in the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to savings from exiting certain unprofitable direct markets and lower restructuring costs, partially offset by inflationary pressures associated with salaries and other cost elements. As a percentage of total revenues, our general and administrative expenses increased by 2.5%, from 53.8% in the year ended December 31, 2023, to 56.3% in the year ended December 31, 2024, primarily due to the decrease in year over year total revenues.

Research and Development

Research and development expenses decreased by $1.5 million or 18.4% in the year ended December 31, 2024 compared to the year ended December 31, 2023. We experienced significant cost savings through the consolidation of activities between our Israel and United States sites, partially offset by a reinvestment in research and development efforts directed at scaling our robotic technology across other aesthetic platforms. As a percentage of total revenues, our research and development expenses decreased by 0.4%, from 10.7% in the year ended December 31, 2023, to 10.3% in the year ended December 31, 2024.

Foreign Exchange (Gain) Loss

We had a foreign exchange loss of $2.1 million in the year ended December 31, 2024 and a foreign exchange gain of $0.3 million in the year ended December 31, 2023, a variance of $2.4 million year over year. Post the U.S. federal election in November of 2024, most currencies depreciated versus the U.S. dollar, resulting in a $1 million foreign exchange loss in the fourth quarter alone. Changes in foreign exchange are driven mainly by the effect of foreign exchange on accounts receivable balances denominated in currencies other than the U.S. dollar. We do not currently hedge against foreign currency risk.

Finance Expenses

Finance expenses remained steady at $6.9 million in the year ended December 31, 2024 compared to $6.9 million in the year ended December 31, 2023. See "*—Liquidity and Capital Resources*" below.

Income Tax Benefit

We had an income tax benefit of $0.443 million in the year ended December 31, 2024, compared to $0.07 million income tax benefit in the year ended December 31, 2023. In 2024, geographic sales mix, true up to tax return, and changes in timing of deductible expenses, resulted in the income tax benefit.

Liquidity and Capital Resources

We had $4.3 million and $5.4 million of cash and cash equivalents as of December 31, 2024 and December 31, 2023, respectively. We have funded our operations with cash generated from operating activities, through the sale of equity securities and through debt financing. We had total debt obligations of approximately $39.7 million as of December 31, 2024, including the MSLP Loan of $2.7 million, convertible notes of $28.7 million, and a note payable (bridge financing) of $8.3 million compared to total debt obligations of approximately $74.9 million as of December 31, 2023.

Cash used in operating activities during the year ended December 31, 2024 was $11.1 million, representing a 13.9% reduction compared to the year ended December 31, 2023. Working capital is primarily impacted by the ratio of our internal lease program sales (Venus Prime sales and legacy subscription-based sales) to traditional cash sales. Our recent shift to prioritize traditional cash sales over internal lease program sales is designed to improve liquidity and reduce working capital requirements over time. Our expanding product portfolio may require higher inventory levels to meet demand and to accommodate the increased number of technology platforms offered. We had a split of lease program revenue to traditional sales revenue at a ratio of approximately 26:74 in the year ended December 31, 2024, compared to 36:64 in the year ended December 31, 2023. We expect the ratio of lease program sales to traditional sales in 2025 and beyond to approximate a 30:70 split. We expect inventory to remain relatively flat in the short term but increase at a lower rate than the rate of revenue growth over the longer term.

We also require modest funding for capital expenditures. Our capital expenditures relate primarily to our research and development facilities in Yokneam, Isarael and San Jose, California. In addition, our capital investments have included improvements and expansion of our subsidiaries' operations to support our growth, but do not expect to incur such costs over the next twelve months.

Issuance of Secured Subordinated Convertible Notes

Contemporaneously with the MSLP Loan Agreement, on December 9, 2020, we issued $26.7 million aggregate principal amount of the Notes to the Madryn Noteholders pursuant to the terms of the Exchange Agreement. The Notes accrued interest at a rate of 8.0% per annum from the date of original issuance of the Notes to the third anniversary date of the original issuance and thereafter interest accrued at a rate of 6.0% per annum. In connection with the Exchange Agreement, we also entered into (i) the Madryn Loan and Security Agreement, pursuant to which we agreed to grant Madryn a security interest, in substantially all of our assets, to secure the obligations under the Notes and (ii) the CNB Subordination Agreement. The Notes were convertible at any time into shares of our common stock at an initial conversion price of $536.25 per share, subject to adjustment. For additional information regarding the Notes, Exchange Agreement, Madryn Loan and Security Agreement and CNB Subordination Agreement, see Note 11 "*Madryn Long-Term Debt and Convertible Notes*" to our consolidated financial statements included elsewhere in this report. On October 4, 2023, the Company entered into the 2023 Exchange Agreement with the Madryn Noteholders, pursuant to which the Madryn Noteholders agreed to exchange $26.7 million in aggregate principal amount outstanding under the Notes for (i) $22.8 million in the New Notes, and (ii) 248,755 shares of Series X Convertible Preferred Stock. The New Notes accrued interest, payable in kind on a quarterly basis, at an annual rate of 90-day Adjusted SOFR + 8.5% and are convertible at any time into shares of our common stock at an initial conversion price of $264 per share, subject to adjustment.

Main Street Priority Lending Program Term Loan

On December 8, 2020, we executed the MSLP Loan Agreement, MSLP Note, and related documents for a loan in the aggregate amount of $50.0 million for which CNB will serve as a lender pursuant to the Main Street Priority Loan Facility as established by the Board of Governors of the Federal Reserve System Section 13(3) of the Federal Reserve Act. On October 4, 2023, the Company, Venus USA, Venus Canada, and Venus Ltd. entered into the MSLP Loan Modification, which modified certain terms of the MSLP Loan Agreement. On April 23, 2024, the MSLP Loan was purchased by Madryn for an undisclosed amount from CNB with the consent of the Company. On May 24, 2024, the Lenders agreed to exchange $52.1 million in aggregate principal amount outstanding for $17.1 million in aggregate principal amount of new secured notes and 576,986 shares of newly-created Series Y Convertible Preferred Stock. On September 26, 2024, the Lenders agreed to another exchange of $17.7 million in aggregate principal amount outstanding for $2.7 million in aggregate principal of remaining secured notes and 203,583 shares of Series Y Convertible Preferred Stock. From June 21, 2024 through December 31, 2024, the Company entered into multiple Amendment and Consent Agreements with Madryn to, among other things, modify interest payments to be payable-in-kind, grant relief from the Minimum Deposit Relationship obligations and minimum liquidity requirements, and delete the net loss covenant. See Note 11 *"Madryn Debt and Convertible Notes"* to our consolidated financial statements included elsewhere in this report.

CNB Loan Agreement

We had a revolving credit facility with CNB pursuant to which CNB agreed to provide a revolving credit facility to us and certain of our subsidiaries to be used to finance working capital requirements. This revolving credit facility expired on July 24, 2023 and has not been renewed. See Note 12 *"Credit Facility"* to our consolidated financial statements included elsewhere in this report.

EW Convertible Note

On January 18, 2024, the Company, Venus USA, Venus Canada and Venus Ltd. entered into the Note Purchase Agreement with the EW Investors. Pursuant to the Note Purchase Agreement, the Company issued and sold to the EW Investors $2.0 million aggregate principal value of the 2024 Notes. The 2024 Notes accrue interest at a rate equal to the 90-day adjusted term Secured Overnight Financing Rate (SOFR) plus 8.50% per annum; provided, however, that if there is an Event of Default (as defined below), the then-applicable interest rate will increase by 4.00% per annum. In connection with the Note Purchase Agreement, the Company entered into the EW Security Agreement pursuant to which, the Company granted to the EW Investors a security interest in substantially all of their assets to secure the obligations under the 2024 Notes. The 2024 Notes were convertible at any time into shares of our common stock at an initial conversion price of $13.761 per share, subject to adjustment.

For additional information regarding the 2024 Notes, Note Purchase Agreement, and EW Security Agreement, see Note 13 "*EW Convertible Notes*" to our consolidated financial statements included elsewhere in this report.

Madryn Loan and Security Agreement

On April 23, 2024, the Company entered into the Loan and Security Agreement, by and among the Bridge Borrower, the 2024 Guarantors, the 2024 Lenders and Madryn Health Partners, LP, as administrative agent. Pursuant to the Loan and Security Agreement, the 2024 Lenders have agreed to provide the Bridge Borrower with Bridge Financing in the form of a term loan in the original principal amount of $2.2 million and one or more delayed draw term loans of up to an additional principal amount of $2.8 million. Through December 31, 2024 there were five additional drawdowns totaling $5.7 million and an increase to the delayed draw of up to $6 million through the Ninth Bridge Loan Amendment Agreement, and the Company and Lenders agreed to, among other things, extend the maturity date to January 31, 2025 in the Tenth Bridge Loan Amendment Agreement on December 31, 2024. In the first quarter of 2025, delayed draw capacity was increased up to $21 million through the Thirteenth Bridge Loan Amendment Agreement on March 27, 2025. Pursuant to the Thirteenth Bridge Loan Amendment, the Company and Lenders also agreed to, among other things, extend the maturity date to April 30, 2025. The transaction is discussed in Note 11 *"Madryn Debt and Convertible Notes"* in the notes to our consolidated financial statements included elsewhere in this report.

Equity Purchase Agreement with Lincoln Park

On June 16, 2020, we entered into the Equity Purchase Agreement with Lincoln Park, which provides that, upon the terms and subject to the conditions and limitations set forth therein, we may sell to Lincoln Park up to $31.0 million of shares of our common stock pursuant to our shelf registration statement. The purchase price of shares of common stock related to a future sale will be based on the then prevailing market prices of such shares at the time of sales as described in the Equity Purchase Agreement. The aggregate number of shares that we can sell to Lincoln Park under the Equity Purchase Agreement may in no case exceed the Exchange Cap, unless (i) stockholder approval is obtained to issue shares above the Exchange Cap, in which case the Exchange Cap will no longer apply, or (ii) the average price of all applicable sales of common stock to Lincoln Park under the Equity Purchase Agreement equals or exceeds $655.9575 per share (subject to adjustment) (which represents the minimum price, as defined under Nasdaq Listing Rule 5635(d), on the Nasdaq Global Market immediately preceding the signing of the Equity Purchase Agreement, such that the transactions contemplated by the Equity Purchase Agreement are exempt from the Exchange Cap limitation under applicable Nasdaq Listing Rules). Also, at no time may Lincoln Park (together with its affiliates) beneficially own more than 9.99% of our issued and outstanding common stock. Concurrently with entering into the Equity Purchase Agreement, we also entered into a Registration Rights Agreement with Lincoln Park. The Equity Purchase Agreement expired on July 1, 2022.

On July 12, 2022, we entered into the 2022 LPC Purchase Agreement with Lincoln Park, and we issued and sold to Lincoln Park 0.004 million shares of our common stock as a commitment fee in connection with entering into the 2022 LPC Purchase Agreement, with the total value of $0.3 million. Through December 31, 2023 we issued an additional 70.6 thousand shares of common stock to Lincoln Park at an average price of $43.67 per share. During the twelve months ended December 31, 2024, the Company issued an additional 758 shares of common stock to Lincoln Park at an average price of $12.76 per share, for a total value of $10. The 2022 LPC Purchase Agreement expired on August 1, 2024. For additional information regarding the 2022 LPC Purchase Agreement, see Note 15 "*Stockholders Equity*" in the notes to our consolidated financial statements included elsewhere in this report.

The 2022 Private Placement

On November 18, 2022, we consummated the 2022 Private Placement whereby we entered into a securities purchase agreement pursuant to which we issued and sold to the 2022 Investors an aggregate of 10,608 shares of our common stock and 3,185,000 shares of our Voting Preferred Stock. The gross proceeds from the securities sold in the 2022 Private Placement totaled $6.7 million before offering expenses. The costs incurred with respect to the 2022 Private Placement totaled $0.2 million and were recorded as a reduction of the 2022 Private Placement proceeds in the consolidated statements of stockholders' equity. The accounting effects of the 2022 Private Placement transaction are discussed in Note 15 "*Stockholders Equity*" in the notes to our consolidated financial statements included elsewhere in this report.

The 2023 Multi-Tranche Private Placement

In May 2023, we entered into the 2023 Multi-Tranche Private Placement Stock Purchase Agreement, with the 2023 Investors pursuant to which the Company may issue and sell to the 2023 Investors up to $9.0 million in shares of Senior Preferred Stock, in multiple tranches from time to time until December 31, 2025, subject to a minimum aggregate purchase amount of $0.5 million in each tranche. The Initial Placement occurred on May 15, 2023, under which the Company sold the 2023 Investors 280,899 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million.

On July 12, 2023, the Company and the 2023 Investors consummated the Second Placement under the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 500,000 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million.

On September 8, 2023, the Company and the 2023 Investors consummated the Third Placement under the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 292,398 shares of Senior Preferred Stock for an aggregate purchase price of $1.0 million.

On October 20, 2023, the Company and the 2023 Investors consummated the Fourth Placement under the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 502,513 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million. The Company expects to use the proceeds of the Placements, after the payment of transaction expenses, for general working capital purposes. The accounting effects of the 2023 Multi-Tranche Private Placement transactions are discussed in Note 14 "*Stockholders Equity*" in the notes to our consolidated financial statements included elsewhere in this report.

Registered Direct Offering

On February 22, 2024, the Company, entered into the SPA with the 2024 Investors, pursuant to which the Company agreed to issue and sell to the 2024 Investors (i) in a registered direct offering, an aggregate of 74,342 shares of the Company's common stock, at a price of $16.115 per share and (ii) in a concurrent private placement, warrants to acquire up to an aggregate of 74,342 shares of common stock, at an initial exercise price of $14.74 per share. H.C. Wainwright & Co., LLC ("HCW") acted as the Company's placement agent in connection with Offering. The Company paid HCW consideration consisting of (i) a cash fee equal to 7.0% of the aggregate gross proceeds in the Offering, (ii) a management fee equal to 1.0% of the aggregate gross proceeds in the Offering, (iii) reimbursement of certain expenses and (iv) warrants to acquire up to an aggregate of 5,204 shares of common stock (the "Placement Agent Warrants"). The Placement Agent Warrants are similar to the 2024 Investor Warrants, except that the initial exercise price of the Placement Agent Warrants is $20.1438 per share. The transaction is discussed in Note 15 *"Stockholders' Equity"* in the notes to our consolidated financial statements included elsewhere in this report.

Capital Resources

As of December 31, 2024, we had capital resources consisting of cash and cash equivalents of approximately $4.3 million. We have financed our operations principally through the issuance and sale of our common stock and preferred stock, debt financing, and payments from customers.

We believe that the net proceeds from the Madryn Loan and Security Agreement, the Registered Direct Offering, the 2024 Note, the 2023 Multi-Tranche Private Placement, the 2022 Private Placement, the proceeds from issuance of our common stock to Lincoln Park, the proceeds from the MSLP Loan, our strategic cash flow enhancement initiatives, our initiatives to pursue strategic alternatives, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. We can provide no assurances that we will be successful in raising additional capital or that such capital, if available at all, 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.

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

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

We are restricted by covenants in the MSLP Loan, EW Security Agreement, and the Madryn Loan and Security Agreement. These covenants restrict, among other things, our ability to incur additional indebtedness, which may limit our ability to obtain additional debt financing. In the event that the current macroeconomic headwinds continue to cause or present disruptions for an extended period of time, we cannot assure you that we will remain in compliance with the financial covenants contained in our credit facilities. We also cannot assure you that our lenders would provide relief or that we could secure alternative financing on favorable terms, if at all. Our failure to comply with the covenants contained in our credit facilities, including financial covenants, could result in an event of default, which could materially and adversely affect our results of operations and financial condition.

We have 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, including long-term 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;
- 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; and
- the costs associated with being a public company.

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,	
	2024	2023
	(in thousands)	
Cash used in operating activities	$ (11,066)	$ (12,859)
Cash used in investing activities	(123)	(116)
Cash provided by financing activities	10,064	6,802
Net decrease in cash, cash equivalents and restricted cash	$ (1,125)	$ (6,173)

Cash Flows from Operating Activities

For the year ended December 31, 2024, cash used in operating activities consisted of a net loss of $47.0 million, partially offset by a decrease in net operating assets of $10.8 million and non-cash operating expenses of $25.1 million. The decreased use of cash in net operating assets was attributable to a decrease in accounts receivable of $12.5 million, a decrease in inventories of $4.5 million, and a decrease in operating right-of-use assets net of $1.2 million. These were partially offset by a decrease in unearned interest income of $0.9 million, a decrease in current operating lease liabilities of $0.3 million, a decrease in other long-term operating lease liabilities of $1.2 million, a decrease in trade payables of $2.2 million, and a decrease in accrued expenses and other current liabilities of $1.6 million. The non-cash operating expenses consisted of provision for bad debts of $1.4 million, loss on debt extinguishment of $11.4 million, depreciation and amortization of $3.9 million, finance expenses and accretion of $5.4 million, stock-based compensation expense of $1.0 million, and provision for inventory obsolescence of $1.0 million, partially offset by a deferred tax recovery of $0.4 million.

In the year ended December 31, 2023, cash used in operating activities consisted of a net loss of $37.0 million, partially offset by a decrease in net operating assets of $10.3 million and non-cash operating expenses of $13.9 million. The decreased use of cash in net operating assets was attributable to a decrease in accounts receivable of $14.9 million, a decrease in other current assets of $1.6 million, and a decrease in operating right-of-use assets net of $1.3 million. These were partially offset by a decrease in unearned interest income of $1.2 million, a decrease in current operating lease liabilities of $0.2 million, a decrease in other long-term operating lease liabilities of $1.1 million, and a decrease in accrued expenses and other current liabilities of $5.1 million. The non-cash operating expenses consisted of provision for bad debts of $1.4 million, loss on debt extinguishment of $2.0 million, depreciation and amortization of $4.1 million, finance expenses and accretion of $2.2 million, stock-based compensation expense of $1.6 million, and provision for inventory obsolescence of $1.2 million, partially offset by a deferred tax recovery of $0.1 million.

Cash Flows from Investing Activities

In the years ended December 31, 2024, and December 31, 2023, cash used in investing activities consisted of $0.1 million for the purchase of property and equipment.

Cash Flows from Financing Activities

In the year ended December 31, 2024, cash provided by financing activities consisted primarily of net proceeds from the 2024 Convertible Notes issued to EW of $1.6 million and proceeds from Short-term Bridge Financing by Madryn of $7.6 million.

In the year ended December 31, 2023, cash provided by financing activities consisted primarily of net proceeds from the 2023 Private Placement of $6.3 million and proceeds from the issuance of common stock of $0.8 million.

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, 2024, we had non-cancellable purchase orders placed with our contract manufacturers in the amount of $14.1 million. In addition, as of December 31, 2024, we had $2.1 million of open purchase orders that can be cancelled with 270 days' notice.

The following table summarizes our contractual obligations as of December 31, 2024, which represent material expected or contractually committed future obligations.

	Payments Due by Period				
	Less than 1 Year	2 to 3 Years	4 to 5 Years	More than 5 Years	Total
	(dollars in thousands)				
Debt obligations, including interest	$ 8,271	$ 41,165	$ —	$ —	$ 49,436
Operating leases	1,322	1,485	192	320	3,319
Purchase commitments	14,110	—	—	—	14,110
Total contractual obligations	$ 23,703	$ 42,650	$ 192	$ 320	$ 66,865

For an additional description of our commitments see Note 9, "Commitments and Contingencies" to the consolidated financial statements included elsewhere in this Annual Report.

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.

Our significant accounting policies are more fully described in Note 2 to our consolidated financial statements included in this Annual Report. We believe that the assumptions and estimates associated with revenue recognition, long-term receivables, allowance for expected credit losses, warranty accrual, and stock-based compensation have the most significant impact on our consolidated financial statements, and therefore, we consider these to be our critical accounting policies and estimates.

Revenue Recognition

We generate revenue from (1) sales of systems through our internal financing programs, in accordance with ASC 842, "Leases" ("ASC 842"), traditional system sales to customers and distributors, (2) other product revenues from the sale of ARTAS procedure kits, marketing supplies and kits, consumables and (3) our extended warranty service contracts provided to existing customers.

We recognize revenues on other products and services in accordance with ASC 606, "Revenue from Contracts with Customers" ("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) determination of the transaction price; (4) allocation of the transaction price to the separate performance obligations in the contract; and (5) recognition of 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 internal financing programs revenue or contracts which stipulate payment terms which exceed one year. They are comprised of the unpaid principal balance, net of the allowance for expected credit losses. These receivables have been discounted based on the implicit interest rate in the subscription lease which range between 8% to 10% for the year ended December 31, 2024, and 8% to 10% for the year ended December 31, 2023. Unearned interest revenue represents the interest only portion of the respective lease program payments and will be recognized in income over the respective payment term as it is earned.

Allowance for expected credit losses

The allowance for expected credit losses 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 our 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 a one year warranty for all our systems against defects. 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 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. 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. Therefore, 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.

Recent Accounting Pronouncements

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

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

VENUS CONCEPT INC. **Page**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Venus Concept Inc. and its subsidiaries (the “Company") as of December 31, 2024, and 2023, and the related consolidated statements of operations, comprehensive loss, stockholders’ equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has reported recurring net losses and negative cash flows from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter is also described in the "Critical Audit Matters" section of our report.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. 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 audits, 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 audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Inventory valuation – Refer to Note 2 and 6 to the consolidated financial statements

Critical Audit Matter Description

As described in Note 2 and 6 to the consolidated financial statements, inventory is valued at the lower of cost and net realizable value, and management records a provision as necessary to appropriately value inventories that are obsolete, have quality issues, or are damaged. Provision expense is recorded in cost of goods sold. As of December 31, 2024, the Company's consolidated net inventories balance was $17,561 ('000) inclusive of the inventory provision.

Auditing management's inventory carrying value involved significant judgment because the estimates are based on a number of factors that are affected by market, industry, and competitive conditions outside the Company's control. In particular, in estimating inventory net realizable value, management developed assumptions such as forecasts of future sales quantities and the selling prices, which are sensitive to the competitiveness of product offerings, customer requirements, and product life cycles. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

How the Critical Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

- We obtained an understanding, evaluated the design and implementation of internal controls over the Company's inventory carrying value determination process, including the basis for developing above-described assumptions and management's judgments.
- We observed the physical condition of inventories during inventory counts.
- We evaluated the appropriateness of management's process for developing the estimates of net realizable value.
- We tested the reliability of reports used by management by agreeing to underlying records.
- We tested the reasonableness of the assumptions about faulty inventory, future demand, selling prices and cost necessary to sell by considering historical trends and consistency with evidence obtained in other areas of the audit.

Going Concern

Critical Audit Matter Description

As described in Note 1 to the consolidated financial statements, the Company may not have sufficient cash to fund its operations, and therefore, must achieve profitable operations and/or obtain additional equity or debt financing. In addition, the global economy, including the financial and credits markets has recently experienced extreme volatility and disruptions including increases in inflation rates, rising interest rates, foreign currency fluctuations. All these factors point to uncertainty and about economic stability and impacted management's judgements and estimates. Management has prepared future cash flow forecasts, which involves judgement and estimation of key variables that affect cash flows, such as planned capital expenditures, revenue, production volumes and market conditions.

We identified the Company's ability to continue as a going concern as a critical audit matter because auditing the Company's going concern assessment is complex and involves a high degree of auditor judgment to assess the reasonableness of the cash flow forecasts, planned refinancing actions and other assumptions used in the Company's going concern analysis. The Company's ability to execute the planned financing actions are especially judgmental given that the global financial markets and economic conditions have been, and continue to be, volatile.

This matter is also described in the "Material Uncertainty Related to Going Concern" section of our report.

Audit Response

We responded to this matter by evaluating management's assessment of the Company's ability to continue as a going concern. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the cash flow forecasts prepared by management and evaluated the integrity and arithmetical accuracy of the model.
- We evaluated the key assumptions used in management's model to estimate future cash flows by comparing assumptions used by management against historical performance, budgets, economic and industry indicators and publicly available information.
- We assessed the adequacy of the going concern disclosure included in Note 1 to the consolidated financial statements.

/s/ MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2019.
Mississauga, Canada
March 31, 2025

VENUS CONCEPT INC.

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

	December 31,	
	2024	**2023**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,271	$ 5,396
Accounts receivable, net of allowance of $3,402 and $7,338 as of December 31, 2024, and 2023	18,721	29,151
Inventories	17,561	23,072
Prepaid expenses	828	1,298
Advances to suppliers	6,027	5,604
Other current assets	1,104	1,925
Total current assets	48,512	66,446
LONG-TERM ASSETS:		
Long-term receivables, net of allowance of $384 and $77 as of December 31, 2024, and 2023	8,534	11,318
Deferred tax assets	1,459	1,032
Severance pay funds	488	573
Property and equipment, net	936	1,322
Operating right-of-use assets, net	3,282	4,517
Intangible assets	4,973	8,446
Total long-term assets	19,672	27,208
TOTAL ASSETS	$ 68,184	$ 93,654
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Trade payables	$ 6,484	$ 9,038
Accrued expenses and other current liabilities	11,433	12,437
Note Payable	8,271	—
Current portion of long-term debt	—	4,155
Income taxes payable	—	366
Unearned interest income	907	1,468
Warranty accrual	917	1,029
Deferred revenues	953	1,076
Operating lease liabilities	1,322	1,590
Total current liabilities	30,287	31,159
LONG-TERM LIABILITIES:		
Long-term debt	31,437	70,790
Accrued severance pay	528	634
Deferred tax liabilities	—	15
Unearned interest revenue	364	671
Warranty accrual	222	334
Operating lease liabilities	1,997	3,162
Other long-term liabilities	511	338
Total long-term liabilities	35,059	75,944
TOTAL LIABILITIES	65,346	107,103
Commitments and Contingencies (Note 9)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Common Stock, $0.0001 par value: 300,000,000 shares authorized as of December 31, 2024 and 2023; 709,130 and 552,205 issued and outstanding as of December 31, 2024 and 2023, respectively	30	30
Additional paid-in capital	311,238	247,854
Accumulated deficit	(308,899)	(261,903)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	2,369	(14,019)
Non-controlling interests	469	570
	2,838	(13,449)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 68,184	$ 93,654

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,	
	2024	**2023**
Revenue		
Leases	$ 13,265	$ 20,504
Products and services	51,568	55,850
	64,833	76,354
Cost of goods sold		
Leases	3,249	4,312
Products and services	17,278	19,875
	20,527	24,187
Gross profit	44,306	52,167
Operating expenses:		
Selling and marketing	28,332	31,231
General and administrative	36,470	41,048
Research and development	6,688	8,197
Total operating expenses	71,490	80,476
Loss from operations	(27,184)	(28,309)
Other expenses:		
Foreign exchange (gain) loss	2,135	(295)
Finance expenses	6,885	6,893
Loss on disposal of subsidiaries	23	174
Loss on debt extinguishment	11,355	2,040
Loss before income taxes	(47,582)	(37,121)
Income tax benefit	(611)	(71)
Net loss	(46,971)	(37,050)
Net loss attributable to stockholders of the Company	(46,996)	(37,250)
Net income attributable to non-controlling interest	25	200
Net loss per share:		
Basic	$ (71.21)	$ (68.47)
Diluted	$ (71.21)	$ (68.47)
Weighted-average number of shares used in per share calculation:		
Basic	660	544
Diluted	660	544

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

VENUS CONCEPT INC.

Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,	
	2024	**2023**
Net loss	$ (46,971)	$ (37,050)
Loss attributable to stockholders of the Company	(46,996)	(37,250)
Income attributable to non-controlling interest	25	200
Comprehensive loss	$ (46,971)	$ (37,050)

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

VENUS CONCEPT INC.

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

	Preferred Shares				Common Stock					
	2022 Private Placement Shares*	2023 Multi-Tranche Private Placement Shares*	2023 Series X Private Placement Shares*	2024 Series Y Private Placement Shares*	Shares	Amount	Additional Paid-in-Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Equity
Balance — January 1, 2023	3,185,000	—	—	—	518,745	$ 29	$ 232,169	$ (224,105)	$ 645	$ 8,738
Net loss — the Company	—	—	—	—	—	—	—	(37,250)	—	(37,250)
Net income — non-controlling interest	—	—	—	—	—	—	—	—	200	200
Adoption of ASC 326	—	—	—	—	—	—		(548)		(548)
Dividends from subsidiaries	—	—	—	—	—	—			(275)	(275)
Restricted share units vested	—	—	—	—	2,250	0*	—	—	—	-
2023 Series X Private Placement shares	—	—	256,356	—	—	—	7,040	—	—	7,040
2023 Private Placement shares, net of costs	—	1,575,810	—	—	—	—	3,694	—	—	3,694
Beneficial conversion feature	—	—	—	—	—	—	2,567	—	—	2,567
Issuance of common stock	—	—	—	—	31,210	1	815	—	—	816
Stock-based compensation	—	—	—	—	—	—	1,569	—	—	1,569
Balance — December 31, 2023	3,185,000	1,575,810	256,356	—	552,205	$ 30	$ 247,854	$ (261,903)	$ 570	$ (13,449)
Net loss — the Company	—	—	—	—	—	—	—	(46,996)	—	(46,996)
Net income — non-controlling interest	—	—	—	—	—	—	—	—	25	25
2024 Registered Direct Offering shares and warrants, net of costs	—	—	—	—	74,342	0*	977	—	—	977
2023 Series X Private Placement shares dividends	—	—	33,580	—	—	—	—	—	—	-
Conversion of 2022 Private Placement shares	(1,350,000)	—	—	—	81,825	0*	—	—	—	-
Exchange of MSLP Loan for Series Y Private Placement shares	—	—	—	780,569	—	—	61,354	—	—	61,354
Dividends from subsidiaries	—	—	—	—	—	—	—	—	(126)	(126)
Issuance of common stock	—	—	—	—	758	0*	10	—	—	10
Stock-based compensation	—	—	—	—	—	—	1,043	—	—	1,043
Balance — December 31, 2024	1,835,000	1,575,810	289,936	780,569	709,130	$ 30	$ 311,238	$ (308,899)	$ 469	$ 2,838

* Presented as $0 due to rounding.

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

VENUS CONCEPT INC.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2024	2023
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss	$ (46,971)	$ (37,050)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,889	4,115
Stock-based compensation	1,043	1,569
Provision for bad debt	1,426	1,350
Provision for inventory obsolescence	1,048	1,158
Finance expenses and accretion	5,391	2,206
Deferred tax recovery	(443)	(69)
Loss on sale of subsidiary	23	174
Loss on disposal of property and equipment	93	10
Loss on debt extinguishment	11,355	2,040
Changes in operating assets and liabilities:		
Accounts receivable short- and long-term	12,487	14,891
Inventories	4,463	(324)
Prepaid expenses	470	390
Advances to suppliers	(423)	277
Other current assets	800	1,603
Operating right-of-use assets, net	1,235	1,345
Other long-term assets	(699)	47
Trade payables	(2,211)	1,005
Accrued expenses and other current liabilities	(1,607)	(5,089)
Current operating lease liabilities	(268)	(217)
Severance pay funds	85	168
Unearned interest income	(868)	(1,215)
Long-term operating lease liabilities	(1,165)	(1,059)
Other long-term liabilities	(219)	(184)
Net cash used in operating activities	(11,066)	(12,859)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Purchases of property and equipment	(123)	(116)
Net cash used in investing activities	(123)	(116)
CASH FLOWS FROM FINANCING ACTIVITIES:		
2024 Registered Direct Offering shares and warrants, net of costs $222	977	6,261
2024 Convertible Notes issued to EW, net of costs $393	1,607	-
Proceeds from issuance of common stock	10	816
Proceeds from Short-term Bridge Financing by Madryn, net of costs $342	7,596	—
Dividends from subsidiaries paid to non-controlling interest	(126)	(275)
Net cash provided by financing activities	10,064	6,802
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(1,125)	(6,173)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	5,396	11,569
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH — End of year	$ 4,271	$ 5,396
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 128	$ 124
Cash paid for interest	$ 1,610	$ 4,473

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

1. NATURE OF OPERATIONS

Venus Concept 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 services. The Company's systems have been designed on cost-effective, proprietary and flexible platforms that enable 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 consolidated financial statements, the "Company," "Venus Concept," "our," and "we," refer to Venus Concept Inc. and its subsidiaries on a consolidated basis.

Review of Strategic Alternatives

On January 24, 2024, the Company announced that the Board is evaluating potential strategic alternatives to maximize shareholder value. As part of the process, the Board is considering a full range of strategic alternatives, which may include one or more financings, mergers, reverse mergers, other business combinations, sales of assets, licensings or other transactions.

There can be no assurance that the evaluation of strategic alternatives will result in any transaction, nor can there be any assurance regarding any transaction's timing or ultimate outcome. The Company has not set a timetable for completion of the process and does not intend to disclose developments related to the process unless and until the Company executes a definitive agreement with respect thereto, or the Board otherwise determines that further disclosure is appropriate or required.

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, 2024 and December 31, 2023, the Company had an accumulated deficit of $308,899 and $261,903, respectively, though, the Company was in compliance with all required covenants as of December 31, 2024, and December 31, 2023. 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. The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increasing inflation rates, rising interest rates, foreign currency impacts, declines in consumer confidence, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our business cannot be predicted, and the Company cannot assure that it will remain in compliance with the financial covenants contained within its credit facilities.

In order to continue its operations, the Company must achieve profitable operations and/or obtain additional equity or debt financing. Until the Company achieves profitability, management plans to fund its operations and capital expenditures with cash on hand, borrowings, and issuance of capital stock. Until the Company generates revenue at a level to support its cost structure, the Company expects to continue to incur substantial operating losses and net cash outflows from operating activities.

Given the economic uncertainty in U.S. and international markets, the Company cannot anticipate the extent to which the current financial market conditions will continue to adversely impact the Company's business and the Company may need additional capital or refinance existing debt to fund its future operations and to access the capital markets sooner than planned. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, it may be compelled to reduce the scope of its operations and planned capital expenditures or sell certain assets, including intellectual property assets. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from the uncertainty. Such adjustments could be material.

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.

Nasdaq Bid-Price Deficiency - Extension and Regain Compliance

On April 11, 2024, the Company received a notice from Listing Qualifications Department of Nasdaq ("Nasdaq") stating that for 32 consecutive business days the Company's common stock did not maintain a minimum closing bid price of $1.00 per share ("Minimum Bid Price Requirement") as required for continued listing under Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has 180 calendar days, or until October 8, 2024 (the "Initial Compliance Date"), to regain compliance with the Minimum Bid Price Requirement. The Company did not regain compliance with the Bid Price Requirement by the Initial Compliance Date.

On October 17, 2024, Nasdaq notified the Company that it is eligible for an additional 180 calendar day period, or until April 7, 2025, (the "Extended Compliance Date"), to regain compliance with the Bid Price Requirement. If, at any time before the Extended Compliance Date, the bid price for the Company's common stock closes at $1.00 or more for a minimum of 10 consecutive business days as required under the Compliance Period Rule, the Staff will provide written notification to the Company that it complies with the Bid Price Requirement, unless the Staff exercises its discretion to extend this 10 day period pursuant to Nasdaq Listing Rule 5810(c)(3)(H).

On March 18, 2025, the Company received a notice from Nasdaq stating that, following the completion of the Reverse Stock Split, the Company regained compliance with the Bid Price Requirement.

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 ("U.S. GAAP") and with the instructions to Form 10-K and Regulation S-X.

The preparation of these consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company as of December 31, 2024 and through the date of this report filing. The accounting matters assessed included, but were not limited to, the allowance for expected credit losses and the carrying value of intangible and long-lived assets.

At the special meeting of the Company's shareholders held on February 14, 2025, the Company's shareholders granted the Company's Board discretionary authority to implement a consolidation of the issued and outstanding common shares of the Company (a "Reverse Stock Split") and to fix the specific ratio within a range of one-for-five (1-for-5) to one-for-sixteen (1-for-16) consolidation. On February 28, 2025, the Company filed an amendment to the Company's Certificate of Incorporation to implement the Reverse Stock Split based on a one-for-eleven (1-for-11) consolidation ratio on March 3, 2025. The Company's common shares began trading on the Nasdaq Capital Market on a reverse split-adjusted basis under the Company's existing trade symbol "VERO" at the opening of the market on March 4, 2025. In accordance with U.S. GAAP, the change has been applied retroactively.

Amounts reported in thousands within this report are computed based on the amounts in U.S. dollars. As a result, the sum of the components reported in thousands may not equal the total amount reported in thousands due to rounding. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in dollars.

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 expected credit losses, 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, useful lives of intangible assets, and impairment of long-lived assets. 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 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.

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 expected credit losses is provided with respect to all balances for which collection is deemed to be doubtful.

Risks and Uncertainties

The global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increases to inflation rates, rising interest rates, foreign currency impacts, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on our Company cannot be predicted.

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 the Food and Drug Administration's ("FDA") Quality System Regulation, or regulations in countries other than the United States, the 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 the 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 of December 31, 2024 and 2023, the most significant financial liabilities are trade payables, accrued expenses and other current liabilities and long-term debt.

Concentration of Customers

For the years ended December 31, 2024 and 2023, there were no customers accounting for more than 10% of the Company's revenue and no customers accounting for more than 10% of the Company's accounts receivable.

Allowance for Expected Credit Losses

Trade 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 expected credit losses. Uncollectible accounts are charged to expense when deemed uncollectible, and accounts receivable are presented net of an allowance for expected credit losses. Accounts receivable are deemed past due in accordance with the contractual terms of the agreement. Actual losses may differ from the Company's estimates and could be material to the Company's consolidated financial position, results of operations and cash flows. The allowance for expected credit losses was $3,786 and $7,415 as of December 31, 2024 and 2023, respectively.

Inventory

Inventories are stated at the lower of cost or net realizable value and include raw materials, work in progress ("WIP") and finished goods. Cost for raw materials 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 our internal lease program revenues 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 10% for the year ended December 31, 2024 and 8% to 10% for the year ended December 31, 2023. Unearned interest revenue represents the interest only portion of the respective lease program payments and will be recognized in income over the respective payment term as it is earned.

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 the consolidated statements of operations.

Leases

The Company determines if an agreement is, or contains, a lease at inception. An agreement is, or contains, a lease if the contact conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company leases assets including land and buildings, vehicles, and equipment. For leases with a term of 12 months or less or of low value, the payments are expensed as incurred.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

An operating lease is a lease in which a lessor transfers the use of an asset to a lessee for a period of time but does not effectively transfer control of the underlying asset. For lessees, a lease is a finance lease if the lessee effectively obtains control of the underlying asset, by meeting any of the following five criteria:

i. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.

ii. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

iii. The lease term is for a major part (generally 75%) of the remaining economic life of the underlying asset.

iv. The sum of the lease payments and the present value of any residual value guaranteed by the lessee amounts to or exceeds substantially all (generally 90%) of the fair value of the underlying asset.

v. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

For a finance lease, the right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined based upon the lease term. For an operating lease, amortization of the right-of-use asset is calculated on a straight-line rent basis over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company has determined that there are no variable payments, residual value guarantees, lease renewal options or early termination options that are reasonably certain to be exercised, and therefore have been excluded these from initial measurement.

All of our leases for which we are the lessee are operating leases and are included within operating lease right-of-use assets, net, operating lease liabilities, and long-term operating lease liabilities in our consolidated balance sheets.

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 reviews long-lived assets 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, 2024 and 2023, there was no impairment of long-lived assets.

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 expenses using the effective interest rate method over the term of the related debt.

Derivatives

The Company reviews the terms of convertible notes, equity instruments and other financing arrangements to determine whether there are embedded derivative instruments, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Derivative financial instruments are initially measured at their fair value. Derivative financial instruments that are accounted for as liabilities, are initially recorded at fair value and then re-valued at each reporting date, with changes in the fair value recognized in the consolidated statements of operations.

Deferred Revenue

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.

Revenue Recognition

The Company generates revenue from (1) sales of systems through our internal financing programs, in accordance with ASC 842, "Leases" ("ASC 842"), traditional system sales to customers and distributors, (2) other product revenues from the sale of ARTAS procedure kits, marketing supplies and kits, consumables and (3) and our extended warranty service contracts provided to existing customers.

Many of the Company's products are sold under our Venus Prime program and legacy subscription model, with unencumbered title passing to the customer at the earlier of the end of the term and when the payment is received in full. The internal financing programs include an initial deposit followed by monthly installments typically over a period of 36 months. In accordance with ASC 842, 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) determination of the transaction price; (4) allocation of the transaction price to the separate performance obligations in the contract; and (5) recognition of 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 internal lease program 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 and included within Selling and marketing in the consolidated statements of operations. For the years ended December 31, 2024 and 2023, advertising costs totaled $1,217 and $1,121, 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, and clinical studies.

Warranty

The Company provides a standard warranty against defects for all of its systems. The warranty period begins upon shipment and is for a period of one year.

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 and recognizes interest charges and penalties related to recognized tax positions in the accompanying consolidated statements of operations.

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.

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.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU No. 2020-06 ("ASU 2020-06"): Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40). ASU 2020-06 reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion and beneficial conversion models. The diluted net income per share calculation for convertible instruments requires the Company to use the if-converted method. For contracts in an entity's own equity, the type of contracts primarily affected by this update are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement conditions of the derivative scope exception. This update simplifies the related settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective for the Company on January 1, 2024, with early adoption permitted. On January 1, 2024, the adoption of ASU 2020-06 did not have a material impact on the Company's consolidated financial statements or disclosures.

In November 2023, the FASB issued ASU No. 2023-07 ("ASU 2023-07") Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The new standard requires the disclosure of the Company's Chief Operating Decision Maker (CODM), expanded incremental line-item disclosures of significant segment expenses used by the CODM for decision-making, and the inclusion of previous annual only segment disclosure requirements on a quarterly basis. This ASU must be applied on a retrospective basis to all prior periods presented in the consolidated financial statements. The Company adopted the guidance in the fiscal year beginning January 1, 2024. There was no impact on the Company's reportable segments identified and additional required disclosures have been included in Note 17.

Recently Issued Accounting Standards Not Yet Adopted

In October 2023, the FASB issued ASU No. 2023-06 ("ASU 2023-06"): Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. This ASU was issued to clarify or improve disclosure and presentation requirements of a variety of topics, which will allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the FASB accounting standard codification with the SEC's regulations. The ASU will become effective prospectively on the earlier of the date on which the SEC removes its disclosure requirements for the related disclosure or June 30, 2027. The Company is currently evaluating the provisions of the amendments and the impact on its future consolidated statements.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09") Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as information on income taxes paid. The disclosure requirements will be applied on a prospective basis, with the option to apply it retrospectively. This pronouncement is effective for fiscal years beginning after December 15, 2024 and early adoption is permitted. The Company is currently assessing the impact of applying this guidance.

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 shares of common stock outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is computed by dividing net loss by the weighted-average number of common stock equivalents outstanding for the period 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):

	Year ended December 31,	
	2024	2023
Numerator:		
Net loss	$ (46,971)	$ (37,050)
Net loss allocated to stockholders of the Company	$ (46,996)	$ (37,250)
Denominator:		
Weighted-average shares of common stock outstanding used in computing net loss per share, basic and diluted	660	544
Net loss per share:		
Basic and diluted	$ (71.21)	$ (68.47)

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, 2024 and 2023 because including them would have been antidilutive:

	December 31,	
	2024	2023
Options to purchase common stock	89,325	89,449
Preferred stock	7,852,840	808,050
Shares reserved for convertible notes	268,356	89,393
Warrants for common stock	153,147	96,598
Total potential dilutive shares	8,363,668	1,083,490

4. FAIR VALUE MEASUREMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at either amortized cost using the effective interest method or via fair value.

The financial instruments of the Company consist of cash and cash equivalents, restricted cash, accounts receivable, long-term receivables, trade payables, accrued expenses and other current liabilities, note payable, embedded derivatives, warranty liability, accrued severance pay, other long-term liabilities and long-term debt. In view of their nature, the fair value of these financial instruments approximates their carrying amounts.

The Company measures the fair value of its financial assets and financial 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.

Guaranteed investment certificates are classified within Level 2 as the Company uses alternative pricing sources and models utilizing market observable inputs for valuation.

The Company's convertible notes (see Note 13) contain an embedded derivative feature that was required to be bifurcated and remeasured to fair value at each reporting period based on significant inputs not observable in the market, and is classified as a Level 3 measurement according to the fair value hierarchy described above. The changes in fair value recognized as a component of finance expenses. The fair value of derivative liability was determined using a probability-weighted expected return method ("PWERM") using the "With and Without" approach (a form of an income approach). Under this approach various scenarios were considered to trigger the change of control, conversion, and redemption scenarios constituting the embedded derivative. The PWERM analysis contains inherent assumptions related to expected stock price volatility, conversion and redemption timing, and risk-free interest rate. Due to the use of significant unobservable inputs, the overall fair value measurement of the derivative liability is classified as Level 3.

The following tables set forth the fair value of the Company's Level 1, Level 2 and Level 3 financial assets and liabilities within the fair value hierarchy, and there were no transfers between Level 1, Level 2 and Level 3 for the periods presented:

	Fair Value Measurements as of December 31, 2024			
	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	$ —	$ 28	$ —	$ 28
Total assets	$ —	$ 28	$ —	$ 28
Liabilities				
Derivative Liability	$ —	$ —	$ 175	$ 175
Total liabilities	$ —	$ —	$ 175	$ 175

	Fair Value Measurements as of December 31, 2023			
	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	$ —	$ 62	$ —	$ 62
Total assets	$ —	$ 62	$ —	$ 62

5. ACCOUNTS RECEIVABLE

The Company's products may be sold under our Venus Prime program and legacy subscription model, with unencumbered title 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 under the agreement is recognized upon shipment to the customer as lease revenue. Venus Prime, launched in January 2024, is a structured in-house financing program which replaces the legacy subscription program for new customers in North America.

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 sales-type leases, totaled $19,262 and $32,393 at December 31, 2024 and 2023, 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 expected credit losses as of December 31, 2024 and 2023. Based upon such assessment, the Company recorded an allowance for expected credit losses totaling $3,786 and $7,415 as of December 31, 2024 and 2023, respectively. The balance as of December 31, 2023 included $0.5 million due to the adoption of revised guidance of ASC 326 "Financial Instruments - Credit Losses" (Topic 326) Measurement Credit Losses on Financial Instruments.

A summary of the Company's accounts receivables is presented below:

	As of December 31,	
	2024	2023
Gross accounts receivable	$ 31,041	$ 47,884
Unearned income	(1,271)	(2,139)
Allowance for expected credit losses	(3,786)	(7,415)
	$ 25,984	$ 38,330
Reported as:		
Current trade receivables	$ 18,721	$ 29,151
Current unearned interest income	(907)	(1,468)
Long-term trade receivables	8,534	11,318
Long-term unearned interest income	(364)	(671)
	$ 25,984	$ 38,330

Current Venus Prime and subscription agreements are reported as part of accounts receivable. The following are the contractual commitments, net of allowance for expected credit losses, to be received by the Company over the next 5 years:

		December 31,				
	Total	2025	2026	2027	2028	2029
Current financing receivables, net of allowance of $961	$ 10,728	$ 10,728	$ —	$ —	$ —	$ —
Long-term financing receivables, net of allowance of $384	8,534	—	5,678	2,819	37	—
	$ 19,262	$ 10,728	$ 5,678	$ 2,819	$ 37	$ —

Accounts receivable from our Venus Prime program bear interest commensurate with the customer's credit risk. Accounts receivable from our legacy subscription model do not bear interest and are typically not collateralized. The Company performs credit evaluations on new and existing customers' financial condition and maintains an allowance for expected credit losses. Uncollectible accounts are charged to expense when deemed uncollectible, and accounts receivable are presented net of an allowance for expected credit losses. Accounts receivables are deemed past due in accordance with the contractual terms of the agreement. Actual losses may differ from the Company's estimates and could be material to its consolidated balance sheets, results of operations and cash flows.

The allowance for expected credit losses consisted of the following activity:

	As of December 31,	
	2024	2023
Balance at beginning of year	$ 7,415	$ 13,619
Write-offs	(5,055)	(7,554)
Provision	1,426	1,350
Balance at end of year	$ 3,786	$ 7,415

6. SELECT BALANCE SHEET AND STATEMENT OF OPERATIONS INFORMATION

Inventory

Inventory consists of the following:

	December 31,	
	2024	2023
Raw materials	$ 1,649	$ 1,949
Work-in-progress	1,658	2,048
Finished goods	14,254	19,075
Total inventory	$ 17,561	$ 23,072

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 $18,137 and $22,687 in cost of goods sold for the years ending December 31, 2024 and December, 31, 2023, respectively. The balance of cost of goods sold represents the sale of applicators, parts, consumables 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 of December 31, 2024 and December 31, 2023, a provision for obsolescence of $1,977 and $2,733 was taken against inventory, respectively. The Company had write-offs of inventory of $1,804 and $1,683 for the years ending December 31, 2024 and 2023, respectively.

Property and Equipment, Net

Property and equipment, net consist of the following:

	Useful Lives (in years)	December 31, 2024	December 31, 2023
Lab equipment tooling and molds	4 – 10	$ 4,549	$ 4,356
Office furniture and equipment	6 – 10	1,160	1,223
Leasehold improvements	up to 10	752	854
Computers and software	3	863	919
Vehicles	5 – 7	57	37
Demo units	5	214	214
Total property and equipment		7,595	7,603
Less: Accumulated depreciation		(6,659)	(6,281)
Total property and equipment, net		$ 936	$ 1,322

Depreciation expense amounted to $415 and $642 for the years ended December 31, 2024 and 2023, respectively.

Other Current Assets

Other current assets consist of the following:

	December 31, 2024	December 31, 2023
Government remittances [(1)]	$ 560	$ 1,336
Consideration receivable from subsidiaries sale	49	85
Sundry assets and miscellaneous	495	504
Total other current assets	$ 1,104	$ 1,925

(1) Government remittances are receivables from the local tax authorities for refunds of sales taxes and income taxes.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31, 2024	December 31, 2023
Payroll and related expense	$ 3,336	$ 2,260
Accrued expenses	3,552	3,924
Commission accrual	2,096	2,385
Sales and consumption taxes	2,449	3,868
Total accrued expenses and other current liabilities	$ 11,433	$ 12,437

Warranty Accrual

The following table provides the details of the change in the Company's warranty accrual:

	December 31,	
	2024	**2023**
Balance as of the beginning of the year	$ 1,363	$ 1,482
Warranties issued during the year	727	933
Warranty costs incurred during the year	(951)	(1,052)
Balance at the end of the year	$ 1,139	$ 1,363
Current	917	1,029
Long-term	222	334
Total	$ 1,139	$ 1,363

Finance Expenses

The following table provides the details of the Company's finance expenses:

	Year Ended December 31,	
	2024	**2023**
Interest expense	$ 6,469	$ 6,629
Change in fair value of derivative liability	(771)	—
Accretion on long-term debt and amortization of fees	1,187	264
Total finance expenses	$ 6,885	$ 6,893

7. LEASES

We lease certain equipment, vehicles, and office space. Leases with an initial term of 12 months or less are not recorded on our consolidated balance sheet. Leases are presented in our consolidated balance sheets within Operating right-of-use-assets, net, Operating lease liabilities – current, and Operating lease liabilities – long-term.

The following presents the various components of lease costs.

	Year Ended December 31,	
	2024	**2023**
Operating lease cost	$ 1,455	$ 1,933

The following table presents supplemental information relating to the cash flows arising from lease transactions. Cash payments related to short-term leases are not included in the measurement of operating lease liabilities, and as such, are excluded from the amounts below.

	Year Ended December 31,	
	2024	**2023**
Operating cash outflows from operating leases	$ 1,455	$ 1,933

The following table presents the weighted-average lease term and discount rate for operating leases.

	Year Ended December 31,	
	2024	2023
Operating leases		
Weighted-average remaining lease term	1.63 yrs.	2.8 yrs.
Weighted-average discount rate	4.00%	4.00%

The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for the next five years and thereafter.

Years ending December 31,	Operating leases
2025	$ 1,322
2026	1,131
2027	587
2028	192
2029	320
Thereafter	—
Imputed Interest (1)	(233)
Total	$ 3,319

(1) Imputed interest represents the difference between undiscounted cash flows and cash flows.

8. INTANGIBLE ASSETS

The carrying values of goodwill and indefinite-life intangible assets are subject to annual impairment assessment as of the last day of each fiscal year. Between annual assessments, impairment review may also be triggered by any significant events or changes in circumstances affecting the Company's business. Based on the analysis of the intangible assets performed by management as of December 31, 2024 and 2023, no impairment was considered necessary.

Intangible assets net of accumulated amortization were as follows:

	At December 31, 2024		
	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	$ 1,400	$ (616)	$ 784
Brand	2,500	(1,593)	907
Technology	16,900	(14,553)	2,347
Supplier agreement	3,000	(2,065)	935
Total intangible assets	$ 23,800	$ (18,827)	$ 4,973

	At December 31, 2023		
	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	$ 1,400	$ (522)	$ 878
Brand	2,500	(1,330)	1,170
Technology	16,900	(11,735)	5,165
Supplier agreement	3,000	(1,767)	1,233
Total intangible assets	$ 23,800	$ (15,354)	$ 8,446

Amortization expense was $3,474 and $3,473 for the years ended December 31, 2024 and 2023, respectively.

Estimated amortization expense for the next five fiscal years and all years thereafter are as follows:

Years ending December 31,		
2025	$	3,004
2026		657
2027		657
2028		244
2029		93
Thereafter		318
Total	$	4,973

9. COMMITMENTS AND CONTINGENCIES

Commitments

As of December 31, 2024, the Company has non-cancellable purchase orders placed with its contract manufacturers in the amount of $13.6 million. In addition, as of December 31, 2024, the Company had $2.1 million of open purchase orders that can be cancelled with 270 days' notice.

Aggregate future service and purchase commitments with manufacturers as of December 31, 2024 are as follows:

Years ending December 31,		Purchase and Service Commitments
2025	$	13,308
2026 and Thereafter		286
Total	$	13,594

10. MAIN STREET TERM LOAN

On December 8, 2020, the Company executed the MSLP Loan Agreement, the MSLP Note, and related documents for a loan in the aggregate amount of $50,000 for which CNB will serve as a lender pursuant to the MSLP Loan. On December 9, 2020, the MSLP Loan had been funded and the transaction was closed. The MSLP Note has a term of five years and bears interest at a rate per annum equal to 30-day LIBOR plus 3%. On December 8, 2023 and December 8, 2024, the Company must make an annual payment of principal plus accrued but unpaid interest in an amount equal to fifteen percent (15%) of the outstanding principal balance of the MSLP Note (inclusive of accrued but unpaid interest). The entire outstanding principal balance of the MSLP Note at maturity, together with all accrued and unpaid interest is due and payable in full on December 8, 2025. The Company may prepay the MSLP Loan at any time without incurring any prepayment penalties. The MSLP Note provides for customary events of default, including, among others, those relating to a failure to make payment, bankruptcy, breaches of representations and covenants, and the occurrence of certain events. In addition, the MSLP Loan Agreement and MSLP Note contain various covenants that limit the Company's ability to engage in specified types of transactions. Subject to limited exceptions, these covenants limit the Company's ability, without CNB's consent, to, among other things, sell, lease, transfer, exclusively license or dispose of the Company's assets, incur, create, or permit to exist additional indebtedness, or liens, to make dividends and other restricted payments, and to make certain changes to its ownership structure.

On October 4, 2023, the Company, Venus USA Inc., Venus Canada and Venus Ltd. (Venus Ltd., together with Venus USA, Venus Canada and the Company, the "Loan Parties") entered into the Loan Modification Agreement with CNB, which modified certain terms of the MSLP Loan Agreement. The primary modifications of the MSLP Loan Modification were (i) the principal payment in the amount of 15% of the outstanding principal balance of the loan originally due December 31, 2023 is deferred until maturity, (ii) the principal payment in the amount of 15% of the outstanding principal balance of the loan originally due December 31, 2024 is reduced to 7.5% with the remainder deferred until maturity, (iii) the interest rate of the loan is reset from one-month LIBOR plus three percent (3%) to one-month term Secured Overnight Financing Rate (SOFR) plus three and one-quarter percent (3.25%), and (iv) Venus USA has assigned certain of its subscription sales contracts to CNB.

On January 18, 2024, the Company and the Guarantors entered into a Loan Modification Agreement (the "Loan Modification Agreement") with CNB and Madryn. The Loan Modification Agreement amends the MSLP Loan Agreement to, among other things, satisfy the 2023 Minimum Deposit Requirements (as defined in the Loan Modification Agreement) and defer the testing of the Minimum Deposit Relationship obligations set forth in the MSLP Loan Agreement for the monthly periods ending on January 31, 2024, February 28, 2024 and March 31, 2024 until April 30, 2024.

On April 23, 2024, the MSLP Loan was purchased by Madryn for an undisclosed amount from CNB with the consent of the Company. On May 24, 2024, the MSLP Loan was amended by way of a loan amendment and consent agreement (the "MSLP Loan Amendment") with Madryn. The MSLP Loan Amendment amended the Loan Agreement to, among other things, (i) modify the May 2024 and June 2024 interest payments to be payable-in-kind, (ii) grant certain relief from the Minimum Deposit Relationship obligations through June 7, 2024.

On May 24, 2024, the Company entered into the 2024 Exchange Agreement whereby the Company exchanged $52,142 in aggregate principal amount outstanding under the MSLP Loan Agreement for $17,142 in New Secured Notes and 576,986 shares of Series Y Convertible Preferred Stock. The Series Y Convertible Preferred Stock is priced at $667.26 per share, being equal to the product of (i) the average closing price (as reflected on Nasdaq.com) of the Company's common stock for the five trading days immediately preceding date of the 2024 Exchange Agreement, multiplied by (ii) 9.0909. The New Secured Notes follow the same terms as the MSLP Loan Agreement. As part of the extinguishment of principal, the Company recognized a $10.9 million non-cash loss.

On June 7, 2024, the Loan Parties entered into a consent agreement with Madryn to amend the MSLP Loan Amendment to, among other things, grant certain relief from minimum liquidity requirements under the MSLP Loan Amendment. On June 21, 2024, the Loan Parties entered into an Amendment and Consent Agreement with the Lenders to, among other things, (i) modify the July 2024 interest payment to be payable-in-kind, (ii) grant relief from the Minimum Deposit Relationship obligations through July 8, 2024.

On July 8, 2024, the Loan Parties entered into a loan amendment and consent agreement with the Lenders to, among other things, grant relief under the MSLP Loan Agreement, as amended, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through August 2, 2024, and (ii) certain operating covenants for the June 30, 2024 measurement period were deleted.

On July 29, 2024, the Loan Parties entered into a consent agreement with the Lenders which granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through August 30, 2024, and (ii) permit Venus USA to apply the August 8, 2024 cash interest payment due to the respective outstanding principal balance of each Note.

On August 30, 2024, the Loan Parties entered into a consent agreement with the Lenders which granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through September 30, 2024, and (ii) permit Venus USA to apply the September 8, 2024 cash interest payment due to the respective outstanding principal balance of each Note.

Additionally, on September 26, 2024, the Company entered into the Second 2024 Exchange Agreement whereby the Company exchanged $17,662 of the balance outstanding under the MSLP Loan Agreement for $2,662 in aggregate principal amount outstanding under the MSLP Loan Agreement and 203,583 shares of Series Y Convertible Preferred Stock. As part of the extinguishment of principal, the Company recognized a $0.5 million non-cash loss. Also, on September 26, 2024 the Loan Parties entered into a Third Loan Amendment which, among other things, (i) modify the October 2024 interest payment to be payable-in-kind, (ii) delete the net loss covenant, and (iii) grant relief from minimum liquidity requirements.

On October 31, 2024, the Loan Parties entered into a consent agreement with the Lenders which granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through November 30, 2024, and (ii) permit Venus USA to apply the November 8, 2024 cash interest payment due to the respective outstanding principal balance of each Note.

On November 26, 2024, the Loan Parties entered into a consent agreement with the Lenders which granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through December 31, 2024, (ii) permit Venus USA to apply the December 8, 2024 cash interest payment due to the respective outstanding principal balance of each Note, and (iii) defer the previously scheduled December 2024 principal payment to maturity.

On December 31, 2024, the Loan Parties entered into a consent agreement with the Lenders which granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through January 31, 2025, and (ii) permit Venus USA to apply the January 8, 2025 cash interest payment due to the respective outstanding principal balance of each Note.

As of December 31, 2024 and December 31, 2023, the Company was in compliance with all required covenants.

The scheduled payments, inclusive of principal and estimated interest, on the outstanding borrowings as of December 31, 2024 are as follows:

	As of December 31, 2025
2025	$ 162
2026	2,973
Total	$ 3,135

11. MADRYN DEBT AND CONVERTIBLE NOTES

Convertible Notes

On October 11, 2016, Venus Ltd. entered into the Madryn Credit Agreement, pursuant to which Madryn agreed to make certain loans to certain of Venus Concept's subsidiaries.

On December 9, 2020, contemporaneously with the MSLP Loan Agreement (Note 10), the Company and its subsidiaries, Venus USA, Venus Ltd., Venus Canada, and the Madryn Noteholders (as defined below), entered into the Exchange Agreement dated as of December 8, 2020, pursuant to which the Company on December 9, 2020 (i) repaid $42.5 million aggregate principal amount owed under the Madryn Credit Agreement, and (ii) issued to the Madryn Noteholders the Notes. The Madryn Credit Agreement was terminated effective December 9, 2020 upon the funding and closing of the MSLP Loan and the issuance of the Notes.

On October 4, 2023, the Company entered into the 2023 Exchange Agreement with the Madryn Noteholders. Pursuant to the 2023 Exchange Agreement, the Madryn Noteholders agreed to exchange (the "Exchange") $26.695 million in aggregate principal amount of outstanding secured convertible notes of the Company for (i) secured subordinated convertible notes in aggregate principal amount of $22.792 million (the "New Convertible Notes") and (ii) 248,755 shares of newly-created convertible preferred stock of the Company, par value $0.0001 per share designated as "Series X Convertible Preferred Stock" (the "Series X Preferred Stock"). The Series X Preferred Stock is priced at $221.10 per share, being equal to the "Minimum Price" as set forth in Nasdaq Listing Rule 5635(d), multiplied by 0.9091. The New Convertible Notes accrue interest at a rate of 3-month adjusted term Secured Overnight Financing Rate (SOFR) plus 8.50% per annum. In the case of an event of default under the New Convertible Notes, the then-applicable interest rate will increase by four percent (4.00%) per annum. Interest is payable in kind in arrears on the last business day of each calendar quarter of each year after the original issuance date, beginning on December 31, 2023. The New Convertible Notes mature on December 9, 2025, unless earlier redeemed or converted. As part of the extinguishment of principal, the Company recognized a $2.0 million loss.

On May 24, 2024, as required by the 2024 Exchange Agreement (Note 10), the New Convertible Notes were amended to, among other things, align the covenant protections in favor of the Madryn Noteholders with the MSLP Loan Agreement, as amended by the MSLP Loan Amendment.

As of December 31, 2024, the Company had approximately $27.1 million principal and interest of New Convertible Notes and Notes outstanding that were issued pursuant to the 2024 Exchange Agreement.

In connection with the New Convertible Notes and Notes, the Company recognized interest expense of $3,502 and $2,438 during the years ended December 31, 2024 and December 31, 2023, respectively. The conversion feature, providing the Madryn Noteholders with a right to receive the Company's shares upon conversion of the New Convertible Notes and Notes, was qualified for a scope exception in ASC 815-10-15 and did not require bifurcation. The New Convertible Notes and Notes also contained embedded redemption features that provided multiple redemption alternatives. Certain redemption features provided the Madryn Noteholders with a right to receive cash and a variable number of shares upon change of control and an event of default (as defined in the New Notes and Notes). The Company evaluated redemption upon change of control and an event of default under ASC 815, Derivatives and Hedging, and determined that these two redemption features required bifurcation. These embedded derivatives were accounted for as liabilities at their estimated fair value as of the date of issuance, and then subsequently remeasured to fair value as of each balance sheet date, with the related remeasurement adjustment being recognized as a component of change in fair value of derivative liabilities in the consolidated statements of operations.

The scheduled payments, inclusive of principal and interest, on the outstanding borrowings of the Notes and New Convertible Notes as of December 31, 2024 totals $35,176 and are due in 2026. For the years ended December 31, 2024 and 2023, the Company did not make any principal repayments.

Bridge Financing

On April 23, 2024, the Company entered into a Loan and Security Agreement (the "Loan and Security Agreement"), by and among Venus USA, (the "Bridge Borrower"), Venus Canada, Venus Ltd. (Venus Ltd., together with the Company and Venus Canada, the "2024 Guarantors," and together with the Bridge Borrower, the "Bridge Financing Loan Parties") and, each lender party thereto (collectively, the "2024 Lenders") and Madryn Health Partners, LP, as administrative agent. Pursuant to the Loan and Security Agreement, the 2024 Lenders agreed to provide the Bridge Borrower with bridge financing in the form of a term loan in the original principal amount of $2,238 and one or more delayed draw term loans of up to an additional principal amount of $2,762 (the "Bridge Financing"). The Bridge Financing originally had a maturity date of May 26, 2024. Pursuant to the Loan and Security Agreement, each of the 2024 Guarantors, jointly and severally, guarantee, that the Obligations (as defined in the Loan and Security Agreement) will be performed and paid in full when due and payable.

Borrowings under the Loan and Security Agreement will bear interest at a rate per annum equal to 12%, due at maturity. The Loan and Security Agreement also provides that all present and future indebtedness and the obligations of the Bridge Borrower to Madryn Health Partners, LP shall be secured by a priority security interest in all real and personal property collateral of the Bridge Financing Loan Parties.

The Loan and Security Agreement contains customary representations, warranties and affirmative and negative covenants. In addition, the Loan and Security Agreement contains customary events of default that entitle Madryn Health Partners, LP to cause the Bridge Borrower's indebtedness under the Loan and Security Agreement to become immediately due and payable, and to exercise remedies against the Bridge Financing Loan Parties and the collateral securing the Bridge Financing. Under the Loan and Security Agreement, an event of default will occur if, among other things, any of the Bridge Financing Loan Parties fails to make payments under the Loan and Security Agreement, any of the Bridge Financing Loan Parties breaches any of the covenants under the Loan and Security Agreement, a Change of Control (as defined in the Loan and Security Agreement) occurs, any of the Bridge Financing Loan Parties, or its assets, become subject to certain legal proceedings, such as bankruptcy proceedings. Upon the occurrence and for the duration of an event of default, a default interest rate equal to 15.0% per annum will apply to all obligations owed under the Loan and Security Agreement.

On May 24, 2024, as required by the 2024 Exchange Agreement (Note 10), the Loan and Security Agreement was amended to extend the maturity date from May 26, 2024 to June 7, 2024. On June 7, 2024, the Loan Parties entered into a Second Bridge Loan Amendment Agreement which further extended the maturity date of the Bridge Financing from June 7, 2024 to June 21, 2024. On June 21, 2024, the Bridge Financing Loan Parties entered into a Third Bridge Loan Amendment Agreement with the 2024 Lenders which further extended the maturity date of the Bridge Financing from June 21, 2024 to July 8, 2024.

On July 8, 2024, the Bridge Financing Loan Parties entered into a Fourth Bridge Loan Amendment Agreement (the "Fourth Bridge Loan Amendment"). The Fourth Bridge Loan Amendment amended that certain Loan and Security Agreement, dated April 23, 2024, among the Bridge Financing Loan Parties and the 2024 Lenders to extend the maturity date of the bridge loan from July 8, 2024 to August 2, 2024.

On July 26, 2024, the 2024 Lenders agreed to provide the Bridge Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $1,000 (the "July Drawdown"). The July Drawdown was fully funded on July 26, 2024.

On July 29, 2024, the Bridge Financing Loan Parties entered into a Fifth Bridge Loan Amendment Agreement (the "Fifth Bridge Loan Amendment"). The Fifth Bridge Loan Amendment amended the Loan and Security Agreement to, among other things, (i) modify the availability period for subsequent drawdowns under the Bridge Financing from ten days to two days prior to the maturity date, (ii) increase the Delayed Draw Commitment, as defined in the Loan and Security Agreement, from $2,762 to $3,000, and (iii) extend the maturity date of the Bridge Financing from August 2, 2024 to August 30, 2024.

On August 30, 2024 the Bridge Financing Loan Parties entered into a Sixth Bridge Loan Amendment Agreement which extended the maturity date of the Bridge Financing from August 30, 2024 to September 30, 2024.

On September 11, 2024, the 2024 Lenders agreed to provide the Bridge Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $1,000, which was fully funded on September 11, 2024.

On September 26, 2024, the Bridge Financing Loan Parties entered into a Seventh Bridge Loan Amendment Agreement which extended the maturity date of the Bridge Financing from September 30, 2024 to October 31, 2024.

On October 30, 2024, the 2024 Lenders agreed to provide the Bridge Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $1,000, which was fully funded on November 1, 2024.

On October 31, 2024, the Bridge Financing Loan Parties entered into an Eighth Bridge Loan Amendment Agreement which extended the maturity date of the Bridge Financing from October 31, 2024 to November 30, 2024.

On November 26, 2024, the Bridge Financing Loan Parties entered into a Ninth Bridge Loan Amendment Agreement which (i) increased the Delayed Draw Commitment from $3,000 to $6,000, and (ii) extended the maturity date of the Bridge Financing from November 30, 2024 to December 31, 2024. The 2024 Lenders also agreed to provide the Bridge Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $1,200, which was fully funded on November 26, 2024.

On December 5, 2024, the 2024 Lenders agreed to provide the Bridge Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $1,500, which was fully funded on December 9, 2024.

On December 31, 2024, the Bridge Financing Loan Parties entered into a Tenth Bridge Loan Amendment Agreement which extended the maturity date of the Bridge Financing from December 31, 2024 to January 31, 2025.

The scheduled payments, inclusive of principal and interest of $8,519 will be paid at maturity. For the year ended December 31, 2024, the Company did not make any principal payments.

12. CREDIT FACILITY

On August 29, 2018, Venus Ltd. entered into an Amended and Restated Loan Agreement as a guarantor with CNB, as amended on March 20, 2020, December 9, 2020 and August 26, 2021 (the "CNB Loan Agreement"), pursuant to which CNB agreed to make certain loans and other financial accommodations to certain of Venus Ltd.'s subsidiaries to be used to finance working capital requirements. In connection with the CNB Loan Agreement, Venus Ltd. also entered into a guaranty agreement with CNB dated as of August 29, 2018, as amended on March 20, 2020, December 9, 2020 and August 26, 2021 (the "CNB Guaranty"), pursuant to which Venus Ltd. agreed to guaranty the obligations of its subsidiaries under the CNB Loan Agreement. On March 20, 2020, the Company also entered into a Security Agreement with CNB (the "CNB Security Agreement"), as amended on December 9, 2020 and August 26, 2021, pursuant to which it agreed to grant CNB a security interest in substantially all of our assets to secure the obligations under the CNB Loan Agreement.

On August 26, 2021, the Company, Venus USA and Venus Canada entered into a Fourth Amended and Restated Loan Agreement (the "Amended CNB Loan Agreement") with CNB, pursuant to which, among other things, (i) the maximum principal amount the revolving credit facility was reduced from $10,000 to $5,000 at the LIBOR 30-Day rate plus 3.25%, subject to a minimum LIBOR rate floor of 0.50%, and (ii) beginning December 10, 2021, the cash deposit requirement was reduced from $3,000 to $1,500, to be maintained with CNB at all times during the term of the Amended CNB Loan Agreement. In connection with the Amended CNB Loan Agreement, the Company, Venus USA and Venus Canada issued a promissory note dated August 26, 2021, in favor of CNB (the "CNB Note") in the amount of $5,000 with a maturity date of July 24, 2023 and the obligations of the Company pursuant to certain of the Company's outstanding promissory notes were reaffirmed as subordinated to the indebtedness of the Company owing to CNB pursuant to a Supplement to Subordination of Debt Agreements dated as of August 26, 2021 by and among Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, the Company and CNB. The CNB Note and Amended CNB Loan Agreement expired at its maturity date.

As of the expiration of the credit facility, the Company was in compliance with all required covenants.

13. EW CONVERTIBLE NOTES

On January 18, 2024, the Company, Venus USA, Venus Canada and Venus Ltd (the "Guarantors") entered into a Note Purchase and Registration Rights Agreement (the "Note Purchase Agreement") with EW Healthcare Partners, L.P. ("EW") and EW Healthcare Partners-A, L.P. ("EW-A," and together with EW, the "EW Investors"). Pursuant to the Note Purchase Agreement, the Company issued and sold to the EW Investors $2.0 million in aggregate principal amount of secured subordinated convertible notes (the "2024 Notes").

The 2024 Notes accrue interest at a rate equal to the 90-day adjusted term Secured Overnight Financing Rate (SOFR) plus 8.50% per annum; provided, however, that if there is an Event of Default (as defined below), the then-applicable interest rate will increase by 4.00% per annum. Interest is payable in kind in arrears on the last business day of each calendar quarter of each year after the original issuance date, beginning on March 31, 2024. The 2024 Notes mature on December 9, 2025, unless earlier redeemed or converted, at which time all outstanding principal and interest is payable in cash, except as described below. At any time prior to the maturity date, a holder may convert the 2024 Notes at their option into shares of common stock at the then-applicable conversion rate. The initial conversion rate is 72.6691 shares of common stock per one-thousand principal amount of 2024 Notes, which represents an initial conversion price of approximately $13.761 per share of common stock. The conversion rate is subject to customary anti-dilution adjustments. The 2024 Notes are redeemable, in whole and not in part, at the Company's option at any time, at a redemption price equal to the principal amount of the 2024 Notes to be redeemed, plus accrued and unpaid interest, if any, to, the redemption date, plus a redemption premium. The Company's redemption option is subject to satisfaction of the conditions set forth in the 2024 Notes, including that a registration statement covering the resale of the shares of common stock issuable upon conversion of the 2024 Notes is effective and available for use.

The 2024 Notes have customary provisions relating to the occurrence of "Events of Default," as defined in the 2024 Notes. If an Event of Default occurs, then the EW Investors may, subject to the terms of the CNB Subordination Agreement (as defined below), (i) declare the outstanding principal amount of the 2024 Notes, all accrued and unpaid interest and all other amounts owing under the 2024 Notes and other transaction documents entered into in connection therewith to be immediately become due and payable, without any further action or notice by any person, and (ii) exercise all rights and remedies available to them under the 2024 Notes, the EW Security Agreement (as defined below) and any other document entered into in connection with the foregoing. The 2024 Notes constitute the Company's secured, subordinated obligations and are (i) equal in right of payment with the Company's existing and future senior unsecured indebtedness; (ii) senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated to the 2024 Notes; and (iii) subordinated to the Company's existing secured indebtedness in a manner consistent with the Existing Subordination Agreements (as defined below).

On January 18, 2024, the Company and the Guarantors entered into a Guaranty and Security Agreement (the "EW Security Agreement") with EW, as collateral agent. Pursuant to the EW Security Agreement, the Guarantors jointly and severally guaranteed to the EW Investors the prompt payment of all outstanding amounts under the 2024 Notes when due. The Guarantors also granted to the EW Investors a security interest in substantially all of their assets to secure the obligations under the 2024 Notes.

Pursuant to the EW Security Agreement, during the continuance of an Event of Default under the 2024 Notes, if the Company is unable to repay all outstanding amounts under the 2024 Notes, the EW Investors may, subject to the terms of the CNB Subordination Agreement (as defined below), foreclose on the collateral to collateralize such indebtedness. Any such foreclosure could significantly affect the Company's ability to operate its business.

The EW Security Agreement contains various covenants that limit the Company's ability to engage in specified types of transactions. Subject to limited exceptions, these covenants include restrictions on the Company's ability, to incur, create or permit to exist additional indebtedness, or liens, and to make certain changes to its ownership structure, in each case without the Investor's consent.

On January 18, 2024, the Company and the Guarantors entered into a Subordination of Debt Agreement (the "CNB Subordination Agreement") with CNB and the EW Investors. The CNB Subordination Agreement provides that the 2024 Notes are subordinated to the Company's existing secured indebtedness with CNB, in a manner consistent with the subordination of the Secured Subordinated Convertible Notes, dated October 4, 2023 (the "Madryn Notes"), issued to Madryn pursuant to those certain existing Subordination of Debt Agreements, dated as of December 8, 2020 entered into by the Company and the Guarantors, CNB, and Madryn (the "Existing Subordination Agreements"). The 2024 Notes and the Madryn Notes are secured by the same collateral, except that the 2024 Notes also receive a first priority perfected security interest and lien on the Company's right to receive certain amounts from the Internal Revenue Service in respect of certain employee retention credits claimed by the Company (defined in the Notes as the "ERC Claim").

As of December 31, 2024, the Company had approximately $2.3 million principal and interest of the 2024 Notes outstanding that were issued pursuant to the Note Purchase Agreement.

In connection with the 2024 Notes, the Company recognized interest expense of $0.3 million during the year ended December 31, 2024. The 2024 Notes contained a conversion option, redemption right upon an event of default, change of control scenario, and interest rate penalty upon an event of default which were evaluated under ASC 815, Derivatives and Hedging, and determined that these features required bifurcation. These embedded derivatives were accounted for as liabilities at their estimated fair value as of the date of issuance, and then subsequently remeasured to fair value as of each balance sheet date, with the related remeasurement adjustment being recognized as a component of change in fair value of derivative liabilities in the consolidated statements of operations. The fair value of the embedded derivative liability at issuance and as of December 31, 2024 were $0.9 million and $0.2 million, respectively.

As of December 31, 2024, the Company was in compliance with all required covenants. The scheduled payments, inclusive of principal and interest of $2,965 are due in 2026 as per the amendment discussed in Note 19. For the year ended December 31, 2024, the Company did not make any principal payments.

14. 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 exercise of all classes of preferred stock, convertible promissory notes, options granted and available for grant under the incentive plans and warrants to purchase common stock.

	December 31, 2024	December 31, 2023
Outstanding common stock warrants	153,147	96,598
Outstanding stock options and RSUs	89,325	89,449
Preferred shares	7,852,840	808,050
Shares reserved for conversion of future preferred share issuance	500,735	531,262
Shares reserved for future option grants and RSUs	29,094	8,917
Shares reserved for Lincoln Park	—	64,653
Shares reserved for Madryn Noteholders	118,182	118,182
Shares reserved for EW Noteholders	190,910	—
Total common stock reserved for issuance	8,934,233	1,717,111

15. STOCKHOLDERS' EQUITY

Common Stock

The Company’s common stock confers upon its holders the following rights:

- The right to participate and vote in the Company’s stockholder meetings, whether annual or special. Each share will entitle its holder, when attending and participating in the voting in person or via proxy, to one vote;
- The right to a share in the distribution of dividends, whether in cash or in the form of bonus shares, the distribution of assets or any other distribution pro rata to the par value of the shares held by them; and
- The right to a share in the distribution of the Company’s excess assets upon liquidation pro rata to the par value of the shares held by them.

Reverse Stock Split

At the annual and special meeting of the Company's shareholders held on May 10, 2023, the Company's shareholders granted the Company's Board discretionary authority to implement the Reverse Stock Split and to fix the specific consolidation ratio within a range of one-for-five (1-for-5) to one-for-fifteen (1 for 15). On May 11, 2023, the Company filed an amendment to the Company’s Certificate of Incorporation to implement the Reverse Stock Split based on a one-for-fifteen (1-for-15) consolidation ratio. The Company’s common shares began trading on the Nasdaq Capital Market on a reverse split-adjusted basis under the Company’s existing trade symbol “VERO” at the opening of the market on May 12, 2023.

At the special meeting of the Company’s shareholders held on February 14, 2025, the Company’s shareholders granted the Company’s Board discretionary authority to implement the Reverse Stock Split and to fix the specific consolidation ratio within a range of one-for-five (1-for-5) to one-for-sixteen (1 for 16). On February 28, 2025, the Company filed an amendment to the Company’s Certificate of Incorporation to implement the Reverse Stock Split based on a one-for-eleven (1-for-11) consolidation ratio on March 3, 2025. The Company’s common shares began trading on the Nasdaq Capital Market on a reverse split-adjusted basis under the Company’s existing trade symbol “VERO” at the opening of the market on March 4, 2025.

Equity Purchase Agreement with Lincoln Park

On June 16, 2020, the Company entered into a purchase agreement (the "Equity Purchase Agreement") with Lincoln Park Capital Fund LLC ("Lincoln Park"), which provides that, upon the terms and subject to the conditions and limitations set forth therein, the Company may sell to Lincoln Park up to $31,000 worth of shares of its common stock, par value $0.0001 per share, pursuant to its shelf registration statement. The purchase price of shares of common stock related to a future sale will be based on the then prevailing market prices of such shares at the time of sales as described in the Equity Purchase Agreement. The aggregate number of shares that the Company can sell to Lincoln Park under the Equity Purchase Agreement may in no case exceed 47,050 shares (subject to adjustment) of common stock (which is equal to approximately 19.99% of the shares of the common stock outstanding immediately prior to the execution of the Equity Purchase Agreement) (the "Exchange Cap"), unless (i) stockholder approval is obtained to issue shares above the Exchange Cap, in which case the Exchange Cap will no longer apply, or (ii) with Equity Purchase Agreement equals or exceeds $655.9575 per share (subject to adjustment) (which represents the minimum price, as defined under Nasdaq Listing Rule 5635(d), on the Nasdaq Global Market immediately preceding the signing of the Equity Purchase Agreement, such that the transactions contemplated by the Equity Purchase Agreement are exempt from the Exchange Cap limitation under applicable Nasdaq rules.) Also, at no time may Lincoln Park (together with its affiliates) beneficially own more than 9.99% of the Company's issued and outstanding common stock. Concurrently with entering into the Equity Purchase Agreement, the Company also entered into a registration rights agreement with Lincoln Park, pursuant to which it agreed to provide Lincoln Park with certain registration rights related to the shares of common stock issued under the Equity Purchase Agreement (the "Registration Rights Agreement").

From commencement to expiry on July 1, 2022, the Company issued and sold to Lincoln Park 20,831 shares of its common stock at an average price of $445.50 per share, and 1,271 of these shares were issued to Lincoln Park as a commitment fee in connection with entering into the Equity Purchase Agreement (the "Commitment Shares"). The total value of the Commitment Shares of $620 together with the issuance costs of $123 were recorded as deferred issuance costs in the consolidated balance sheet at inception and were amortized into consolidated statements of stockholders' equity proportionally based on proceeds received during the term of the Equity Purchase Agreement. In 2022, the Company issued 2,425 shares of its common stock and the proceeds from common stock issuances as of December 31, 2022 were $272, with no issuance costs. The proceeds in the amount of $272 were recorded in the consolidated statements of cash flows as net cash proceeds from issuance of common stock. The Equity Purchase Agreement expired on July 1, 2022, and was replaced with the 2022 LPC Purchase Agreement discussed below.

2022 LPC Purchase Agreement with Lincoln Park

On July 12, 2022, the Company entered into a purchase agreement (the "2022 LPC Purchase Agreement") with Lincoln Park, as the Equity Purchase Agreement expired on July 1, 2022. The 2022 LPC Purchase Agreement provides that, upon the terms and subject to the conditions and limitations set forth therein, the Company may sell to Lincoln Park up to $11,000 of shares (the "Purchase Shares") of its common stock, par value $0.0001 per share. Concurrently with entering into the 2022 LPC Purchase Agreement, the Company also entered into a registration rights agreement (the "2022 LPC Registration Rights Agreement") with Lincoln Park, pursuant to which it agreed to provide Lincoln Park with certain registration rights related to the shares issued under the 2022 LPC Purchase Agreement. The aggregate number of shares that the Company can issue to Lincoln Park under the 2022 LPC Purchase Agreement may not exceed 78,020 shares of common stock, which is equal to 19.99% of the shares of common stock outstanding immediately prior to the execution of the 2022 LPC Purchase Agreement (the "2022 Exchange Cap"), unless (i) stockholder approval is obtained to issue shares of common stock in excess of the 2022 Exchange Cap, in which case the 2022 Exchange Cap will no longer apply, or (ii) the average price of all applicable sales of common stock to Lincoln Park under the 2022 LPC Purchase Agreement equals or exceeds the lower of (i) the Nasdaq official closing price immediately preceding the execution of the 2022 LPC Purchase Agreement or (ii) the arithmetic average of the five Nasdaq official closing prices for the common stock immediately preceding the execution of the 2022 LPC Purchase Agreement, plus an incremental amount to take into account the issuance of the Commitment Shares to Lincoln Park under the 2022 LPC Purchase Agreement, such that the transactions contemplated by the 2022 LPC Purchase Agreement are exempt from the 2022 Exchange Cap limitation under applicable Nasdaq rules. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the 2022 LPC Purchase Agreement if it would result in Lincoln Park beneficially owning more than 9.99% of the outstanding shares of common stock. Upon execution of the 2022 LPC Purchase Agreement, the Company issued 4,155 shares of common stock to Lincoln Park as a commitment fee in connection with entering into the 2022 LPC Purchase Agreement at the total amount of $330. Through December 31, 2023 the Company issued an additional 70,587 shares of common stock to Lincoln Park at an average price of $43.626 per share for a total value of $3,080. During the year ended December 31, 2024, the Company issued an additional 758 shares of common stock to Lincoln Park at an average price of $12.76 per share, for a total value of $10. The 2022 LPC Purchase Agreement expired on August 1, 2024.

The 2022 Private Placement

On November 18, 2022, we entered into a securities purchase agreement pursuant to which we issued and sold to the 2022 Investors an aggregate of 10,608 shares of our common stock and 3,185,000 shares of our Voting Preferred Stock. The 2022 Private Placement was completed on November 18, 2022. The gross proceeds from the securities sold in the 2022 Private Placement was $6,720. The costs incurred with respect to the 2022 Private Placement totaled $202 and were recorded as a reduction of the 2022 Private Placement proceeds in the consolidated statements of stockholders' equity.

Voting Preferred Stock issued in November 2022

As noted above, in November 2022, the Company issued and sold to certain 2022 Investors an aggregate of 3,185,000 shares of Voting Preferred Stock. The terms of the Voting Preferred Stock are governed by a Certificate of Designation filed by the Company with the Secretary of State of the State of Delaware on November 17, 2022. The following is a summary of the material terms of the Voting Preferred Stock:

- *Voting Rights.* The Voting Preferred Stock votes with the common stock on an as-converted basis.

- *Liquidation.* Each share of Voting Preferred Stock carries a liquidation preference, senior to the common stock, in an amount equal to the greater of (a) $330.00 (being the issuance price) and (b) the amount that would be distributed in respect of such share of Voting Preferred Stock if it were converted into common stock and participated in such liquidating distribution with the other shares of common stock.

- *Conversion*. The Voting Preferred Stock will convert into shares of common stock on a one for 0.0606 basis (i) at the option of a 2022 Investor upon delivery of a valid conversion notice to the Company or (ii) at the option of the Company within 30 days following the earlier to occur of (a) the date on which the volume-weighted average price of the common stock has been greater than or equal to $206.25 for 30 consecutive trading days and (b) the date on which the Company has reported two consecutive fiscal quarters of positive cash flow.

- *Dividends.* Each share of Voting Preferred Stock is entitled to participate in dividends and other non-liquidating distributions (if, as and when declared by the Board of the Company) on an as-converted basis, pari passu with the common stock.

- *Redemption*. The Voting Preferred Stock is not redeemable at the election of the Company or at the election of the holder.

- *Maturity.* The Voting Preferred Stock shall be perpetual unless converted.

The 2023 Multi-Tranche Private Placement

In May 2023, we entered into the 2023 Multi-Tranche Private Placement Stock Purchase Agreement with the 2023 Investors pursuant to which the Company may issue and sell to the 2023 Investors up to $9,000,000 in shares (the "2023 Multi-Tranche Private Placement") of newly-created senior convertible preferred stock, par value $0.0001 per share (the “Senior Preferred Stock”), in multiple tranches from time to time until December 31, 2025, subject to a minimum aggregate purchase amount of $0.5 million in each tranche. The initial sale in the 2023 Multi-Tranche Private Placement occurred on May 15, 2023, under which the Company sold the 2023 Investors 280,899 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Initial Placement"). The Company used the proceeds of the Initial Placement, after the payment of transaction expenses, for general working capital purposes. The following is a summary of the material terms of the Senior Preferred Stock:

- *Voting Rights.* The Senior Preferred Stock has aggregate number of votes equal to the product of (a) the quotient of (i) the aggregate purchase price paid under the Stock Purchase Agreement for all shares of Senior Preferred Stock issued and outstanding as of such time, divided by (ii) the highest purchase price paid by a holder for a share of Senior Preferred Stock prior to or as of such time, multiplied by (b) two. Such formula ensures that no share of senior preferred stock will ever have more than two votes per share, with such number of votes subject to reduction (but not increase) depending on the pricing of future sales of Senior Preferred Stock in the Private Placement. The Senior Preferred Stock votes with the Company’s common stock on all matters submitted to holders of common stock and does not vote as a separate class.

- *Liquidation.* Each share of Senior Preferred Stock carries a liquidation preference, senior to the common stock and Voting Preferred Stock, in an amount equal to the product of the Purchase Price for such share, multiplied by 2.50.

- *Conversion*. The Senior Preferred Stock will convert into shares of common stock on a one for 0.2424 basis at the option of (a) the investors at any time or (b) the Company within 30 days following the date on which the 30-day volume-weighted average price of the common stock exceeds the product of (i) the Purchase Price for the shares of senior preferred stock to be converted, multiplied by (ii) 2.75.

- *Dividends.* Each share of Senior Preferred Stock is entitled to participate in dividends and other non-liquidating distributions (if, as and when declared by the Board of the Company) on an as-converted basis, pari passu with the common stock and Voting Preferred Stock.

- *Redemption*. The Senior Preferred Stock is not redeemable at the election of the Company or at the election of the holder.

- *Maturity.* The Senior Preferred Stock shall be perpetual unless converted.

On July 6, 2023, the Company and the 2023 Investors entered into an amendment to the 2023 Multi-Tranche Private Placement Stock Purchase Agreement (the "Multi-Tranche Amendment"). The Multi-Tranche Amendment (a) clarifies the appropriate date pursuant to which the purchase price for each share of Senior Preferred Stock to be sold in the Private Placement is determined (such that the purchase price shall be equal to the "Minimum Price" as set forth in Nasdaq Listing Rule 5635(d)) and (b) permits the Company to specify a desired closing date (subject to approval by the 2023 Investors) for each sale in the 2023 Multi-Tranche Private Placement.

On July 12, 2023, the Company and the 2023 Investors consummated the second tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 500,000 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Second Placement"). The Company used the proceeds of the Second Placement, after the payment of transaction expenses, for general working capital purposes.

On September 8, 2023, the Company and the 2023 Investors consummated the third tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 292,398 shares of Senior Preferred Stock for an aggregate purchase price of $1.0 million (the "Third Placement", and together with the First Placement and Second Placement, the "Placements"). The Company used the proceeds of the Third Placement, after the payment of transaction expenses, for general working capital purposes.

On October 20, 2023, the Company and the 2023 Investors consummated the fourth tranche in the 2023 Multi-Tranche Private Placement, under which the Company sold the 2023 Investors 502,513 shares of Senior Preferred Stock for an aggregate purchase price of $2.0 million (the "Fourth Placement"). The Company used the proceeds of the Fourth Placement, after the payment of transaction expenses, for general working capital purposes.

Series X Convertible Preferred Stock

On October 4, 2023, the Company filed a Certificate of Designations with respect to the Series X Preferred Stock with the Secretary of State of the State of Delaware, thereby creating the Series X Preferred Stock. The Certificate of Designations authorizes the issuance of up to 400,000 shares of Series X Preferred Stock. The Series X Preferred Stock is convertible into shares of common stock on a one-for-0.9091 basis, in whole or in part, at the option of the holder at any time upon delivery of a valid conversion notice of the Company; provided, however, that the Series X Preferred Stock is subject to limitations on convertibility to the extent necessary to comply with the rules and regulations of the Nasdaq. The following is a summary of the material terms of the Series X Preferred Stock:

- *Voting Rights.* The holders of the Series X Preferred Stock shall be entitled to vote on all matters on which holders of common stock shall be entitled to vote, and shall be entitled to a number of votes equal to the Converted Stock Equivalent which is 0.9091 common shares per 1 Series X Preferred Stock.

- *Liquidation.* Each share of Series X Preferred Stock carries a liquidation preference, senior to the common stock and Voting Preferred Stock, in an amount equal to the Unpaid Liquidation Preference (as defined in the Certificate of Designations with respect to the Series X Preferred Stock) at that time.

- *Conversion*. The Series X Preferred Stock will convert into shares of common stock on a 1-for-0.9091 basis at the option of the holders of Series X Preferred Stock at any time.

- *Dividends.* The Series X Preferred Stock accrues a dividend at a rate of 12.5% per annum, payable on a quarterly basis in cash or additional shares of Series X Preferred Stock, at the Company's election. In addition, each share of Series X Preferred Stock is entitled to participate in dividends and other non-liquidating distributions, if, as and when declared by the Board, on a pari passu basis with the common stock, Senior Preferred Stock and Junior Preferred Stock.

- *Redemption*. The Series X Preferred Stock is not redeemable at the election of the Company or at the election of the holder.

- *Maturity.* The Series X Preferred Stock shall be perpetual unless converted, however dividends will stop accruing on December 31, 2026.

Series Y Convertible Preferred Stock

On May 24, 2024, the Company filed a Certificate of Designations with respect to the Series Y Preferred Stock with the Secretary of State of the State of Delaware, thereby creating the Series Y Preferred Stock. The Certificate of Designations authorizes the issuance of up to 600,000 shares of Series Y Preferred Stock. The Series Y Preferred Stock is convertible into shares of common stock on a 1-for-9.0909 basis, at the option of the holder, in whole or in part, at any time upon delivery of a valid conversion notice of the Company; or (ii) automatically upon the Company completing an equity financing for common stock (or convertible preferred stock, provided that under such circumstances such financing will not be deemed completed until such preferred stock has been fully converted into common stock) that raises no less than $30.0 million in gross proceeds, among other requirements as set forth in the Certificate of Designations. Notwithstanding the foregoing, the Series Y Preferred Stock is subject to limitations on convertibility to the extent necessary to comply with the rules and regulations of Nasdaq. On September 26, 2024 the Company filed a Certificate of Amendment which increased the authorized number of shares of Series Y Preferred Stock from 600,000 shares to 900,000 shares. The following is a summary of the material terms of the Series Y Preferred Stock:

- *Voting Rights.* The holders of the Series Y Preferred Stock shall not be entitled to vote on any matter on which holders of common stock shall be entitled to vote.

- *Liquidation.* Each share of Series Y Preferred Stock carries a liquidation preference, senior to the common stock, Series X Preferred Stock, Senior Preferred Stock, and Junior Preferred Stock, in an amount equal to the Unpaid Liquidation Preference (as defined in the Certificate of Designations with respect to the Series Y Preferred Stock) at that time.

- *Conversion*. The Series Y Preferred Stock will convert into shares of common stock on a 1-for-9.0909 basis at the option of the holders of Series Y Preferred Stock at any time, or automatically subject to certain conditions.

- *Dividends.* Each share of Series Y Preferred Stock is entitled to participate in dividends and other non-liquidating distributions, if, as and when declared by the Board, on a pari passu basis with the common stock, Senior Preferred Stock and Junior Preferred Stock.

- *Redemption*. The Series Y Preferred Stock is not redeemable at the election of the Company or at the election of the holder.

- *Maturity.* The Series Y Preferred Stock shall be perpetual unless converted.

Registered Direct Offering

On February 22, 2024, the Company, entered into the SPA with the 2024 Investors, pursuant to which the Company agreed to issue and sell to the 2024 Investors (i) in a registered direct offering, an aggregate of 74,342 shares of the Company's common stock, at a price of $16.115 per share and (ii) the "2024 Investor Warrants," at an initial exercise price of $14.74 per share.

The Shares were offered at-the-market under Nasdaq rules and pursuant to the Company's shelf registration statement on Form S-3 initially filed by the Company with the SEC under the Securities Act, on October 15, 2021 and declared effective on October 25, 2021.

The 2024 Investor Warrants (and the shares of common stock issuable upon the exercise of the 2024 Investor Warrants) were not registered under the Securities Act and were offered pursuant to an exemption from the registration requirements provided under Section 4(a)(2) of the Securities Act. The 2024 Investor Warrants are exercisable upon issuance and will expire five years from the issuance date, and in certain circumstances may be exercised on a cashless basis. If the Company fails for any reason to deliver shares of common stock upon the valid exercise of the 2024 Investor Warrants within the prescribed period set forth in the 2024 Investor Warrants, the Company is required to pay the applicable holder liquidated damages in cash as set forth in the 2024 Investor Warrants.

A holder is not entitled to exercise any portion of a 2024 Investor Warrant, if, after giving effect to such exercise, the aggregate number of shares of common stock beneficially owned by the holder (together with its affiliates and any other persons) whose beneficial ownership of common stock would or could be aggregated with the holder's for purposes of Section 13(d) or Section 16 of the Exchange Act would exceed 4.99%, or at the election of a 2024 Investor 9.99%, of the common stock outstanding after giving effect to the exercise. Such 4.99% limitation may be increased at the holder's election upon 61 days' notice to the Company, provided that such percentage may not exceed 9.99%.

On February 27, 2024, the Company closed the Offering, raising gross proceeds of approximately $1.2 million before deducting placement agent fees and other offering expenses payable by the Company. The proceeds received in the Offering were allocated to each instrument on a relative fair value basis.

Under the SPA, no later than March 8, 2024, the Company was required to file a registration statement on Form S-3 (or other appropriate form if the Company is not then S-3 eligible) registering the resale of the shares of common stock issued or issuable upon exercise of the 2024 Investor Warrants. The Company was required to use commercially reasonable efforts to cause such registration to become effective within 45 days of the closing date of the Offering (or within 75 days following the closing of the Offering in case of "full review" of the registration statement by the SEC), and to keep the registration statement effective at all times until no 2024 Investor owns any 2024 Investor Warrants or shares issuable upon exercise thereof.

The SPA contains customary representations, warranties and covenants by the Company, among other customary provisions.

H.C. Wainwright & Co., LLC ("HCW") acted as the Company's placement agent in connection with Offering. The Company paid HCW consideration consisting of (i) a cash fee equal to 7.0% of the aggregate gross proceeds in the Offering, (ii) a management fee equal to 1.0% of the aggregate gross proceeds in the Offering, (iii) reimbursement of certain expenses and (iv) warrants to acquire up to an aggregate of 5,204 shares of common stock (the "Placement Agent Warrants"). The Placement Agent Warrants are similar to the 2024 Investor Warrants, except that the initial exercise price of the Placement Agent Warrants is $20.1438 per share.

2010 Share Option Plan

In November 2010, the Board adopted a share option plan (the "2010 Share Option Plan") pursuant to which shares of the Company's common stock 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 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 to 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, 2024, the number of shares of the Company's common stock reserved for issuance and available for grant under the 2010 Share Option Plan was 3,155 (2,566 as of December 31, 2023).

2019 Incentive Award Plan

The 2019 Incentive Award Plan (the "2019 Plan") was originally established under the name Restoration Robotics, Inc., as the 2017 Incentive Award Plan. It was adopted by the Board 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 above, and was approved by the Company's stockholders on October 4, 2019.

Under the 2019 Plan, 2,728 shares of common stock were initially reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, 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 we completed our business combination with Venus Ltd. and the business of Venus Ltd. became the primary business of the Company (the "Merger"). As of December 31, 2024, there were 25,939 of shares of common stock available under the 2019 Plan (6,351 as of December 31, 2023). The 2019 Plan contains an "evergreen" provision, pursuant to which the number of shares of common stock reserved for issuance pursuant to awards under such plan shall be increased on the first day of each year from 2020 and ending in 2029 equal to the lesser of (A) four percent (4.00%) of the shares of stock outstanding on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by the Board.

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,	
	2024	2023
Cost of sales	$ 36	$ 47
Selling and marketing	246	343
General and administrative	662	1,035
Research and development	99	144
Total stock-based compensation	$ 1,043	$ 1,569

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,	
	2024	2023
Expected term (in years)	6.00	6.00
Risk-free interest rate	4.23%	3.37-4.68%
Expected volatility	43.06%	42.93%
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 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, 2024	89,435	$ 219.71	7.15	$ —
Options granted	7,468	7.76	-	-
Options exercised	-	-	-	-
Options forfeited/cancelled	(7,578)	329.11	-	-
Outstanding - December 31, 2024	89,325	$ 192.68	6.88	$ —
Exercisable – December 31, 2024	52,650	$ 282.07	6.16	$ —
Expected to vest – after December 31, 2024	36,675	$ 64.35	7.91	$ —

The following tables summarize information about stock options outstanding and exercisable at December 31, 2024:

	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
$0.7051 - $54.60	85,556	7.07	$146.78	48,893	6.44	$208.90
$63.90 - $119.25	3,554	2.42	1,075.95	3,542	2.42	1,075.15
$186.75 - $382.50	161	3.62	3,048.55	161	3.62	3,048.55
$405.00 - $438.75	27	0.70	4,468.75	27	0.70	4,468.75
$650.25 - $958.50	27	3.44	8,044.67	27	3.44	8,044.67
	89,325	6.88	$ 192.68	52,650	6.16	$ 282.07

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 was $nil and $nil for the years ended December 31, 2024 and 2023, respectively.

The weighted-average grant date fair value of options granted was $7.81 and $30.91 per share for the years ended December 31, 2024 and 2023, respectively. The fair value of options vested was $1,152 and $1,552 for the years ended December 31, 2024 and 2023, respectively.

16. INCOME TAXES

The geographical breakdown of loss before provision for income taxes is as follows:

	Year Ended December 31,	
	2024	2023
United States	$ (35,667)	$ (41,197)
Other jurisdictions	(11,915)	4,076
Loss before income taxes	$ (47,582)	$ (37,121)

The components of the provision for income taxes are as follows:

	Year Ended December 31,	
	2024	2023
Current tax benefit:		
Federal	$ —	$ —
Foreign	(168)	(2)
Total current tax benefit	(168)	(2)
Deferred tax benefit:		
Federal	—	—
Foreign	(443)	(69)
Total deferred tax benefit	$ (443)	$ (69)
Total benefit for income taxes	$ (611)	$ (71)

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. On the basis of this evaluation, as of December 31, 2024, a valuation allowance of $80,429 ($73,416 as of December 31, 2023) has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset is considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth. The valuation allowance increased by $7,013 and $9,075 for the years ended December 31, 2024 and 2023, respectively.

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,	
	2024	2023
Loss before income taxes	$ (47,582)	$ (37,121)
Theoretical tax benefit at the statutory rate (21% in 2024 and 2023)	(9,992)	(7,796)
Differences in jurisdictional tax rates	(1,733)	(1,465)
Valuation allowance	10,479	8,452
Non-deductible expenses	648	1,059
Other	(13)	(321)
Total income tax benefit	(611)	(71)
Net loss	$ (46,971)	$ (37,050)

The components of the deferred tax assets and deferred tax liabilities are as follows:

	December 31,	
	2024	2023
Deferred tax assets:		
Property and equipment	$ 567	$ 685
Deferred revenue	1,532	1,453
Allowance for expected credit losses	2,916	3,188
Intangible assets	833	(20)
Non-deductible expenses	16,432	12,280
Warranty and other reserves	1,356	1,221
Other	2,124	1,373
Loss carryforwards	56,128	54,268
Valuation allowance	(80,429)	(73,416)
Total deferred tax assets	$ 1,459	$ 1,032
Deferred tax liabilities:		
Deferred revenue	$ —	$ 15
Total deferred tax liabilities	$ —	$ 15

As of December 31, 2024, the Company had federal, state and foreign non-operating loss ("NOL") carryforwards of approximately $229,631 ($217,643 in 2023). 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 2024 and indefinitely, and valuation allowances have been reserved, where necessary. The Company also had federal and state research and development credit carryforwards of approximately $422 and $377 as of December 31, 2024. 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 consolidated 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, the Company determined that $1,459 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.

The Company files income tax returns in the United States and in various state jurisdictions with varying statutes of limitations. Tax years 2018 through 2024 remain open to examination by the Internal Revenue Service for U.S. federal tax purposes.

Uncertain Tax Positions

The activity related to gross amount of unrecognized tax benefits is as follows:

	Year Ended December 31,	
	2024	2023
Balance as of the beginning of the year	$ 113	$ 83
Increases related to tax positions in prior period	14	30
Balance as of the end of the year	$ 127	$ 113

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 statements 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, 2024 and 2023, the Company did not recognize any accrued interest and penalties.

The activity related to the tax effected amount of the recognized tax position as follows:

	Year Ended December 31,	
	2024	2023
Balance as of the beginning of the year	$ -	$ (376)
Reduction related to tax position taken during the current period	—	376
Balance as of the end of the year	$ —	$ —

The Company has derecognized the full amount of the potential tax liability plus interest as the uncertain tax position is statute barred as of December 31, 2024.

17. SEGMENT AND GEOGRAPHIC INFORMATION

Segments

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 manages the Company's operations on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. When evaluating the Company's financial performance, the CODM regularly reviews gross margin, selling and marketing expenses, general and administrative expenses, and research and development expenses, and the CODM makes decisions using this information on a global basis. Significant expenses evaluated by the CODM are each separately presented on the Company's Consolidated Statements of Operations.

Geographic Information

The Company does not assess the performance of individual product lines 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,	
	2024	2023
United States	$ 38,176	$ 43,454
International	26,657	32,900
Total revenue	$ 64,833	$ 76,354

As of December 31, 2024, long-lived assets in the amount of $8,705 were located in the United States and $1,063 were located in foreign locations. As of December 31, 2023, long-lived assets in the amount of $12,346 were located in the United States and $1,431 were located in foreign locations.

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,	
	2024	2023
Lease revenue	$ 13,265	$ 20,504
System revenue	38,020	41,874
Product revenue	10,469	10,563
Service revenue	3,079	3,413
Total revenue	$ 64,833	$ 76,354

18. RELATED PARTY TRANSACTIONS

All amounts were 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.

Distribution agreements

On January 1, 2018, the Company entered into a Distribution Agreement with Technicalbiomed Co., Ltd. ("TBC"), pursuant to which TBC will distribute the Company's products in Thailand. A former senior officer of the Company is a 30.0% shareholder of TBC. For the year ended December 31, 2024 and 2023, TBC purchased products in the amount of $nil and $322, respectively, under this distribution agreement. These sales are included in products and services revenue. These sales are included in products and services revenue. TBC ceased being a related party as of June 2023.

In 2020, the Company made several strategic decisions to divest itself of underperforming direct sales offices and sold its share in several subsidiaries, including its 55.0% shareholding in Venus Concept Singapore Pte. Ltd. ("Venus Singapore"). On January 1, 2021, the Company entered into a distribution agreement with Aexel Biomed Pte Ltd. ("Aexel Biomed"), formerly Venus Singapore, pursuant to which Aexel Biomed will continue to distribute the Company's products in Singapore. A former senior officer of the Company is a 45.0% shareholder of Aexel Biomed. During the year ended December 31, 2024 and 2023, Aexel Biomed purchased products in the amount of $nil and $122, respectively, under the distribution agreement. These sales are included in products and services revenue. Aexel Biomed ceased being a related party as of June 2023.

19. SUBSEQUENT EVENTS

Consent Agreement

On January 28, 2025, the Company, Venus USA, Venus Canada, and Venus Ltd. (the "Loan Parties") entered into a Consent Agreement with Madryn Health Partners, LP ("Madryn") and Madryn Health Partners (Cayman Master), LP ("Madryn Cayman," and together with Madryn, the "Lenders") (the "Consent Agreement").

The Consent Agreement granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through February 28, 2025, and (ii) to permit Venus USA to apply the February 8, 2025 cash interest payment due under each Note (as defined in the Consent Agreement) to the respective outstanding principal balance of each Note.

Eleventh Bridge Loan Amendment and Sixth Delayed Drawdown

On January 28, 2025, the Loan Parties entered into an Eleventh Bridge Loan Amendment Agreement with the Lenders (the "Eleventh Bridge Loan Amendment"). The Eleventh Bridge Loan Amendment amended the Loan and Security Agreement to (i) increase the Delayed Draw Commitment, as defined in the Loan and Security Agreement, from $6,000,000 to $11,000,000 and (ii) extend the maturity date of the Bridge Financing from January 31, 2025 to February 28, 2025.

On January 27, 2025, the Lenders agreed to provide the Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $3,000,000 (the "Sixth Delayed Drawdown"). The Sixth Delayed Drawdown was fully funded on January 28, 2024 following the effectiveness of the Eleventh Bridge Loan Amendment.

Seventh Delayed Drawdown

On February 21, 2025, the Lenders agreed to provide the Borrower with a subsequent drawdown under the Loan and Security Agreement in the principal amount of $2,300,000 (the "Seventh Delayed Drawdown"). The Seventh Delayed Drawdown was partially funded on February 21, 2025 in the amount of $2,000,000 with the remainder funded on March 25, 2025.

Amendment and Consent Agreement

On February 28, 2025, the Loan Parties entered into an Amendment and Consent Agreement with the Lenders (the "Amendment and Consent Agreement"), to extend the maturity date of the MSLP Loan Agreement from December 8, 2025 to December 8, 2026.

The Amendment and Consent Agreement also granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through March 31, 2025, and (ii) permit Venus USA to apply the March 8, 2025 cash interest payment due under each Note (as defined in the Amendment and Consent Agreement) to the respective outstanding principal balance of each Note.

Amendment to Secure Subordinated Convertible Notes

On February 28, 2025, the Loan Parties and Holders entered into an Amendment to Secured Subordinated Convertible Notes agreement (the "Madryn Note Amendment"). The Madryn Note Amendment amended the New Notes to extend the maturity date of the New Notes from December 9, 2025 to December 9, 2026.

Twelfth Bridge Loan Amendment

On February 28, 2025, the Loan Parties entered into a Twelfth Bridge Loan Amendment Agreement with the Lenders (the "Twelfth Bridge Loan Amendment"). The Twelfth Bridge Loan Amendment amended the Loan and Security Agreement to extend the maturity date of the Bridge Financing from February 28, 2025 to March 31, 2025.

Amendment to Secured Subordinated Convertible Notes

On February 28, 2025, Loan Parties and EW Investors entered into an Amendment to Secured Subordinated Convertible Notes agreement (the "EW Note Amendment"). The EW Note Amendment amends the EW Notes to extend the maturity date of the EW Notes from December 9, 2025 to December 9, 2026.

Reverse Stock Split

On March 3, 2025, the Company effected a 1-for-11 reverse stock split (the "2025 Reverse Stock Split") of the Company's issued and outstanding common stock, par value $0.0001 per share by the filing of a Certificate of Amendment of Certificate of Incorporation (the "Certificate") with the Secretary of State of the State of Delaware pursuant to the Delaware General Corporation Law. The 2025 Reverse Stock Split became effective at 5:00 p.m. Eastern Time on March 3, 2025. The Company's common stock began trading on a 2025 Reverse Stock Split-adjusted basis as of the opening of the Nasdaq Capital Market on March 4, 2025.

Consent Agreement

On March 27, 2025, the Loan Parties entered into a Consent Agreement with the Lenders (the "March 2025 Consent Agreement"). The March 2025 Consent Agreement granted relief under the MSLP Loan Agreement, such that (i) certain minimum liquidity requirements under the MSLP Loan Agreement are waived through April 30, 2025, and (ii) permit Venus USA to apply the April 8, 2025 cash interest payment due under each Note (as defined in the Consent Agreement) to the respective outstanding principal balance of each Note.

Thirteenth Bridge Loan Amendment

On March 27, 2025, the Loan Parties entered into a Thirteenth Bridge Loan Amendment Agreement with the Lenders (the "Thirteenth Bridge Loan Amendment"). The Thirteenth Bridge Loan Amendment amended the Loan and Security Agreement to (i) extend the maturity date of the Bridge Financing from March 31, 2025 to April 30, 2025 and (ii) increase the Delayed Draw Commitment, as defined in the Loan and Security Agreement, from $11,000,000 to $21,000,000.

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, 2024, 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 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 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 effective as of December 31, 2024.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. 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 controls over financial reporting were effective as of December 31, 2024.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to rules of the SEC, as the Company is a non-accelerated filer.

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.

Changes in Internal Control over Financial Reporting

There were no material changes in our internal control over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

Rule 10b5-1 Trading Plans

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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 2024 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 2024 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 2024 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 2024 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 2024 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.

Item 16. Form 10-K summary.

Not applicable.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
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.	10-K	3-30-20	2.4	
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	
3.4	Second Amended and Restated Bylaws of Venus Concept Inc.	8-K	11-7-19	3.2	
3.5	Certificate of Designations of Voting Convertible Preferred Stock.	8-K	11-18-22	3.1	
3.7	Certificate of Amendment of Certificate of Incorporation of Venus Concept Inc. dated May 11, 2023	8-K	5-11-23	3.1	
3.9	Certificate of Designations of Senior Convertible Preferred Stock	8-K	5-15-23	3.2	
3.10	Certificate of Amendment to Certificate of Designations of Senior Convertible Preferred Stock.	8-K	6-26-23	3.1	
3.11	Certificate of Designations of Series X Convertible Preferred Stock.	8-K	10-05-23	3.1	
3.12	Certificate of Designations of Series Y Convertible Preferred Stock	8-K	05-24-24	3.1	
3.13	Certificate of Amendment of Series Y Convertible Preferred Stock	8-K	09-27-24	3.1	
3.14	Certificate of Amendment of Certificate of Incorporation of Venus Concept Inc. dated February 28, 2025	8-K	3-4-25	3.1	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
4.1	Description of Securities Registered under Section 12 of the Exchange Act.				X
4.2	Form of Common Stock Certificate.	S-1/A	9-18-17	4.2	
4.3	Form of 2020 Warrant.	10-K	3-29-21	4.3	
4.6	Form of Madryn Warrant.	8-K	11-7-19	4.2	
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.	10-K	3-30-20	4.9	
4.10	Form of Warrant to Purchase Stock, dated November 2, 2018, by and between Restoration Robotics, Inc. and Western Alliance Bank.	10-K	3-30-20	4.10	
4.11	Form of Warrant to Purchase Stock, dated November 2, 2018, by and between Restoration Robotics, Inc. and SUNS SPV LLC.	10-K	3-30-20	4.11	
4.12	Secured Subordinated Convertible Note, dated October 4, 2023, by Venus Concept Inc. in favor of Madryn Health Partners, LP	8-K	10-5-23	10.3	
4.13	Secured Subordinated Convertible Note, dated October 4, 2023, by Venus Concept Inc. in favor of and Madryn Health Partners (Cayman Master), LP	8-K	10-5-23	10.4	
4.14	Form of Secured Subordinated Convertible Note Issued by Venus Concept Inc. to EW Healthcare Partners, L.P.	8-K	1-19-24	10.2	
4.15	Form of Secured Subordinated Convertible Note Issued by Venus Concept Inc. to EW Healthcare Partners-A L.P.	8-K	1-19-24	10.3	
4.16	Form of Investor Warrant, dated February 27, 2024	8-K	2-27-24	4.1	
4.17	Form of Placement Agent Warrant, dated February 27, 2024	8-K	2-27-24	4.2	
10.3	Securities Purchase Agreement, dated as of March 18, 2020, by and between Venus Concept Inc. and the investors listed therein.	10-K	3-30-20	4.12	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.5	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	
10.7	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	
10.8	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	
10.10	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	
10.11†	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	
10.12†	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	
10.13†	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	
10.14#	Venus Concept Inc. 2019 Incentive Award Plan.	8-K	11-7-19	10.21	
10.15#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2019 Incentive Award Plan.	10-K	3-30-20	10.24	
10.16#	2017 Incentive Award Plan.	S-8	10-17-17	99.7	
10.17#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2017 Incentive Award Plan.	S-1/A	9-18-17	10.26	
10.18#	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	
10.19#	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	
10.20#	2017 Employee Stock Purchase Plan.	S-8	10-17-17	99.11	
10.21#	Non-Employee Director Compensation Program.	S-1/A	9-18-17	10.35	
10.22#	2015 Equity Incentive Plan.	S-8	10-17-17	99.4	
10.23#	Form of Stock Option Grant Notice and Stock Option Agreement under 2015 Equity Incentive Plan.	S-1	9-1-17	10.23	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.24#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement under 2015 Equity Incentive Plan.	S-1	9-1-17	10.24	
10.25#	Venus Concept Ltd. 2010 Israeli Employee Share Option Plan.	8-K	11-7-19	10.20	
10.26#	Minutes of Settlement, by and between Domenic Serafino and Venus Concept Canada Corp, dated December 30, 2022.	8-K	1-6-23	10.1	
10.27#	Employment Agreement by and between Venus Concept Ltd. and Domenic Della Penna, effective September 5, 2017.	8-K	11-7-19	10.17	
10.28#	Employment Agreement by and between Venus Concept Inc. and Ross Portaro, effective October 15, 2021.	10-K	3-28-22	10.26	
10.29#	Form of Indemnification Agreement between Venus Concept Inc. and each of its directors and executive officers.	8-K	11-7-19	10.19	
10.30	Lease between 235 Investment Limited, Venus Concept Canada Corp and Venus Concept Ltd, dated March 29, 2019.	10-K	3-30-20	10.49	
10.31	Lease between AMB Tripoint, LLC and Venus Concept Inc., dated July 29, 2021.	10-K	3-28-22	10.32	
10.32†	Quality Agreement, dated October 11, 2011, by and between Venus Concept Ltd. and USR Electronnic Systems Ltd. (signed December 3, 2017).	10-K	3-30-20	10.54	
10.33†	Turn-Key Project Manufacturing Agreement, dated March 23, 2014, by and between Venus Concept Ltd. and USR Electronnic Systems Ltd.	10-K	3-30-20	10.55	
10.34†	Quality Agreement, dated July 13/17 2018, by and between Venus Concept Ltd. and Electronique du Mazet.	10-K	3-30-20	10.56	
10.35†	Intellectual Property Rights Assignment, dated February 15, 2018, by and between Venus Concept Ltd. and Electronique du Mazet.	10-K	3-30-20	10.57	
10.36	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.	10-K	3-30-20	10.58	
10.37	Manufacturing Agreement for Consumables, dated October 26, 2018, by and between NPI Solutions and Restoration Robotics, Inc.	10-K	3-30-20	10.59	
10.38	SBA Payroll Protection Program Note dated April 21, 2020, by Venus Concepts Inc. and in favor of City National Bank of Florida.	8-K	4-30-20	10.2	
10.39	Purchase Agreement, dated as of June 16, 2020, by and between Venus Concept Inc. and Lincoln Park Capital Fund, LLC	8-K	6-16-20	10.1	
10.40	Third Amended and Restated Loan Agreement dated as of December 9, 2020, by and among the Company, Venus Concept USA Inc., Venus Concept Canada Corp. and City National Bank of Florida.	8-K/A	12-15-20	10.1	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.41	Second Amended and Restated Security Agreement dated as of December 9, 2020 by and among the Company, Venus Concept USA Inc. and City National Bank.	8-K/A	12-15-20	10.2	
10.43	Third Amended and Restated Guaranty of Payment and Performance dated as of December 9, 2020 by Venus Concept Ltd. in favor of City National Bank of Florida.	8-K/A	12-15-20	10.4	
10.44	Amendment to General Security Agreement dated as of December 9, 2020 between Venus Concept Canada Corp. and City National Bank of Florida.	8-K/A	12-15-20	10.5	
10.45	Loan and Security Agreement dated as of December 8, 2020, by and between Venus Concept USA Inc. and City National Bank.	8-K/A	12-15-20	10.6	
10.46	Promissory Note dated December 8, 2020, by Venus Concept USA Inc. in favor of City National Bank.	8-K/A	12-15-20	10.7	
10.47	Guaranty of Payment and Performance Agreement dated as of December 8, 2020 by and between the Company and City National Bank.	8-K/A	12-15-20	10.8	
10.48	Securities Exchange and Registration Rights Agreement as of December 8, 2020 by and among the Company, Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and the Investors.	8-K/A	12-15-20	10.9	
10.49	Secured Subordinated Convertible Note dated as of December 9, 2020 by the Company in favor of Madryn Health Partners, LP.	8-K/A	12-15-20	10.10	
10.50	Secured Subordinated Convertible Note dated as of December 9, 2020 by the Company in favor of and Madryn Health Partners (Cayman Master), LP.	8-K/A	12-15-20	10.11	
10.51	Guaranty and Security Agreement dated as of December 9, 2020 by and among the Company, Venus Concept USA, Venus Concept Canada Corp., Venus Concept Ltd. and Madryn Health Partners, LP.	8-K/A	12-15-20	10.12	
10.52	Subordination of Debt Agreement dated as of December 9, 2020 by and among Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, City National Bank and Venus Concept Inc.	8-K/A	12-15-20	10.13	
10.53	Subordination of Debt Agreement dated as of December 9, 2020 by and among Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, City National Bank and Venus Concept Canada Corp.	8-K/A	12-15-20	10.14	
10.54	Subordination of Debt Agreement dated as of December 9, 2020 by and among Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, City National Bank and Venus Concept USA Inc.	8-K/A	12-15-20	10.15	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.55	Fourth Amended and Restated Loan Agreement, dated July 24, 2021, by and between Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Inc., and City National Bank of Florida.	8-K	8-26-21	10.1	
10.56	Fourth Amended and Restated Guaranty of Payment and Performance, dated July 24th, 2021, by Venus Concept Ltd in favor of City National Bank of Florida.	8-K	8-26-21	10.2	
10.57	Third Amended and Restated Security Agreement, dated July 24, 2021, by and between Venus Concept Inc., Venus Concept USA Inc., and City National Bank of Florida.	8-K	8-26-21	10.3	
10.59	Supplement to Subordination of Debt Agreements, dated July 24, 2021, by and between Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, City National Bank of Florida, and Venus Concept Inc.	8-K	8-26-21	10.5	
10.60	Supplement to Subordination of Debt Agreements, dated July 24, 2021, by and between Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP, City National Bank of Florida, and Venus Concept Inc.	8-K	10-5-21	10.1	
10.61	Stock Purchase Agreement, dated December 15, 2021, by and between Venus Concept Inc. and the investors listed therein.	8-K	12-15-21	10.1	
10.62	Resale Registration Rights Agreement, dated December 15, 2021, by and between Venus Concept Inc. and the Purchasers.	8-K	12-15-21	10.2	
10.63	Investor Rights Agreement, dated December 15, 2021, by and between Venus Concept, Inc., Masters Special Situations, LLC, and the other purchasers from time to time party hereto.	8-K	12-15-21	10.3	
10.64	Purchase Agreement, dated as of July 12, 2022, by and between the Company and Lincoln Park.	8-K	7-12-22	10.1	
10.65	Registration Rights Agreement, dated as of July 12, 2022, by and between the Company and Lincoln Park.	8-K	7-12-22	10.2	
10.66#	Employment Agreement, dated October 2, 2022, by and between the Company and Rajiv De Silva.	8-K	10-3-22	10.1	
10.67#	Employment Agreement, dated October 11, 2022, by and between Venus Concept Canada Corp. and Hemanth Varghese,	8-K	10-11-22	10.1	
10.68	Stock Purchase Agreement, dated November 18, 2022, by and among Venus Concept Inc., and certain investors listed therein.	8-K	11-18-22	10.1	
10.69	Amended and Restated Registration Rights Agreement, dated November 18, 2022, by and between Venus Concept Inc. and certain investors listed therein.	8-K	11-18-22	10.2	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.70#	Amendment to Employment Agreement, dated as of January 1, 2023, by and between Venus Concept Inc. and Ross Portaro.	10-K	3-27-23	10.67	
10.71#	Settlement Agreement, by and between Soeren Maor Sinay and Venus Concept UK Limited, dated March 1, 2023.	8-K	3-7-23	10.1	
10.72	Stock Purchase Agreement, dated May 15, 2023, by and among Venus Concept Inc., EW Healthcare Partners, L.P. and EW Healthcare Partners-A L.P.	8-K	5-15-23	10.1	
10.73	Registration Rights Agreement, dated May 15, 2023, by and among Venus Concept Inc., EW Healthcare Partners, L.P. and EW Healthcare Partners-A L.P	8-K	5-15-23	10.2	
10.74#	Addendum to Employment Agreement of Domenic Della Penna, dated May 9, 2023.	10-Q	5-15-23	10.1	
10.75#	Addendum to Employment Agreement of Ross Portaro, dated May 9, 2023.	10-Q	5-15-23	10.2	
10.76	Amendment to Stock Purchase Agreement, dated July 6, 2023, by and among the Company, EW Healthcare Partners, L.P. and EW Healthcare Partners-A.	8-K	7-12-23	10.1	
10.77	Exchange Agreement, dated October 4, 2023, by and among Venus Concept Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	10-5-23	10.1	
10.78	Registration Rights Agreement, dated October 4, 2023, by and among Venus Concept Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	10-5-23	10.2	
10.79	Subordination of Debt Agreement, dated October 4, 2023, by and between Venus Concept Ltd., Madryn Health Partners, LP, Madryn Health Partners (Cayman Master), LP and City National Bank of Florida	8-K	10-5-23	10.5	
10.80	Loan Modification Agreement, dated October 4, 2023, by and between Venus Concept Inc. and City National Bank of Florida	8-K	10-5-23	10.6	
10.81	Note Purchase Agreement dated January 18, 2024, by and between Venus Concept Inc., Veus Concept USA, Inc., Venus Concept Canada Corp., Venus Concept Ltd., EW Healthcare Partners and EW Healthcare Partners-A, L.P.	8-K	1-19-24	10.1	
10.82	Guaranty and Security Agreement, dated January 18, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Ltd. and EW Healthcare Partners, L.P., as Collateral Agent	8-K	1-19-24	10.4	
10.83	Subordination of Debt Agreement, dated January 18, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Ltd., City National Bank of Florida, EW Healthcare Partners, L.P. and EW Healthcare Partners-A L.P.	8-K	1-19-24	10.5	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.84	Loan Modification Agreement, dated January 18, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Canada Corp., Venus Concept Ltd. and EW Healthcare, City National Bank of Florida, Madryn Health Partners, LP and Madryn Health Partners (Cayman Master).	8-K	1-19-24	10.6	
10.85	Form of Transaction Completion Bonus Award Letter	8-K	2-14-24	10.1	
10.86	Form of Securities Purchase Agreement, dated February 22, 2024, by and between Venus Concept Inc., Armistice Capital Master Fund Ltd. and Intracostal Capital LLC.	8-K	2-27-24	10.1	
10.87	Loan and Security Agreement by and among Venus Concept USA Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd and Madryn Health Partners, LP dated April 23, 2024.	8-K	4-24-24	10.1	
10.88	Exchange Agreement, dated May 24, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	5-28-24	10.1	
10.89	Form of Promissory Note, dated May 24, 2024, of Venus Concept USA Inc.	8-K	5-28-24	10.2	
10.90	Registration Rights Agreement, dated May 24, 2024, by and among Venus Concept Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	5-28-24	10.3	
10.91	Loan Amendment and Consent Agreement, dated May 24, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	5-28-24	10.4	
10.92	Amendment to Secured Subordinated Convertible Notes, dated May 24, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	5-28-24	10.5	
10.93	Bridge Loan Amendment Agreement, dated May 24, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	5-28-24	10.6	
10.94	Consent Agreement, dated June 7, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	6-10-24	10.1	
10.95	Second Amendment to Bridge Loan Agreement, dated June 7, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	6-10-24	10.2	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.96	Note Amendment and Consent Agreement, dated June 21, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	6-25-24	10.1	
10.97	Third Amendment to Bridge Loan Agreement, dated June 21, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	6-25-24	10.2	
10.98	Loan Amendment and Consent Agreement, dated July 8, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	7-12-24	10.1	
10.99	Fourth Amendment to Bridge Loan Agreement, dated July 8, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	7-12-24	10.2	
10.100	Consent Agreement, dated July 29, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	8-1-24	10.1	
10.101	Fifth Amendment to Bridge Loan Agreement, dated July 29, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	8-1-24	10.2	
10.102	Consent Agreement, dated August 30, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-5-24	10.1	
10.103	Sixth Amendment to Bridge Loan Agreement, dated August 30, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-5-24	10.2	
10.104	Exchange Agreement, dated September 26, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-27-24	10.1	
10.105	Form of Promissory Note, dated September 26, 2024, of Venus Concept USA Inc.	8-K	9-27-24	10.2	
10.106	Amended and Restated Registration Rights Agreement, dated September 26, 2024, by and among Venus Concept Inc., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-27-24	10.3	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.107	Third Loan Amendment, First Subordination Agreement Amendment and Consent Agreement, dated September 26, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-27-24	10.4	
10.108	Seventh Amendment to Bridge Loan Agreement, dated September 26, 2024, by and among Venus Concept Inc., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	9-27-24	10.5	
10.109	Form of Extension Letter (Transaction Completion Bonus Award)	8-K	9-30-24	10.1	
10.110	Consent Agreement, dated October 31, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	11-4-24	10.1	
10.111	Eighth Amendment to Bridge Loan Agreement, dated July 29, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	11-4-24	10.2	
10.112	Loan Amendment and Consent Agreement, dated November 26. 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	12-3-24	10.1	
10.113	Ninth Amendment to Bridge Loan Agreement, dated November 26, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	12-3-24	10.2	
10.114	Consent Agreement, dated December 31, 2024, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	1-7-25	10.1	
10.115	Tenth Amendment to Bridge Loan Agreement, dated December 31, 2024, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	1-7-25	10.2	
10.116	Consent Agreement dated January 28, 2025, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	1-31-25	10.1	
10.117	Eleventh Amendment to Bridge Loan Agreement, dated January 28, 2025, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	1-31-25	10.2	

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
10.118	Amendment and Consent Agreement, dated February 28, 2025, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	3-4-25	10.1	
10.119	Second Amendment to Secured Subordinated Convertible Notes, dated February 28, 2025, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	3-4-25	10.2	
10.120	Twelfth Amendment to Bridge Loan Agreement, dated February 28, 2025, by and among Venus Concept USA, Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	3-4-25	10.3	
10.121	Amendment to Secured Subordinated Convertible Notes, dated February 28, 2025, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., EW Healthcare Partners, L.P. and EW Healthcare Partners-A, L.P	8-K	3-4-25	10.4	
10.122	Consent Agreement, dated March 27, 2025, by and among Venus Concept Inc., Venus Concept Canada Corp., Venus Concept USA Inc., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	3-28-25	10.1	
10.123	Thirteenth Amendment to Bridge Loan Agreement, dated March 27, 2025, by and among Venus Concept USA Inc., Venus Concept Inc., Venus Concept Canada Corp., Venus Concept Ltd., Madryn Health Partners, LP and Madryn Health Partners (Cayman Master), LP	8-K	3-28-25	10.2	
14.1	Code of Business Conduct and Ethics.	8-K	11-7-19	14.1	
19.1	Insider Trader Policy				X
21.1	List of Subsidiaries.				X
23.2	Consent of MNP LLP, independent registered public accounting firm.				X

Exhibit Number	Exhibit Description	Form	Date	Number	Filed Herewith
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
97	Venus Concept Inc. Incentive-Based Compensation Clawback Policy				X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

# 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.

March 31, 2025

By: /s/ Rajiv De Silva
Rajiv De Silva
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Rajiv De Silva and Domenic Della Penna 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/ Rajiv De Silva Rajiv De Silva	Chief Executive Officer and Director *(Principal Executive Officer)*	March 31, 2025
/s/ Domenic Della Penna Domenic Della Penna	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 31, 2025
/s/ Scott Barry Scott Barry	Chairman and Director	March 31, 2025
/s/ Louise Lacchin Louise Lacchin	Director	March 31, 2025
/s/ Fritz LaPorte Fritz LaPorte	Director	March 31, 2025
/s/ Anthony Natale, M.D Anthony Natale, M.D.	Director	March 31, 2025
/s/ Keith Sullivan Keith Sullivan	Director	March 31, 2025
/s/ S. Tyler Hollmig, M.D. S. Tyler Hollmig, M.D.	Director	March 31, 2025

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