

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

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 No. 001-36297

Revance Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0551645

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

7555 Gateway Boulevard, Newark, California, 94560
(Address, including zip code, of principal executive offices)

(510) 742-3400

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$0.001 per share

RVNC

Nasdaq Global Market

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

☒

Emerging growth company

☐

Non-accelerated filer

☐

Smaller reporting 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 statement accounting standards provide pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares outstanding of the registrant's common stock, par value \$0.001 per share, as of October 30, 2020: 66,549,174

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“Revance Therapeutics,” the Revance logos and other trademarks or service marks of Revance appearing in this quarterly report on Form 10-Q are the property of Revance. This Form 10-Q contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

Unless expressly indicated or the context requires otherwise, the terms “Revance,” “company,” “we,” “us,” and “our,” in this document refer to Revance Therapeutics, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiaries.

PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements (Unaudited)

REVANCE THERAPEUTICS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 339,439	\$ 171,160
Short-term investments	96,392	118,955
Accounts and other receivable	2,585	—
Inventories	3,976	—
Prepaid expenses and other current assets	7,713	6,487
Total current assets	450,105	296,602
Property and equipment, net	14,843	14,755
Goodwill	144,505	—
Intangible assets, net	74,849	—
Operating lease right of use assets	25,446	26,531
Restricted cash	1,245	730
Other non-current assets	1,154	1,669
TOTAL ASSETS	\$ 712,147	\$ 340,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 7,860	\$ 8,010
Accruals and other current liabilities	37,659	18,636
Deferred revenue, current portion	10,931	7,911
Operating lease liabilities, current portion	4,040	3,470
Derivative liability	3,163	2,952
Total current liabilities	63,653	40,979
Convertible senior notes	177,377	—
Deferred revenue, net of current portion	74,811	47,948
Operating lease liabilities, net of current portion	23,453	25,870
TOTAL LIABILITIES	339,294	114,797
Commitments and Contingencies (Note 14)		
STOCKHOLDERS' EQUITY		
Convertible preferred stock, par value \$0.001 per share — 5,000,000 shares authorized, and no shares issued and outstanding as of September 30, 2020 and December 31, 2019	—	—
Common stock, par value \$0.001 per share — 95,000,000 shares authorized both as of September 30, 2020 and December 31, 2019; 66,587,713 and 52,374,735 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	67	52
Additional paid-in capital	1,420,770	1,069,639
Accumulated other comprehensive income	—	3
Accumulated deficit	(1,047,984)	(844,204)
TOTAL STOCKHOLDERS' EQUITY	372,853	225,490
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 712,147	\$ 340,287

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

REVANCE THERAPEUTICS, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue:				
Product revenue	\$ 2,819	\$ —	\$ 2,868	\$ —
Collaboration revenue	808	46	1,116	324
Service revenue	208	—	208	—
Total revenue	3,835	46	4,192	324
Operating expenses:				
Cost of product revenue (exclusive of amortization)	1,081	—	1,102	—
Cost of service revenue (exclusive of amortization)	4	—	4	—
Research and development	29,130	25,847	96,027	75,368
Selling, general and administrative	48,183	16,739	99,013	43,245
Amortization	2,565	—	3,239	—
Total operating expenses	80,963	42,586	199,385	118,613
Loss from operations	(77,128)	(42,540)	(195,193)	(118,289)
Interest income	413	1,329	2,868	4,495
Interest expense	(4,334)	—	(10,738)	—
Changes in fair value of derivative liability	(62)	(68)	(211)	(139)
Other expense, net	(146)	(130)	(406)	(170)
Loss before income taxes	(81,257)	(41,409)	(203,680)	(114,103)
Income tax provision	—	—	(100)	—
Net loss	(81,257)	(41,409)	(203,780)	(114,103)
Unrealized gain (loss) and adjustment on securities included in net loss	(117)	(74)	(3)	50
Comprehensive loss	\$ (81,374)	\$ (41,483)	\$ (203,783)	\$ (114,053)
Basic and diluted net loss	\$ (81,257)	\$ (41,409)	\$ (203,780)	\$ (114,103)
Basic and diluted net loss per share	\$ (1.34)	\$ (0.96)	\$ (3.62)	\$ (2.67)
Basic and diluted weighted-average number of shares used in computing net loss per share	60,526,740	43,314,831	56,233,093	42,730,983

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

REVANCE THERAPEUTICS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Convertible Preferred Stock	—	\$ —	—	\$ —	—	\$ —	—	\$ —
Common Stock								
Balance — Beginning of period	57,313,556	57	44,105,474	44	52,374,735	52	36,975,203	37
Issuance of common stock in connection with the HintMD Acquisition	7,770,613	8	—	—	7,770,613	8	—	—
Issuance of restricted stock awards and performance stock awards, net of cancellation	1,170,500	1	9,697	—	2,588,353	2	400,720	—
Issuance of common stock upon exercise of stock options and warrants	511,049	1	—	—	587,843	1	8,240	—
Issuance of common stock in connection with the Teoxane Agreement	—	—	—	—	2,500,000	3	—	—
Issuance of common stock in connection with offerings	—	—	—	—	975,000	1	6,764,705	7
Issuance of common stock relating to employee stock purchase plan	—	—	—	—	48,661	—	35,166	—
Net settlement of restricted stock awards for employee taxes	(178,005)	—	(6,764)	—	(257,492)	—	(75,627)	—
Balance — End of period	66,587,713	67	44,108,407	44	66,587,713	67	44,108,407	44
Additional Paid-in Capital								
Balance — Beginning of period	—	1,222,271	—	945,851	—	1,069,639	—	830,368
Issuance of common stock and awards assumed in connection with the HintMD Acquisition	—	188,096	—	—	—	188,096	—	—
Issuance of restricted stock awards and performance stock awards, net of cancellation	—	(1)	—	—	—	(2)	—	—
Issuance of common stock upon exercise of stock options and warrants	—	3,805	—	—	—	4,804	—	93
Issuance of common stock in connection with the Teoxane Agreement	—	—	—	—	—	43,397	—	—
Issuance of common stock in connection with offerings, net of issuance costs of \$44 and \$521 for nine months ended September 30, 2020 and 2019, respectively	—	—	—	—	—	15,536	—	107,572
Issuance of common stock relating to employee stock purchase plan	—	—	—	—	—	671	—	387
Equity component of convertible senior notes, net of transaction costs	—	—	—	—	—	108,510	—	—
Stock-based compensation	—	11,092	—	4,303	—	24,989	—	12,882
Capped call transactions	—	—	—	—	—	(28,865)	—	—
Net settlement of restricted stock awards for employee taxes	—	(4,493)	—	(81)	—	(6,005)	—	(1,229)
Balance — End of period	—	1,420,770	—	950,073	—	1,420,770	—	950,073

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

REVANCE THERAPEUTICS, INC.
Condensed Consolidated Statements of Stockholders' Equity— (Continued)
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Other Accumulated Comprehensive Gain (Loss)								
Balance — Beginning of period	—	117	—	116	—	3	—	(8)
Unrealized gain (loss) and adjustment on securities included in net loss	—	(117)	—	(74)	—	(3)	—	50
Balance — End of period	—	—	—	42	—	—	—	42
Accumulated Deficit								
Balance — Beginning of period	—	(966,727)	—	(757,469)	—	(844,204)	—	(684,775)
Net loss	—	(81,257)	—	(41,409)	—	(203,780)	—	(114,103)
Balance — End of period	—	(1,047,984)	—	(798,878)	—	(1,047,984)	—	(798,878)
Total Stockholders' Equity	<u>66,587,713</u>	<u>\$ 372,853</u>	<u>44,108,407</u>	<u>\$ 151,281</u>	<u>66,587,713</u>	<u>\$ 372,853</u>	<u>44,108,407</u>	<u>\$ 151,281</u>

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

REVANCE THERAPEUTICS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (203,780)	\$ (114,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	24,574	12,882
Non-cash in-process research and development	11,184	—
Amortization of debt discount and issuance costs	7,576	—
Depreciation and amortization	5,931	2,152
Amortization of discount on investments	(1,351)	(2,215)
Other non-cash operating activities	474	411
Changes in operating assets and liabilities:		
Accounts receivable	(2,492)	22,000
Inventories	(3,976)	—
Prepaid expenses and other current assets	(1,254)	(1,426)
Operating lease right of use assets	1,085	(2,414)
Other non-current assets	515	999
Accounts payable	147	(1,050)
Accruals and other liabilities	17,142	3,532
Deferred revenue	29,883	4,676
Operating lease liabilities	(1,846)	1,903
Net cash used in operating activities	(116,188)	(72,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	246,500	183,000
Proceeds from sale of investments	16,969	—
Purchases of investments	(239,821)	(228,568)
Purchases of property and equipment	(1,890)	(2,943)
Cash paid for HintMD Acquisition, net	(818)	—
Purchase of distribution rights	(118)	—
Net cash provided by (used in) investing activities	20,822	(48,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of convertible senior notes	287,500	—
Proceeds from issuance of common stock in connection with offerings, net of commissions and discount	15,581	108,100
Proceeds from the exercise of stock options, common stock warrants and employee stock purchase plan	5,476	480
Payment of capped call transactions	(28,865)	—
Payment of convertible senior notes transaction costs	(9,190)	—
Net settlement of restricted stock awards for employee taxes	(6,005)	(1,229)
Payment of offering costs	(337)	(521)
Net cash provided by financing activities	264,160	106,830
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	168,794	(14,334)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period	171,890	73,986
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period	\$ 340,684	\$ 59,652
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:		
Issuance of common stock and awards assumed in connection with the HintMD Acquisition	\$ 188,104	\$ —
Issuance of common stock in connection with the Teoxane Agreement	\$ 43,400	\$ —
Property and equipment purchases in accounts payable and accruals	\$ 336	\$ 313
Internally developed software capitalized from stock-based compensation	\$ 415	\$ —

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

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. The Company and Summary of Significant Accounting Policies

The Company

Revance Therapeutics, Inc. is a biotechnology company focused on innovative aesthetic and therapeutic offerings, including its next-generation neuromodulator product, DaxibotulinumtoxinA for Injection. DaxibotulinumtoxinA for Injection combines a proprietary stabilizing peptide excipient with a highly purified botulinum toxin that does not contain human or animal-based components. We have successfully completed a Phase 3 program for DaxibotulinumtoxinA for Injection in glabellar (frown) lines and are pursuing U.S. regulatory approval in 2020. We are also evaluating DaxibotulinumtoxinA for Injection in the full upper face, including glabellar lines, forehead lines and crow's feet, as well as in three therapeutic indications: cervical dystonia, adult upper limb spasticity and plantar fasciitis. To accompany DaxibotulinumtoxinA for Injection, we own a unique portfolio of premium products and services for U.S. aesthetics practices, including the exclusive U.S. distribution rights to the RHA® Collection of dermal fillers, the first and only range of FDA-approved fillers for correction of dynamic facial wrinkles and folds, and the HintMD fintech platform, which includes integrated smart payment, subscription and loyalty digital services. We have also partnered with Mylan N.V. to develop a biosimilar to BOTOX®, which would compete in the existing short-acting neuromodulator marketplace. We are dedicated to making a difference by transforming patient experiences.

On July 23, 2020, we completed the acquisition of Hint, Inc. (d/b/a HintMD) by acquiring 100% of the HintMD stock that was issued and outstanding as of the date of acquisition for a total purchase consideration of \$189.6 million (see [Note 3](#)). Through the HintMD platform, we provide a cloud-based patient engagement and payments platform to medical aesthetic practitioners. The HintMD platform provides patients with the ability to receive personalized aesthetic treatment plans and pay for them using monthly subscription payments, which improves consistency of treatments and affordability. The condensed consolidated financial statements as of and for the period ended September 30, 2020 include the financial results of HintMD from the acquisition completion date.

Since inception, we have devoted substantially all of our efforts to identifying and developing product candidates for the aesthetic and therapeutic pharmaceutical markets, recruiting personnel, raising capital, conducting preclinical and clinical development of, and manufacturing development for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, the biosimilar to BOTOX®, and the commercial launch of Teoxane's RHA® Collection of dermal fillers. We have incurred losses and negative cash flows from operations. We have not generated substantial product revenue to date, and will continue to incur significant research and development, sales and marketing, and other expenses related to our ongoing operations.

For the three and nine months ended September 30, 2020, we had a net loss of \$81.3 million and \$203.8 million, respectively. As of September 30, 2020, we had a working capital surplus of \$386.5 million and an accumulated deficit of \$1.05 billion. In recent years, we have funded our operations primarily through the sale of common stock and convertible senior notes. As of September 30, 2020, we had capital resources of \$435.8 million consisting of cash and cash equivalents and short-term investments. We believe that our existing capital resources will fund the operating plan through at least the next 12 months following the issuance of this Form 10-Q, and may need to identify additional capital resources to fund our operations.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited, and reflect all adjustments which are, in the opinion of management, of a normal recurring nature and necessary for a fair statement of the results for the interim periods presented.

REVANCE THERAPEUTICS, INC.**Notes to Condensed Consolidated Financial Statements — (Continued)****(Unaudited)**

Our condensed consolidated balance sheets for the year ended December 31, 2019 was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. generally accepted accounting principles (“U.S. GAAP”). The interim results presented herein are not necessarily indicative of the results of operations that may be expected for the full fiscal year ending December 31, 2020, or any other future period. Our condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the Securities and Exchange Commission (“SEC”), on February 26, 2020.

Our condensed consolidated financial statements include our accounts and those of our wholly-owned subsidiaries, and have been prepared in conformity with U.S. GAAP.

Principles of Consolidation

Our condensed consolidated financial statements include accounts of Revance Therapeutics, Inc. and its wholly-owned subsidiaries. All intercompany transactions have been eliminated.

Use of Estimates

The preparation of the condensed 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include, but are not limited to, the fair value of assets and liabilities assumed in business combinations, incremental borrowing rate used to measure operating lease liabilities, the recoverability of goodwill and long-lived assets, useful lives associated with property and equipment and intangible assets, period of benefit associated with deferred costs, useful lives of customer contracts, revenue recognition (including the timing of satisfaction of performance obligations, estimating variable consideration, estimating stand-alone selling prices of promised goods and services, and allocation of transaction price to performance obligations), deferred revenue classification, accruals including clinical trial costs, valuation and assumptions underlying stock-based compensation and other equity instruments, fair value of derivative liability, fair value of the liability component of the convertible senior notes, allocation of purchase consideration in asset acquisitions, and income taxes.

We base these estimates on historical and anticipated results, trends and various other assumptions that we believe are reasonable under the circumstances. The worldwide continued spread of COVID-19 has caused a global slowdown of economic activity which has decreased demand for a broad variety of goods and services, including from our potential customers, while also disrupting sales channels and marketing activities for an unknown period of time until the disease is contained. We are unable to predict the future effect resulting from the COVID-19 pandemic on, for instance, clinical trials and product launch timing. As of the date of issuance of these condensed consolidated financial statements, we are not aware of any specific event or circumstance that would require us to update our estimates, judgments or revise the carrying value of our assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to our condensed consolidated financial statements.

Revenue

To determine revenue recognition for arrangements that we determine are within the scope of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, we perform the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, we assess the goods or services promised within the contract and determine those that are performance obligations and assess whether each promised good or service is distinct. We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

REVANCE THERAPEUTICS, INC.**Notes to Condensed Consolidated Financial Statements — (Continued)****(Unaudited)**

In revenue arrangements involving third parties, we recognize revenue as the principal when we maintain control of the product or service until it is transferred to our customer; under other circumstances, we recognize revenue as an agent in the sales transaction. Determining whether we have control requires judgment over certain considerations, which generally include whether we are primarily responsible for the fulfillment of the underlying products or services, whether we have inventory risk before fulfillment is completed, and if we have discretion to establish prices over the products or services.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer, are excluded from revenue.

We currently generate product revenue from the sale of RHA® Collection of dermal fillers, service revenue from payment processing and subscriptions to the platform, and collaboration revenue from the biosimilar program with Mylan.

Product Revenue

Our product revenue is generated from the sale of RHA® Collection of dermal fillers to our customers. We sell our products to our customers through our third-party distributor and maintain control throughout the sales transactions as the principal. We recognize revenue from product sales when control of the product transfers, generally upon delivery, to the customers in an amount that reflects the consideration we received or expect to receive in exchange for those goods as specified in the customer contract. We accept product returns under limited circumstances which generally include damages in transit or ineffective product. Service fees paid to the distributor associated with product logistics are accounted for as fulfillment costs and are included in cost of product revenue in the accompanying statements of operations and comprehensive loss.

Service Revenue

We generate service revenue from charging customers subscription-based fees to use the HintMD platform and fees for payments processed through the HintMD platform. Our contracts with customers are generally for a term of one month and renew automatically each month.

Subscription-based fees are charged for the use of our platform and per-patient account basis, for patient accounts that enroll in the monthly subscription payment program. We typically invoice our customers for subscription-based services on a monthly basis for services rendered in the preceding month. Our arrangements for subscription services typically consist of an obligation to provide services to the customers on a when and if needed basis (a stand-ready obligation), and revenue is recognized from the satisfaction of the performance obligations ratably over each month, as we provide the platform services to customers.

We currently work with third-party partners to provide payment processing services in which we are the accounting agent in these arrangements. Payment processing services are charged on a rate per transaction basis (usage-based fees), with no minimum usage commitments. We recognize revenue generated from these transactions on a net basis. We will re-evaluate whether we are the principal or the agent in these service arrangements should there be changes impacting control in transferring related goods or services to end customers.

Costs to Obtain Contracts with Customers

According to ASC 606, certain costs to obtain a contract with a customer should be capitalized, to the extent recoverable from the associated contract margin, and subsequently amortized as the products or services are delivered to the customer inclusive of expected renewals. We expect such costs to generally include sales commissions and related fringe benefits. For similar contracts with which the expected delivery period is one year or less, we apply the practical expedient to expense such costs as incurred in the condensed consolidated statements of operations and comprehensive loss. Otherwise such costs are capitalized on the condensed consolidated balance sheets, and are amortized over the expected period of benefit to the customer. The determined period of benefit for payment processing and subscription services is subject to re-evaluation periodically.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

Inventories

Inventories consist of finished goods held for sale to the customer including consigned inventory held by our distributor. Cost is determined using the first-in-first-out (FIFO) method. Inventory valuation reserves are established based on a number of factors including, but not limited to, finished goods not meeting product specifications, product excess and obsolescence, or application of the lower of cost or net realizable value concepts. The determination of events requiring the establishment of inventory valuation reserves, together with the calculation of the amount of such reserves may require judgment. No inventory valuation reserves have been recorded for any periods presented.

Intangible Assets, net

Intangible assets consist of distribution rights acquired from the filler distribution agreement with Teoxane, SA (see [Note 5](#)) as well as intangible assets acquired from the HintMD Acquisition (see [Note 3](#)). Finite-lived intangible assets are stated at cost, less accumulated amortization on the condensed consolidated balance sheets, and are amortized on a ratable basis over their estimated useful life.

Goodwill

Goodwill represents the excess of the purchase price of the acquired business over the estimated fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment at least annually at the reporting unit level, the fourth quarter of each calendar year, or more frequently if events or changes in circumstances indicate that the reporting unit might be impaired. Impairment loss, if any, is recognized based on a comparison of the fair value of the reporting unit to its carrying value, without consideration of any recoverability. In assessing goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value is less than its carrying amount. If we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative impairment test is performed. If we conclude that goodwill is impaired, an impairment charge is recorded to the extent that the reporting unit's carrying value exceeds its fair value.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which modifies the measurement and recognition of credit losses for most financial assets and certain other instruments. The new standard requires the use of forward-looking expected credit loss models based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount, which may result in earlier recognition of credit losses under the new standard. The new guidance also modifies the impairment models for available-for-sale debt securities and for purchased financial assets with credit deterioration since their origination. Subsequently, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, which did not change the core principle of the guidance in ASU 2016-13, instead these amendments are intended to clarify and improve applications of certain topics included within the credit losses standard. The FASB then issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, which did not change the core principle of the guidance in ASU 2016-13 but clarified that expected recoveries of amounts previously written off and expected to be written off should be included in the valuation account and should not exceed amounts previously written off and expected to be written off. Upon adoption of the ASUs above, accounts receivable are stated at amortized cost less allowance for credit losses. The allowance for credit losses reflects the best estimate of future losses over the contractual life of outstanding accounts receivable and is determined on the basis of historical experience, specific allowances known for troubled accounts, other currently available information including customer financial condition, and both current and forecasted economic conditions. We adopted this guidance effective January 1, 2020. The adoption did not have a material impact on our condensed consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. The new guidance eliminates the requirement to calculate the implied fair value of goodwill assuming a hypothetical purchase price allocation (i.e., Step 2 of the goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value, not to exceed the carrying

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

amount of goodwill. This standard should be adopted when the entities perform the annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied on a prospective basis. We adopted this guidance effective January 1, 2020 and will apply the guidance during our annual goodwill impairment test for the year ending December 31, 2020. The adoption of this guidance did not have a material impact on the condensed consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40) Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). Accordingly, the amendments require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019 with early adoption permitted. We adopted ASU 2018-15 on January 1, 2020 on a prospective basis.

Recent Accounting Pronouncements Issued but Not Adopted

In August 2020, the FASB issued 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): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. The amendments in ASU simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity’s own equity. Among other changes, ASU 2020-06 simplifies the accounting for convertible debt instruments by removing certain requirements to separately account for conversion options embedded in debt instruments that are not required to be accounted for as derivative instruments. ASU 2020-06 also updates and improves the consistency of earnings per share calculations for convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. We are evaluating the impact of ASU 2020-06 on our consolidated financial statements.

2. Revenue

Our revenue is generated from U.S. customers. Our product and collaboration revenue is generated from the Product Segment, and our service revenue is generated from the Service Segment ([Note 15](#)). The following tables present our revenues disaggregated by timing of transfer of goods or services:

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

(in thousands)	Three Months Ended September 30, 2020			
	Product Revenue	Collaboration Revenue	Service Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 2,819	\$ —	\$ —	\$ 2,819
Transferred over time	—	808	208	1,016
Total	\$ 2,819	\$ 808	\$ 208	\$ 3,835

(in thousands)	Nine Months Ended September 30, 2020			
	Product Revenue	Collaboration Revenue	Service Revenue	Total
Timing of revenue recognition:				
Transferred at a point in time	\$ 2,868	\$ —	\$ —	\$ 2,868
Transferred over time	—	1,116	208	1,324
Total	\$ 2,868	\$ 1,116	\$ 208	\$ 4,192

Product Revenue

We generate product revenue from the sale of the RHA® Collection of dermal fillers.

Collaboration Revenue

Mylan Collaboration and License Agreement

Agreement Terms

We entered into a collaboration agreement with Mylan Ireland Limited, a wholly-owned indirect subsidiary of Mylan N.V. (“Mylan”) in February 2018 (the “Mylan Collaboration”), pursuant to which we agreed to collaborate with Mylan exclusively, on a world-wide basis (excluding Japan), to develop, manufacture, and commercialize a biosimilar to the branded biologic product (onabotulinumtoxinA) marketed as BOTOX®. In August 2019, the Mylan Collaboration was amended to, among other things, revise the period of time for Mylan to decide whether to continue the development and commercialization of the biosimilar beyond the initial development plan (the “Continuation Decision”) to be on or before the later of (i) April 30, 2020 or (ii) 30 calendar days from the date that we provide Mylan with certain deliverables. Mylan provided us with written notice of its Continuation Decision in May 2020, and paid a \$30 million milestone payment in connection with the Continuation Decision in June 2020.

Mylan has paid us an aggregate of \$60 million in non-refundable upfront fees as of September 30, 2020, and the agreement provides for additional remaining contingent payments of up to \$70 million in the aggregate, upon the achievement of certain clinical and regulatory milestones and of specified, tiered sales milestones of up to \$225 million. The payments do not represent a financing component for the transfer of goods or services.

Revenue Recognition

We re-evaluate the transaction price at each reporting period. We estimated the transaction price for the Mylan Collaboration using the most likely amount method. In order to determine the transaction price, we evaluated all of the payments to be received during the duration of the contract, which included milestones and consideration payable by Mylan. Other than the upfront payment, all other milestones and consideration we may earn under the Mylan Collaboration are subject to uncertainties related to development achievements, Mylan’s rights to terminate the agreement, and estimated effort for cost-sharing payments. Components of such estimated effort for cost-sharing payments include both internal and external costs. Consequently, the transaction price does not include any milestones and considerations that, if included, could result in a probable significant reversal of revenue when related uncertainties become resolved. Sales-based milestones and royalties are not included in the transaction price until the sales occur because the underlying value relates to the license and the

REVANCE THERAPEUTICS, INC.**Notes to Condensed Consolidated Financial Statements — (Continued)****(Unaudited)**

license is the predominant feature in the Mylan Collaboration. As of September 30, 2020, the transaction price allocated to the unfulfilled performance obligations was \$104.3 million.

We recognize revenue and estimate deferred revenue based on the cost of development service incurred over the total estimated cost of development service to be provided for the development period. For revenue recognition purposes, the development period is estimated to continue through 2025. It is possible that this period will change and is assessed at each reporting date.

For the three and nine months ended September 30, 2020, we recognized revenue related to development services of \$0.8 million and \$1.1 million, respectively. For the three and nine months ended September 30, 2019, we recognized revenue related to development services of less than \$0.1 million and \$0.3 million, respectively. As of September 30, 2020 and December 31, 2019, we estimated short-term deferred revenue of \$10.9 million and \$7.9 million, respectively; and long-term deferred revenue of \$43.9 million and \$18.0 million, respectively.

Fosun License Agreement***Agreement Terms***

In December 2018, we entered into a license agreement (the “Fosun License Agreement”) with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., a wholly-owned subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd (“Fosun”), whereby we granted Fosun the exclusive rights to develop and commercialize our proprietary DaxibotulinumtoxinA for Injection in mainland China, Hong Kong and Macau (the “Fosun Territory”) and certain sublicense rights.

Fosun has paid us non-refundable upfront and other payments totaling \$31.0 million before foreign withholding taxes. We are also eligible to receive (i) additional remaining contingent payments of up to \$229.5 million upon the achievement of certain milestones based on (a) the approval of biologics license applications (“BLAs”) for certain aesthetic and therapeutic indications and (b) first calendar year net sales, and (ii) tiered royalty payments in low double digit to high teen percentages on annual net sales. The royalty percentages are subject to reduction in the event that (i) we do not have any valid and unexpired patent claims that cover the product in the Fosun Territory, (ii) biosimilars of the product are sold in the Fosun Territory or (iii) Fosun needs to pay compensation to third parties to either avoid patent infringement or market the product in the Fosun Territory.

Revenue Recognition

We estimated the transaction price for the Fosun License Agreement using the most likely amount method. We evaluated all of the variable payments to be received during the duration of the contract, which included payments from specified milestones, royalties, and estimated supplies to be delivered. We will re-evaluate the transaction price at each reporting period and upon a change in circumstances. As of September 30, 2020, the transaction price allocated to unfulfilled performance obligation was \$31.0 million.

No revenue has been recognized from the Fosun License Agreement for the three and nine months ended September 30, 2020 and 2019. Substantially all payments received to date were included in long-term deferred revenue as of September 30, 2020 and December 31, 2019.

Service Revenue

Following the HintMD Acquisition in July 2020 ([Note 3](#)), we began to offer customer payment processing and subscription services through our HintMD fintech platform to aesthetic practices. Revenue related to the payment processing service is recognized at a point in time, whereas revenue related to the subscription service is recognized over time.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

3. Business Combination

On July 23, 2020, we completed the acquisition of all of the issued and outstanding shares of Hint, Inc. (d/b/a HintMD) (the “HintMD Acquisition”), pursuant to the Agreement and Plan of Merger, dated as of May 18, 2020, (the “HintMD Merger Agreement”), by and among Revance, Heart Merger Sub, Inc., a Delaware corporation and our direct wholly-owned subsidiary, HintMD, and Fortis Advisors, LLC, a Delaware limited liability company, as the securityholder’s representative. HintMD provides financial technology platform services to improve the aesthetic experience for physicians and patients, which is complementary to our product offerings and strategy. The HintMD Acquisition provides potential economic opportunities in a fragmented financial technology platform market, as well as potential synergies in both our commercial strategies and certain cost savings once we integrate.

Upon completion of the HintMD Acquisition, each share of capital stock of HintMD that was issued and outstanding immediately prior to July 23, 2020 was automatically cancelled and converted into the right to receive approximately 0.3235 shares of our common stock. In addition, outstanding and unexercised options to purchase shares of HintMD common stock immediately prior to July 23, 2020 under the Hint, Inc. 2017 Equity Incentive Plan (the “HintMD Plan”), excluding stock options held by former employees or former service providers of HintMD, whether or not vested, were assumed and subsequently converted based on the conversion ratio defined in the HintMD Merger Agreement into options to purchase shares of our common stock, with the awards retaining the same vesting and other terms and conditions as in effect immediately prior to consummation of the HintMD Acquisition. The total number of shares of our common stock issued as consideration for the HintMD Acquisition was 8,572,213, including (i) 683,200 shares of our common stock which will be held in an escrow fund for purposes of satisfying any post-closing purchase price adjustments or indemnification claims under the HintMD Merger Agreement and (ii) assumed options to purchase an aggregate of 801,600 shares of our common stock.

Mark J. Foley, President, Chief Executive Officer and a director of Revance, is a former director and equity holder of HintMD. The shares of HintMD capital stock beneficially owned by Mr. Foley prior to July 23, 2020 were automatically cancelled and converted into the right to receive shares of our common stock in accordance with the terms of the HintMD Merger Agreement.

Consideration Transferred

The following table summarizes the consideration transferred in the HintMD Acquisition:

(in thousands)	July 23, 2020
Fair value of Revance common stock issued to HintMD stockholders ⁽¹⁾	\$ 182,294
Fair value of Revance assumed stock option awards attributable to pre-combination service ⁽²⁾	5,810
Cash consideration ⁽³⁾	1,483
Total consideration transferred	<u>\$ 189,587</u>

(1) Represents the fair value of equity consideration issued to HintMD shareholders, consisting of approximately 7,757,356 shares (excluding assumed HintMD stock options to purchase an aggregate of 801,600 shares of our common stock), at \$23.50 per share (the closing price of shares of our common stock on July 23, 2020), and adjusted for estimated net debt and working capital amounts.

(2) Represents stock option awards held by HintMD employees prior to the acquisition date that have been assumed and converted into our stock-based awards. The portion of the stock option awards related to services performed by employees prior to the acquisition date is included within the consideration transferred.

(3) Represents certain HintMD pre-acquisition liabilities paid by Revance.

The HintMD Acquisition has been accounted for as a business combination using the acquisition method of accounting. The acquisition method requires that assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. The valuation of assets acquired and liabilities assumed in certain tax-related areas has not yet been finalized as of September 30, 2020. As a result, we recorded preliminary estimates for the

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

fair value of certain tax-related assets and liabilities as of the acquisition date. We retained the use of certified valuation specialists to assist with assigning estimated fair values to certain acquired assets. Finalization of the valuation during the measurement period could result in a change in the amounts recorded for the acquisition date fair value of intangible assets, goodwill, and income taxes among other items. The completion of the valuation will occur on or before July 22, 2021.

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed:

(in thousands)	July 23, 2020
Cash and cash equivalents	\$ 665
Accounts and other receivable	93
Prepaid expenses and other current assets	206
Property and equipment	77
Intangible assets	46,200
Total assets acquired	47,241
Accounts payable	(53)
Accruals and other current liabilities	(2,106)
Total liabilities assumed	(2,159)
Total identifiable net assets	45,082
Goodwill ⁽¹⁾	144,505
Total fair value of assets acquired and liabilities assumed	\$ 189,587

- (1) Goodwill with a provisionally assigned value of \$144.5 million represents the excess of the consideration transferred over the estimated fair values of assets acquired and liabilities assumed. The preliminary goodwill recognized is attributable to the assembled workforce of HintMD and the anticipated synergies and cost savings expected to be achieved from the operations of the combined company. None of the goodwill resulting from the acquisition is deductible for tax purposes and all of the goodwill acquired was assigned to the Service reporting unit.

The following table summarizes the intangible assets acquired in the HintMD Acquisition as of July 23, 2020:

	Fair Value (in thousands)	Useful Life (in years)
Developed technology	\$ 19,600	6
In-process research and development ⁽¹⁾	16,200	N/A
Customer relationships	10,300	4
Tradename	100	1
Total intangible assets acquired	\$ 46,200	

- (1) In-process research and development relates to the research and development of payment facilitator technology to facilitate the processing of customer payments. The in-process research and development was valued utilizing the multi-period excess earnings method and was determined to have no defined life based on the current stage of development of the research projects of HintMD on July 23, 2020. No amortization expense has been recorded since July 23, 2020 as the assets have not yet been completed and placed into service. Upon completion of the associated research and development activities, the asset's useful life will be determined. Prior to completion of these research and development activities, the intangible assets will be subject to annual impairment tests, or more frequent tests in the event of any impairment indicators occurring. These impairment tests require significant judgment regarding the status of the research activities, the potential for future revenues to be derived from any products that may result from those activities, and other factors.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

Transaction Costs

For the three and the nine months ended September 30, 2020, transaction costs for the HintMD Acquisition were \$0.3 million and \$3.9 million, respectively. These costs were associated with legal and professional services and recorded in selling, general and administrative expense in our condensed consolidated statements of operations and comprehensive loss.

Financial Results

Since the acquisition date of July 23, 2020, HintMD contributed \$0.2 million of the consolidated net revenue for the three months ended September 30, 2020, which are included in our condensed consolidated statements of operations and comprehensive loss. For the three months ended September 30, 2020, HintMD also contributed loss from operations of \$2.8 million, which excluded unallocated corporate and other expenses as defined in [Note 15](#).

Supplemental Pro Forma Information

The following supplemental unaudited pro forma financial information presents the combined results of operations for each of the periods presented, as if the HintMD Acquisition occurred on January 1, 2019. The pro forma financial information is presented for illustrative purposes only, based on currently available information and certain estimates and assumptions we believe are reasonable under the circumstances, and is not necessarily indicative of future results of operations or the results that would have been reported if the HintMD Acquisition had been completed on January 1, 2019. These results were not used as a part of our analysis of the financial results and performance of the business. These results are adjusted and do not include any anticipated synergies or other expected benefits of the acquisition.

The supplemental unaudited pro forma financial information for the periods presented is as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total revenue	\$ 3,863	\$ 410	\$ 4,633	\$ 1,336
Net loss	\$ (81,946)	\$ (47,558)	\$ (215,250)	\$ (135,334)

Significant non-recurring pro forma adjustments include the following:

- Transaction costs of \$3.9 million were assumed to have been incurred on January 1, 2019 and were recognized as if incurred in the first quarter of 2019.
- Share-based compensation expense of \$1.3 million was assumed to have been incurred on January 1, 2019 and was recognized as if incurred in the first quarter of 2019. Such share-based compensation was related to stock awards held by HintMD employees prior to July 23, 2020 that have been assumed and converted into our stock awards.

4. Cash Equivalents and Short-term Investments

Our cash equivalents and short-term investments consist of money market funds, U.S. treasury securities, U.S. government agency obligations, commercial paper, and overnight repurchase agreements which are classified as available-for-sale securities.

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

The following table is a summary of amortized cost, unrealized gains and losses, and fair value of our cash equivalents and short-term investments:

in thousands	September 30, 2020		December 31, 2019			
	Cost	Fair Value	Cost	Unrealized		Fair Value
				Gains	Losses	
Money market funds	\$ 329,047	\$ 329,047	\$ 136,258	\$ —	\$ —	\$ 136,258
Commercial paper	96,392	96,392	77,082	—	—	77,082
U.S. government agency obligations	—	—	5,993	2	(5)	5,990
U.S. treasury securities	—	—	48,349	6	—	48,355
Overnight repurchase agreements	—	—	15,001	—	—	15,001
Total cash equivalents and available-for-sale securities	<u>\$ 425,439</u>	<u>\$ 425,439</u>	<u>\$ 282,683</u>	<u>\$ 8</u>	<u>\$ (5)</u>	<u>\$ 282,686</u>
Classified as:						
Cash equivalents		\$ 329,047				\$ 163,731
Short-term investments		96,392				118,955
Total cash equivalents and available-for-sale securities		<u>\$ 425,439</u>				<u>\$ 282,686</u>

As of September 30, 2020 and December 31, 2019, we had no other-than-temporary impairments on our available-for-sale securities, and the contractual maturities of the available-for-sale securities are less than one-year.

5. Filler Distribution Agreement

In January 2020, we entered into an exclusive distribution agreement (the “Teoxane Agreement”) with Teoxane SA (“Teoxane”), pursuant to which Teoxane granted us the exclusive right to import, market, promote, sell and distribute Teoxane’s line of Resilient Hyaluronic Acid® (“RHA®”) Collection of dermal fillers in exchange for 2,500,000 shares of our common stock and certain other commitments by us. The Teoxane Agreement includes rights to (i) RHA® 2, RHA® 3 and RHA® 4 which have been approved by the U.S. Food and Drug Administration (the “FDA”) for the correction of moderate to severe dynamic facial wrinkles and folds in the currently approved indications, (ii) RHA® 1, which is currently in the premarket approval (“PMA”) application process for the treatment of perioral rhytids, and (iii) future hyaluronic acid filler advancements and products by Teoxane (collectively the “RHA® Collection of dermal fillers”) in the U.S. and U.S. territories and possessions. The Teoxane Agreement will be effective for a term of ten years upon product launch and may be extended for two years upon the mutual agreement of the parties. We are required to meet certain minimum purchase obligations and certain minimum expenditure requirements, which are discussed in [Note 14](#).

If Teoxane pursues regulatory approval for RHA® Collection of dermal fillers for certain new indications or filler technologies, including innovations with respect to existing products in the U.S., we will be subject to certain specified cost-sharing arrangements for third party expenses incurred in achieving regulatory approval for such products. We will also have a right of first negotiation with respect to any cosmeceutical products that Teoxane wishes to distribute in the U.S. and Teoxane will have a right of first negotiation in connection with the distribution of DaxibotulinumtoxinA for Injection for aesthetic use outside the U.S. and U.S. territories where Teoxane has an affiliate.

The Teoxane Agreement is accounted for as an asset acquisition for the distribution rights of various approved and unapproved products and indications. The aggregate purchase consideration for the distribution rights is \$43.5 million, consisting of the fair value of the 2,500,000 shares transferred to Teoxane and transaction costs. The purchase consideration is allocated to the underlying groups of approved and unapproved products based on their relative fair values, of which \$11.2 million is allocated to certain unapproved products and future innovations, or in-process research and development assets, and is recognized as research and development expense on the condensed consolidated statements of operations and

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

comprehensive loss. The remaining purchase consideration is allocated to the currently approved products and indications, and is recognized as an intangible asset on the condensed consolidated balance sheets. The distribution rights to approved products and indications are amortized over approximately 4 years commenced upon the first delivery of the RHA® Collection of dermal fillers products from Teoxane in June 2020. Refer to [Note 6](#) for further details.

6. Intangible Assets

The following table sets forth the intangible assets and the remaining useful lives for the intangible assets:

(in thousands, except for in years)	September 30, 2020			
	Remaining Useful Lives (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Distribution rights	3.7	\$ 32,334	\$ (2,695)	\$ 29,639
Developed technology	5.8	19,600	(544)	19,056
In-process research and development	N/A	16,200	N/A	16,200
Customer relationships	3.8	10,300	(429)	9,871
Tradename	0.8	100	(17)	83
Total intangible assets		<u>\$ 78,534</u>	<u>\$ (3,685)</u>	<u>\$ 74,849</u>

For the three and nine months ended September 30, 2020, the aggregate amortization expense of intangible assets was \$3.0 million and \$3.7 million, respectively. No amortization expense of the intangible assets was recorded for the three and nine months ended September 30, 2019.

Based on the amount of intangible assets subject to amortization as of September 30, 2020, the estimated amortization expense for each of the next five fiscal years and thereafter was as follows:

<u>Year Ending December 31,</u>	(in thousands)
2020 remaining three months	\$ 3,506
2021	13,983
2022	13,925
2023	13,925
2024	8,137
2025 and thereafter	5,173
Total	<u>\$ 58,649</u>

7. Inventories

As of September 30, 2020, our inventories of \$4.0 million consisted of only finished goods, which are the purchased RHA® Collection of dermal fillers from Teoxane.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

8. Accruals and Other Current Liabilities

Accruals and other current liabilities consist of the following:

(in thousands)	September 30, 2020	December 31, 2019
Accruals related to:		
Compensation	\$ 18,470	\$ 7,933
General and professional services	8,399	4,751
Clinical trials	5,046	4,746
Inventories	1,725	—
Other current liabilities	3,019	206
Nonrecurring milestone payment	1,000	1,000
Total accruals and other current liabilities	<u>\$ 37,659</u>	<u>\$ 18,636</u>

We reclassified categories of accruals for balances as of December 31, 2019 to make comparable with balances as of September 30, 2020. Therefore, the balances as of December 31, 2019 are different from the balances reflected in Part IV, Item 15. “Exhibits and Financial Statement Schedules—Notes to Consolidated Financial Statements—Note 7. Balance Sheet Components of our Annual Report on Form 10-K for the year ended December 31, 2019.

9. Derivative Liability

In 2012, we entered into a settlement agreement in which we are obligated to pay \$4.0 million upon achieving regulatory approval for DaxibotulinumtoxinA for Injection or DaxibotulinumtoxinA Topical. We determined that such payment was a derivative instrument that requires fair value accounting as a liability and periodic fair value remeasurement until settled. The fair value of the derivative liability was determined by estimating the timing and probability of the related regulatory approval and multiplying the payment amount by this probability percentage and a discount factor.

As of September 30, 2020, the fair value of the derivative liability was \$3.2 million, which was measured using a term of 0.2 years based on expected BLA approval in 2020, a risk-free rate of 0.1% and a credit risk adjustment of 7.5%. As of December 31, 2019, the fair value of the derivative liability was \$3.0 million, which was measured using a term of 0.9 years based on expected BLA approval in 2020, a risk-free rate of 1.6% and a credit risk adjustment of 7.5%.

10. Leases

We have non-cancelable operating leases for facilities related to research, manufacturing, and administrative functions, and equipment operating leases. As of September 30, 2020, the weighted average remaining lease term is 6.2 years. The monthly payments for the facility leases escalate over the facility lease terms with the exception of a decrease in payments at the beginning of 2022. We have options to extend the facility operating leases for up to 14.0 years. Our lease contracts do not contain termination options, residual value guarantees or restrictive covenants.

The operating lease costs are summarized as follows:

(in thousands)	Three Months Ended September 30, 2020	2019	Nine Months Ended September 30, 2020	2019
Operating lease cost	1,460	\$ 1,425	\$ 4,310	\$ 4,193
Variable lease cost ⁽¹⁾	282	298	631	886
Total operating lease costs	<u>1,742</u>	<u>\$ 1,723</u>	<u>\$ 4,941</u>	<u>\$ 5,079</u>

(1) Variable lease cost includes management fees, common area maintenance, property taxes, and insurance, which are not included in the lease liabilities and are expensed as incurred.

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

As of September 30, 2020, maturities of our operating lease liabilities are as follows:

Year Ending December 31,	(in thousands)
2020 remaining three months	\$ 1,719
2021	7,073
2022	5,600
2023	5,697
2024	5,877
2025 and thereafter	12,532
Total operating lease payments	38,498
Less imputed interest ⁽¹⁾	(11,005)
Present value of operating lease payments	<u>\$ 27,493</u>

(1) Our lease contracts do not provide a readily determinable implicit rate. The imputed interest was based on a weighted average discount rate of 11.9%, which represents the estimated incremental borrowing based on the information available at the adoption or commencement dates.

As of September 30, 2020, we have a non-cancelable operating lease for office space that has not yet commenced and is not included above. The total undiscounted lease payments are \$6.3 million. The operating lease will commence in the fourth quarter of 2020 with the lease term ending in 2027.

Supplemental cash flow information related to the operating leases was as follows:

(in thousands)	Nine Months Ended September 30,	
	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,071	\$ 4,704
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 723	\$ 3,890

11. Convertible Senior Notes

On February 14, 2020, we issued \$287.5 million aggregate principle amount of convertible senior notes that are due in 2027 (the “2027 Notes”) pursuant to an indenture, dated February 14, 2020, between Revance and U.S. Bank National Association, as trustee (the “Indenture”). The 2027 Notes are senior unsecured obligations and bear interest at a rate of 1.75% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020. The 2027 Notes will mature on February 15, 2027, unless earlier converted, redeemed or repurchased. In connection with issuing the 2027 Notes, we received \$278.3 million in net proceeds, after deducting the initial purchasers’ discount, commissions, and other issuance costs. A portion of the net proceeds from the 2027 Notes were used to purchase the capped call transactions described below and the remainder will be used to fund expenses associated with commercial launch activities for both the RHA® Collection of dermal fillers and, if approved, DaxibotulinumtoxinA for Injection for glabellar lines, research and development, and other corporate activities.

REVANCE THERAPEUTICS, INC.**Notes to Condensed Consolidated Financial Statements — (Continued)****(Unaudited)**

The 2027 Notes may be converted at any time by the holders prior to the close of business on the business day immediately preceding November 15, 2026 only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ending on June 30, 2020 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price (as defined in the Indenture) per \$1,000 principal amount of the 2027 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call any or all of the 2027 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after November 15, 2026 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2027 Notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

The conversion rate will initially be 30.8804 shares of our common stock per \$1,000 principal amount of the 2027 Notes (equivalent to an initial conversion price of approximately \$32.38 per share of our common stock). The conversion rate is subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 2027 Notes in connection with such a corporate event or notice of redemption, as the case may be.

We may not redeem the 2027 Notes prior to February 20, 2024. We may redeem for cash all or any portion of the 2027 Notes, at our option, on or after February 20, 2024 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2027 Notes.

If we undergo a fundamental change (as defined in the Indenture), holders may require us to repurchase for cash all or any portion of their 2027 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

In accounting for the issuance of the 2027 Notes, we separated the 2027 Notes into liability and equity components. The carrying amount of the liability component was \$175.4 million, which was calculated by using a discount rate of 9.5%, which was estimated to be our borrowing rate on the issuance date for a similar debt instrument without the conversion feature. The carrying amount of the equity component was \$112.1 million, which represents the conversion option, and was determined by deducting the fair value of the liability component from the par value of the 2027 Notes. The equity component of the 2027 Notes is included in additional paid-in capital in the condensed consolidated balance sheets and will not be subsequently remeasured as long as it continues to meet the conditions for equity classification. The difference between the principal amount of the 2027 Notes and the liability component (the “debt discount”) is amortized to interest expense in the condensed consolidated statements of operations and comprehensive loss using the effective interest method over the term of the 2027 Notes.

Total transaction costs for the issuance of the 2027 Notes were \$9.2 million, consisting of the initial purchasers’ discount, commissions, and other issuance costs. We allocated the total transaction costs proportionally to the liability and equity components. The transaction costs attributed to the liability component were \$5.6 million, which were recorded as debt issuance costs (presented as contra debt in our condensed consolidated balance sheets) and are amortized to interest expense in the condensed consolidated statements of operations and comprehensive loss over the term of the 2027 Notes. The transaction costs attributed to the equity component were \$3.6 million, which were included in additional paid-in capital.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

Interest expense relating to the 2027 Notes in the condensed consolidated statements of operations and comprehensive loss are summarized as follows:

(in thousands)	Three Months Ended	Nine Months Ended
	September 30, 2020	September 30, 2020
Contractual interest expense	\$ 1,258	\$ 3,159
Amortization of debt discount ⁽¹⁾	2,976	7,346
Amortization of debt issuance costs ⁽²⁾	96	230
Total interest expense	<u>\$ 4,330</u>	<u>\$ 10,735</u>

⁽¹⁾ The effective interest rate on the liability component of the 2027 Notes was 9.5% for the three and nine months ended September 30, 2020, which remained unchanged from the issuance date. As of September 30, 2020, the unamortized debt discount was \$104.7 million and will be amortized over 6.4 years.

⁽²⁾ As of September 30, 2020, the unamortized debt issuance cost for the 2027 Notes was \$5.4 million on the condensed consolidated balance sheets.

As of September 30, 2020, the convertible senior notes on the condensed consolidated balance sheets represented the carrying amount of the liability component of the 2027 Notes, net of unamortized debt discounts and debt issuance costs, which are summarized as follows:

(in thousands)	September 30, 2020
2027 Notes	\$ 287,500
Less: Unamortized debt discount and debt issuance costs	(110,123)
Carrying amount of 2027 Notes	<u>\$ 177,377</u>

Capped Call Transactions

Concurrently with the 2027 Notes, we entered into capped call transactions with one of the initial purchasers and another financial institution (the “option counterparties”) and used \$28.9 million of the net proceeds from the 2027 Notes to pay the cost of the capped call transactions. The capped call transactions are expected generally to reduce the potential dilutive effect upon conversion of the 2027 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2027 Notes, as the case may be, with such reduction and/or offset subject to a price cap of \$48.88 of our common stock per share, which represents a premium of 100% over the last reported sale price of our common stock on February 10, 2020. The capped calls have an initial strike price of \$32.38 per share, subject to certain adjustments, which corresponds to the conversion option strike price in the 2027 Notes. The capped call transactions cover, subject to anti-dilution adjustments, approximately 8.9 million shares of our common stock.

The capped call transactions are separate transactions that we entered into with the option counterparties and are not part of the terms of the 2027 Notes. As the capped call transactions meet certain accounting criteria, the premium paid of \$28.9 million was recorded as a reduction in additional paid-in capital in the condensed consolidated balance sheets, and will not be remeasured to fair value as long as the accounting criteria continue to be met. As of September 30, 2020, we had not purchased any shares under the capped call transactions.

12. Stockholders’ Equity and Stock-based Compensation

Common Stock Warrants

As of December 31, 2019, warrants to purchase 34,113 shares of common stock were outstanding at an exercise price of \$14.95 per share. In February 2020, the warrants to purchase 34,113 shares of common stock were net exercised for 11,134 shares of common stock. As of September 30, 2020, no common stock warrants were outstanding.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

Equity Compensation Plans

2014 Equity Incentive Plan (the “2014 EIP”)

On January 1, 2020, the number of shares of common stock reserved for issuance under the 2014 EIP increased by 2,094,989 shares. For the nine months ended September 30, 2020, 1,037,675 stock options and 1,876,025 restricted stock awards, including 215,000 performance stock awards, were granted. As of September 30, 2020, 350,937 shares were available for issuance under the 2014 EIP.

2014 Inducement Plan (the “2014 IN”)

On July 23, 2020, the number of shares of common stock reserved for issuance under the 2014 IN increased by 1,089,400 shares. For the nine months ended September 30, 2020, 807,996 restricted stock awards were granted. As of September 30, 2020, 535,847 shares were available for issuance under the 2014 IN.

2014 Employee Stock Purchase Plan (the “2014 ESPP”)

On January 1, 2020, the number of shares of common stock reserved for issuance under the 2014 ESPP increased by 300,000 shares. As of September 30, 2020, 1,655,344 shares were available for issuance under the 2014 ESPP.

HintMD Plan

On July 23, 2020, in connection with the HintMD Acquisition and based on the HintMD Merger Agreement ([Note 3](#)), we registered 1,260,946 shares under the HintMD Plan. For the nine months ended September 30, 2020, options to purchase 801,600 shares of our common stock were granted under the HintMD Plan, which represented the converted stock options assumed pursuant to the HintMD Merger Agreement, and 47,367 restricted stock awards were granted under the HintMD Plan. The post-combination incremental stock-based compensation was \$10.0 million. As of September 30, 2020, 418,261 shares were available for issuance under the HintMD Plan.

Net Loss per Share

Our basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding for the period, which includes the vested restricted stock awards. The diluted net loss per share is calculated by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, underlying shares of convertible senior notes at the initial conversion price, outstanding stock options, outstanding common stock warrants, unvested restricted stock awards and performance stock awards, and shares of common stock expected to be purchased under 2014 ESPP are considered common stock equivalents, which were excluded from the computation of diluted net loss per share because including them would have been antidilutive.

Common stock equivalents that were excluded from the computation of diluted net loss per share are presented as below:

	September 30,	
	2020	2019
Convertible senior notes	8,878,938	—
Outstanding common stock options	5,783,695	4,402,244
Unvested restricted stock awards and performance stock awards	3,731,088	788,125
Shares of common stock expected to be purchased on December 31 st under the 2014 ESPP	47,074	45,123
Outstanding common stock warrants	—	34,113

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(Unaudited)

Follow-On Public Offering

In December 2019, we completed a follow-on public offering, pursuant to which we issued 6,500,000 shares of common stock at \$17.00 per share for net proceeds of \$103.6 million, after underwriting discounts, commissions and other offering expenses. In January 2020, the underwriters exercised their over-allotment option to purchase 975,000 additional shares of common stock at \$17.00 per share for net proceeds of \$15.6 million, after underwriting discounts, commissions and other offering expenses.

At-The-Market Offering

We are party to a controlled equity offering sales agreement with Cantor Fitzgerald & Co. (“Cantor Fitzgerald”) (the “2018 ATM Agreement”), under which we may offer and sell common stock having aggregate proceeds of up to \$125.0 million through Cantor Fitzgerald as our sales agent. Under the 2018 ATM Agreement, sales of common stock through Cantor Fitzgerald will be made by means of ordinary brokers’ transactions on the Nasdaq or otherwise at market prices prevailing at the time of sale, in block transactions, or as otherwise agreed upon by us and Cantor Fitzgerald. From time to time, Cantor Fitzgerald may sell the common stock based upon our instructions, and we will pay a commission to Cantor Fitzgerald of up to 3.0% of the gross sales proceeds of any common stock sold through Cantor Fitzgerald. For the nine months ended September 30, 2020, no common stock was sold under the 2018 ATM Agreement.

Stock-based Compensation

Stock-based compensation expense was allocated as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Research and development	\$ 2,982	\$ 2,106	\$ 8,008	\$ 6,438
Selling, general and administrative	7,695	2,197	16,566	6,444
Total stock-based compensation	\$ 10,677	\$ 4,303	\$ 24,574	\$ 12,882

13. Fair Value Measurements

The following table summarizes, for assets and liabilities measured at fair value, the respective fair value and the classification by level of input within the fair value hierarchy:

(in thousands)	September 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 329,047	\$ 329,047	\$ —	\$ —
Commercial paper	96,392	—	96,392	—
Total assets measured at fair value	\$ 425,439	\$ 329,047	\$ 96,392	\$ —
Liabilities				
Derivative liability	\$ 3,163	\$ —	\$ —	\$ 3,163
Total liabilities measured at fair value	\$ 3,163	\$ —	\$ —	\$ 3,163

REVANCE THERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

(in thousands)	December 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 136,258	\$ 136,258	\$ —	\$ —
U.S. treasury securities	48,355	48,355	—	—
Commercial paper	77,082	—	77,082	—
Overnight repurchase agreements	15,001	—	15,001	—
U.S. government agency obligations	5,990	—	5,990	—
Total assets measured at fair value	<u>\$ 282,686</u>	<u>\$ 184,613</u>	<u>\$ 98,073</u>	<u>\$ —</u>
Liabilities				
Derivative liability	\$ 2,952	\$ —	\$ —	\$ 2,952
Total liabilities measured at fair value	<u>\$ 2,952</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,952</u>

For Level 1 investments, we use quoted prices in active markets for identical assets to determine the fair value. For Level 2 investments, we use quoted prices for similar assets sourced from certain third-party pricing services. The third-party pricing services generally utilize industry standard valuation models for which all significant inputs are observable, either directly or indirectly, to estimate the price or fair value of the securities. The primary input generally includes reported trade of or quotes on the same or similar securities. We do not make additional judgments or assumptions made to the pricing data sourced from the third-party pricing services.

The following table summarizes the change in the fair value of our Level 3 financial instrument:

(in thousands)	Derivative Liability
Fair value as of December 31, 2019	\$ 2,952
Change in fair value	211
Fair value as of September 30, 2020	<u>\$ 3,163</u>

The fair value of the derivative liability was determined by estimating the timing and probability of the related regulatory approval and multiplying the payment amount by this probability percentage and a discount factor based primarily on the estimated timing of the payment and a credit risk adjustment (Note 9). Generally, increases or decreases in these unobservable inputs would result in a directionally similar impact to the fair value measurement of this derivative instrument. The significant unobservable inputs used in the fair value measurement of the product approval payment derivative are the expected timing and probability of the payments at the valuation date and the credit risk adjustment.

The fair value of the 2027 Notes (Note 11) was determined on the basis of market prices observable for similar instruments and is considered Level 2 in the fair value hierarchy. We carry 2027 Notes at face value less unamortized debt discount and issuance costs on our condensed consolidated balance sheets and present the fair value for disclosure purposes only. As of September 30, 2020, the fair value of the 2027 Notes was \$305.3 million.

REVANCE THERAPEUTICS, INC.**Notes to Condensed Consolidated Financial Statements — (Continued)****(Unaudited)****14. Commitments and Contingencies****Teoxane Agreement**

We are parties to the Teoxane Agreement ([Note 5](#)), which will be effective for a term of ten years upon product launch and may be extended for two years upon the mutual agreement of the parties. We are required to meet certain minimum purchase obligations during each year of the term and are required to meet certain minimum expenditure requirements in connection with commercialization efforts unless prevented by certain conditions such as manufacturing delays. Either party may terminate the Teoxane Agreement in the event of the insolvency of, or a material breach by, the other party, including certain specified breaches that include the right for Teoxane to terminate the Teoxane Agreement for our failure to meet the minimum purchase requirements or commercialization expenditure during specified periods, or for our breach of the exclusivity obligations under the Teoxane Agreement.

Other Purchase Commitments

We are parties to a Technology Transfer, Validation and Commercial Fill/Finish Services Agreement with Ajinomoto Althea, Inc. dba Ajinomoto Bio-Pharma Services (“Aji”) (the “Aji Services Agreement”), under which Aji provides us a contract development and manufacturing organization, which allows us to have expanded capacity and a second source for drug product manufacturing in order to support a global launch of DaxibotulinumtoxinA for Injection. The initial term of the Aji Services Agreement expires in 2024, unless terminated sooner by either company and we have minimum purchase obligations based on our production forecasts.

Other Contingencies

We are obligated to pay a \$2.0 million milestone payment to a developer of botulinum toxin, List Biological Laboratories, Inc. (“List Laboratories”), when a certain regulatory milestone is achieved. As of September 30, 2020, the milestone had not been achieved. We are also obligated to pay royalties to List Laboratories on future sales of botulinum toxin products.

We entered into an asset purchase agreement (the “BTRX Purchase Agreement”) with Botulinum Toxin Research Associates, Inc. (“BTRX”), under which we are obligated to pay up to \$16.0 million to BTRX upon the satisfaction of milestones relating to our product revenue, intellectual property, and clinical and regulatory events. As of September 30, 2020, a one-time intellectual property development milestone liability of \$1.0 million has been recorded in accruals on our condensed consolidated balance sheets.

We entered into an agreement with BioSentinel, Inc. (“BioSentinel”), under which we in-license BioSentinel’s technology and expertise for research, development and manufacturing purposes. We are obligated to pay BioSentinel minimum quarterly use fees and a one-time milestone payment of \$0.3 million when a certain regulatory approval is achieved. As of September 30, 2020, the milestone has not been achieved.

Indemnification

We have standard indemnification agreements in the ordinary course of business. Under these indemnification agreements, we indemnify, hold harmless, and agree to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to our technology. The term of these indemnification agreements is generally perpetual after the execution of the agreements. The maximum potential amount of future payments we are obligated to pay under these indemnification agreements is not determinable because it involves claims that may be made against us in the future but have not been made. We have not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

We have indemnification agreements with our directors and officers that may require us to indemnify them against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

misconduct of the individual.

For the nine months ended September 30, 2020, no amounts associated with the indemnification agreements have been recorded.

15. Segment Information

Reportable Segments

We report segment information based on the management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments.

As a result of the HintMD Acquisition in July 2020, we now have two reportable segments: the Product Segment and the Service Segment. Each reportable segment represents a component, or an operating segment, for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker (CODM) in determining resource allocations and performance evaluation. We also considered whether the identified operating segments should be further aggregated based on factors including economic characteristics, the nature of products and services, production processes, customer base, distribution methods, and regulatory environment; however, no such aggregation was made due to dissimilarity of the operating segments.

Product Segment

Our Product Segment refers to the business that includes the research and development of innovative aesthetic and therapeutic products, including DaxibotulinumtoxinA for Injection for various indications, the U.S. distribution of the RHA® Collection of dermal fillers, and the biosimilar program to BOTOX® in partnership with Mylan. Both product and collaboration revenues and related expenses are included in Product Segment.

Service Segment

Our Service Segment refers to the business of payment facilitation, integrated smart payment, subscription and other digital services through our HintMD fintech platform.

Corporate and other include operating expense related to general and administrative expenses, depreciation and amortization, stock-based compensation, and in-process research and development that are not used in evaluating the results of, or in allocating resources to, our segments. There was no inter-segment revenue for the three and nine months ended September 30, 2020 and 2019. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Reconciliation of Segment Revenue to Consolidated Revenue

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue:				
Product Segment	\$ 3,627	\$ 46	\$ 3,984	\$ 324
Service Segment*	208	—	208	—
Total revenue	<u>\$ 3,835</u>	<u>\$ 46</u>	<u>\$ 4,192</u>	<u>\$ 324</u>

* Revenue from Service Segment represents the period from July 23, 2020 (HintMD Acquisition completion date) to September 30, 2020.

REVANCE THERAPEUTICS, INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(Unaudited)

Reconciliation of Segment Loss from Operations to Consolidated Loss from Operations

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Loss from operations:				
Product Segment	\$ (46,243)	\$ (29,597)	\$ (115,649)	\$ (79,511)
Service Segment*	(2,813)	—	(2,813)	—
Corporate and other expenses	(28,072)	(12,943)	(76,731)	(38,778)
Total loss from operations	<u>\$ (77,128)</u>	<u>\$ (42,540)</u>	<u>\$ (195,193)</u>	<u>\$ (118,289)</u>

* Loss from operations of Service Segment represents the period from July 23, 2020 (HintMD Acquisition completion date) to September 30, 2020.

We do not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the accompanying notes appearing elsewhere in this Quarterly Report on this Form 10-Q and in conjunction with our other SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2019. This Quarterly Report on Form 10-Q and the following discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. The words “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled "[Risk Factors](#)" and elsewhere in this Quarterly Report on Form 10-Q, regarding, among other things:

- our expectations regarding the results, timing, costs and completion of our research and development programs and regulatory approvals, regulatory filings of our current or future product candidates, including our anticipated PDUFA target action date for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines;
- the impact of the COVID-19 pandemic on the timing of regulatory approval of DaxibotulinumtoxinA for Injection for the treatment of glabellar lines, our manufacturing operations, supply chain, end user demand for our products, commercialization efforts, business operations, clinical trials and other aspects of our business;
- our ability to effectively and reliably manufacture supplies of DaxibotulinumtoxinA for Injection, biosimilar or any future product candidates, if approved, including through any third-party manufacturers, and to develop, validate and maintain a commercially viable manufacturing process, as well as our ability to acquire supplies of RHA® Collection of dermal fillers from Teoxane;
- the uncertain clinical development process, including the risk that clinical trials may not have an effective design or generate positive results, or that positive results would assure regulatory approval or commercial success of our product candidates;
- our ability to obtain regulatory approval of our product candidates;
- whether the HintMD Acquisition and the Teoxane Agreement will provide the anticipated economic and other benefits, including our ability to realize anticipated synergies and successfully commercialize the products;
- the rate and degree of commercial acceptance, potential market size, opportunity and growth potential of Teoxane's RHA® Collection of dermal fillers and the HintMD payments platform, and any other product candidates if approved for commercial use;
- our ability to successfully commercialize the RHA® Collection of dermal fillers and our ability to commercialize our product candidates, if approved, and the timing and cost of commercialization activities;
- our ability to build our own sales and marketing capabilities, or seek collaborative partners, including distributors, to commercialize our product candidates, if approved;
- the status of commercial collaborations, including collaboration agreement with Mylan and Fosun;
- changes in and failures to comply with U.S. and foreign privacy and data protection laws, regulations and standards;

- our strategy of acquiring complementary businesses and our ability to successfully integrate acquired businesses and technologies, including the successful integration of HintMD;
- the potential impact on our operating margin from the HintMD Acquisition;
- competitive pressures in the markets in which Revance operates;
- our ability to obtain funding for our operations;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology, and to avoid third-party patent interference or intellectual property infringement claims;
- our financial performance, including future revenue, expenses and capital requirements; and
- the cost and our ability to successfully defend ourselves if product liability lawsuits are brought against us.

We also operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances described in this Form 10-Q and the documents incorporated by reference herein may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements contained or incorporated by reference in this Form 10-Q and the documents incorporated by reference herein.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, events, circumstances or achievements reflected in the forward-looking statements will ever be achieved or occur. These forward-looking statements represent our estimates and assumptions only as of the date of the document containing the applicable statement. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations.

You should read this Form 10-Q, together with the information incorporated herein by reference, with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Overview

Revance Therapeutics, Inc. is a biotechnology company focused on innovative aesthetic and therapeutic offerings, including its next-generation neuromodulator product, DaxibotulinumtoxinA for Injection. DaxibotulinumtoxinA for Injection combines a proprietary stabilizing peptide excipient with a highly purified botulinum toxin that does not contain human or animal-based components. We have successfully completed a Phase 3 program for DaxibotulinumtoxinA for Injection in glabellar (frown) lines and are pursuing U.S. regulatory approval in 2020. We are also evaluating DaxibotulinumtoxinA for Injection in the full upper face, including glabellar lines, forehead lines and crow's feet, as well as in three therapeutic indications - cervical dystonia, adult upper limb spasticity and plantar fasciitis. To accompany DaxibotulinumtoxinA for Injection, we own a unique portfolio of premium products and services for U.S. aesthetics practices, including the exclusive U.S. distribution rights to the RHA® Collection of dermal fillers, the first and only range of FDA-approved fillers for correction of dynamic facial wrinkles and folds, and the HintMD fintech platform, which includes integrated smart payment, subscription and loyalty digital services. We have also partnered with Mylan N.V. to develop a biosimilar to BOTOX®, which would compete in the existing short-acting neuromodulator marketplace. We are dedicated to making a difference by transforming patient experiences.

Impact of the COVID-19 Pandemic on Our Operations

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The health and safety of the Revance team, their families and our communities remains our top priority. In response to the COVID-19 pandemic, we curtailed employee travel and implemented a corporate work-from-home policy in March 2020. We have

continued to monitor the situation and have gradually resumed essential on-site corporate operations. We have adopted remote working tools to minimize the disruption to the achievement of our goals and objectives for employees whose job duties do not require physical presence to complete their work. Certain manufacturing, quality and laboratory-based employees have continued to work onsite, and certain employees with customer-facing roles are onsite for training and interfacing in-person with customers in connection with the recent product launch of the RHA® Collection of dermal fillers. If the severity, duration or nature of the COVID-19 pandemic changes, it may have an impact on our ability to continue on-site operations, which could disrupt our clinical trials and sales activities.

The COVID-19 pandemic has and may continue to negatively affect our supply chain, end user demand for our products, our ability to obtain approval of product candidates from the FDA or other regulatory authorities and our commercialization activities. For instance, the product supply of the RHA® Collection of dermal fillers was delayed by distribution partner Teoxane as they temporarily suspended production in Geneva, Switzerland as a precaution surrounding the COVID-19 pandemic. Teoxane resumed manufacturing operations at the end of April 2020 and delivered the first shipment of RHA® Collection of dermal fillers to us in June 2020.

As a result, our initial product launch of the RHA® 2, 3 and 4 Collection of dermal fillers was delayed by one quarter to September 2020. In addition, port closures and other restrictions resulting from the COVID-19 pandemic may disrupt our supply chain or limit our ability to obtain sufficient materials for our drug products. We have taken measured steps to build sufficient level of inventory to help mitigate potential future supply chain disruptions.

Our clinical trials may also be affected by the COVID-19 pandemic. The COVID-19 pandemic may delay enrollment in and the progress of our current and future clinical trials. Patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. Site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward the COVID-19 pandemic. For example, enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during time of required social distancing. In June 2020, we announced the decision to end screening and complete the study in the JUNIPER Phase 2 adult upper limb spasticity trial. We plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects.

The ultimate impact of the COVID-19 pandemic is highly uncertain and we do not yet know the full extent of potential delays or impacts on our manufacturing operations, supply chain, end user demand for our products, commercialization efforts, business operations, clinical trials and other aspects of our business, the healthcare systems or the global economy as a whole. As such, it is uncertain as to the full magnitude that the pandemic will have on our financial condition, liquidity, and results of operations.

Neuromodulator Pipeline

To ensure proper clinical trial coordination and completion, in line with the FDA-issued guidance of March 18, 2020 on the *Conduct of Clinical Trials of Medical Products during the COVID-19 Pandemic*, we are evaluating and implementing risk-based approaches for remote clinical trial monitoring and activities, including remote patient assessment, for those subjects who cannot physically visit clinic sites, to ensure the full completion of trials.

DaxibotulinumtoxinA for Injection - Aesthetics

Glabella lines. In December 2018, we announced topline results for the SAKURA 3 open-label, long-term safety study. DaxibotulinumtoxinA for Injection appeared to be generally well-tolerated with no new tolerability or safety concerns reported. We submitted the BLA in November 2019. The FDA accepted the BLA on February 5, 2020, and the Prescription Drug User Fee Act ("PDUFA") target action date is November 25, 2020. If the BLA is approved on or by the target action date, we plan to initiate commercialization activities for DaxibotulinumtoxinA for Injection for the treatment of glabella lines before the end of 2020. However, the FDA has not scheduled a manufacturing site inspection related to the company's BLA for DaxibotulinumtoxinA for Injection in the treatment of moderate to severe glabella (frown) lines. The FDA has indicated that an inspection of the Newark, California manufacturing site will be required prior to the BLA approval. We continue to work proactively with the FDA to secure an inspection at the earliest possible time. Currently, however, the FDA is still subject to restrictions on travel related to the COVID-19 pandemic, therefore there may be delays.

Forehead lines. In January 2019, we initiated a Phase 2 multicenter, open-label, dose-escalation study to evaluate treatment of moderate or severe dynamic forehead lines in conjunction with treatment of the glabella complex. The objective

is to understand the potential dosing and injection patterns of DaxibotulinumtoxinA for Injection in other areas of the upper face in addition to the lead indication in glabellar lines. We completed enrollment for the study in July 2019 and released topline results in June 2020. The primary endpoint for efficacy was the proportion of subjects achieving a score of none or mild in wrinkle or line severity at Week 4 at maximum eyebrow elevation for forehead lines. In this study, 100% of subjects achieved a score of none or mild at Week 4 in at least one treatment group. DaxibotulinumtoxinA for Injection was well-tolerated at all dose levels. Adverse events were mild, localized and transient as expected and there were no treatment-related serious adverse events, as is common with other approved neuromodulators in the treatment of upper facial lines. One of the exploratory endpoints in the study was duration of effect, defined as the median time to return to baseline wrinkle severity based on both investigator and patient assessment. At least one dose in the study demonstrated a median duration of effect of 27 weeks on forehead lines.

Lateral canthal lines. In March 2019, we initiated a Phase 2 multicenter, open-label, dose-escalation study to evaluate the treatment of moderate or severe lateral canthal lines. The objective is to understand the potential dosing of DaxibotulinumtoxinA for Injection in the lateral canthal area. We released topline results in June 2020. The primary endpoint for efficacy was the proportion of subjects achieving a score of none or mild in wrinkle or line severity at Week 4 at maximum smile for crow's feet. In this study, 88% of subjects achieved a score of none or mild at Week 4 in at least one treatment group. DaxibotulinumtoxinA for Injection was well-tolerated at all dose levels. Adverse events were mild, localized and transient as expected and there were no treatment-related serious adverse events, as is common with other approved neuromodulators in the treatment of upper facial lines. One of the exploratory endpoints in the study was duration of effect, defined as the median time to return to baseline wrinkle severity based on both investigator and patient assessment. At least one dose in the study demonstrated a median duration of effect of 24 weeks on crow's feet.

Upper Facial Lines. In December 2019, we initiated a new multicenter, open-label Phase 2 trial for treatment of the upper facial lines -- glabellar (frown), lateral canthal (crow's feet), and forehead lines combined -- to understand the safety and efficacy, including potential dosing and injection patterns, of DaxibotulinumtoxinA for Injection, covering the upper facial lines. This trial is in addition to the open-label Phase 2 clinical trials that we completed and reported in June 2020. Interim Week 4 data from the Phase 2a studies in forehead lines and crow's feet were used in the final design of this current upper facial lines Phase 2 study to optimize dosing and injection patterns. We completed enrollment in the first quarter of 2020 with all subjects dosed and expect to release topline results in the December of 2020.

DaxibotulinumtoxinA for Injection - Therapeutics

Cervical dystonia (ASPEN). The ASPEN Phase 3 clinical program consists of two trials to evaluate the safety and efficacy of DaxibotulinumtoxinA for Injection for the treatment of cervical dystonia in adults including a randomized, double-blind, placebo-controlled, parallel group trial (ASPEN-1), and an open-label, long-term safety trial (ASPEN-OLS).

In October 2020, we announced the positive topline results from the ASPEN-1 trial. This pivotal study enrolled a total of 301 subjects at 60 sites in the U.S., Canada and Europe. Subjects were randomized 3:3:1 to receive a single treatment of either 125 Units or 250 Units of DaxibotulinumtoxinA for Injection, or placebo and were followed for up to 36 weeks. The drug appeared to be generally safe and well-tolerated at both doses. The study met its primary efficacy endpoint at both doses, demonstrating a clinically meaningful improvement in the signs and symptoms of cervical dystonia at the average of Weeks 4 and 6. Compared to placebo, subjects treated with either 125 Units or 250 Units showed a statistically significant greater change from baseline as measured on the Toronto Western Spasmodic Torticollis Rating Scale (TWSTRS) Total Score. Median duration of effect was 24.0 and 20.3 weeks, for the 125 Unit and 250 Unit dose groups respectively, based on the median time to loss of 80% of the peak treatment effect. There were no serious treatment-related adverse events and no dose-dependent increase in adverse events was observed. Treatment-related adverse events were generally transient and mild to moderate in severity, with one case of neck pain reported as severe, which resolved two days after onset. The three most common treatment-related adverse events were (for 125 Units and 250 Units, respectively): injection site pain (7.9%, 4.7%), headache (4.7%, 4.7%), and injection site erythema (4.7%, 2.3%). The incidence of dysphagia (difficulty swallowing) and muscle weakness, which are considered adverse events of particular interest with botulinum toxin treatments for cervical dystonia, was low (for 125 Units and 250 Units, respectively): dysphagia (1.6%, 3.9%) and muscular weakness (4.7%, 2.3%).

We completed the enrollment for ASPEN-OLS with a total of 354 subjects and expect to release topline results in 2021. DaxibotulinumtoxinA for Injection for cervical dystonia is expected to be our first therapeutic indication of which we are aiming for regulatory approval in 2023.

Adult upper limb spasticity (JUNIPER). In December 2018, we initiated a Phase 2 trial for the treatment of adult upper limb spasticity (JUNIPER). This is a randomized, double-blind, placebo-controlled, parallel group, dose-ranging trial to evaluate the efficacy and safety of DaxibotulinumtoxinA for Injection for the treatment of upper limb spasticity in adults after stroke or traumatic brain injury. Enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during the time of required social distancing related to the COVID-19 pandemic. In June 2020, we announced the decision to end screening and complete enrollment in the study in the JUNIPER Phase 2 adult upper limb spasticity trial. We plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects enrolled. We believe that truncating the Phase 2 trial enrollment in June could potentially allow them to move into the pivotal Phase 3 upper limb spasticity trials earlier than originally planned, while also avoiding patient enrollment during this challenging time. We expect to announce topline data from the JUNIPER Phase 2 trial in first quarter of 2021.

Plantar fasciitis. In December 2018, we initiated a Phase 2 prospective, randomized, double-blind, multi-center, placebo-controlled study to evaluate the safety and efficacy of two doses of DaxibotulinumtoxinA for Injection in reducing the signs and symptoms of plantar fasciitis, a painful affliction caused by inflammation of the ligament running along the bottom of the foot (the plantar fascia). We released topline results in November 2020. The study's primary efficacy endpoint was the change from baseline on the 10-point Numeric Pain Rating Scale (NPRS) score averaged over five days at Week 8. In the trial, both doses of DaxibotulinumtoxinA for Injection resulted in significant measurable pain relief after treatment that was numerically greater than placebo. However, neither dose met the primary efficacy endpoint of statistically significant improvement from baseline in the NPRS for foot pain at Week 8, compared to placebo. Subjects treated with DaxibotulinumtoxinA for Injection showed an average reduction from baseline of 3.29 on the NPRS (a 54.6% reduction) at 80U (p=0.2135 vs. placebo) and 3.25 on the NPRS (a 50.1% reduction) at 120U (p=0.2205 vs. placebo, p=0.9207 vs. 80U), compared to placebo subjects at 2.75 on the NPRS (a 45.1% reduction). DaxibotulinumtoxinA for Injection was found to be safe and well-tolerated at both doses through Week 24. There were no serious treatment-related adverse events and no dose dependent increase in adverse events was observed. Treatment-related adverse events were generally transient and mild to moderate in severity.

Migraine. As part of our 2020 planning process, we decided to adjust the initiation of migraine clinical trials this year and will re-evaluate the timing next year as part of our 2021 planning cycle.

HintMD Acquisition

On July 23, 2020, we completed our previously announced HintMD Acquisition, pursuant to the HintMD Merger Agreement. Upon completion of the HintMD Acquisition, each share of capital stock of HintMD that was issued and outstanding immediately prior to July 23, 2020 was automatically cancelled and converted into the right to receive approximately 0.3235 shares of our common stock. In addition, outstanding and unexercised options to purchase shares of HintMD common stock immediately prior to July 23, 2020 under the HintMD Plan, excluding stock options held by former employees or former service providers of HintMD, whether or not vested, were converted based on the conversion ratio defined in the HintMD Merger Agreement into options to purchase shares of our common stock, with the awards retaining the same vesting and other terms and conditions as in effect immediately prior to consummation of the HintMD Acquisition. The total number of shares of our common stock issued as consideration for the HintMD Acquisition was 8,572,213, including (i) 683,200 shares of our common stock which will be held in an escrow fund for purposes of satisfying any post-closing purchase price adjustments and indemnification claims under the HintMD Merger Agreement and (ii) converted options to purchase an aggregate of 801,600 shares of our common stock.

Upon the close of the HintMD Acquisition, we onboarded almost 80 employees into our workforce. Certain business integration projects remain ongoing.

Teoxane's Resilient Hyaluronic Acid®(RHA®) Technology and Launch

In January 2020, we entered into the Teoxane Agreement with Teoxane, pursuant to which Teoxane granted us the exclusive right to import, market, promote, sell and distribute Teoxane's RHA® Collection of dermal fillers in exchange for 2,500,000 shares of our common stock and certain other commitments by us. The Teoxane Agreement includes rights to (i) RHA® 2, RHA® 3 and RHA® 4 which have been approved by the FDA for the correction of moderate to severe dynamic facial wrinkles and folds, including RHA® 2, RHA® 3 and RHA® 4 in the currently approved indications, (ii) RHA® 1, which is currently in clinical trials for the treatment of perioral rhytids and is anticipated to be approved by the FDA in 2021, and (iii) future hyaluronic acid filler advancements and products by Teoxane in the U.S. and U.S. territories and possessions. The Teoxane Agreement will be effective for a term of ten years upon the mutual agreement of the parties with an option to extend for two additional years. We are required to meet certain minimum purchase obligations during each year of the term and are also required to meet certain minimum expenditure requirements in connection with commercialization efforts unless prevented by certain conditions such as manufacturing delays. Either party may terminate the Teoxane Agreement in the event of the insolvency of, or a material breach by, the other party, including certain specified breaches that include the right for Teoxane to terminate the Teoxane Agreement for our failure to meet the minimum purchase requirements or commercialization expenditure during specified periods, or for our breach of the exclusivity obligations under the Teoxane Agreement.

In August 2020, we concluded the RHA® Collection PrevU program for select practices. In September 2020, we launched the RHA® Collection of dermal fillers through our field sales team of approximately 100 members. For the three and nine months ended September 30, 2020, we recognized \$2.8 million and \$2.9 million, respectively, in revenue and \$1.1 million for cost of product revenue (exclusive of amortization) from the launch of the RHA® Collection of dermal fillers.

Mylan and OnabotulinumtoxinA Biosimilar

Mylan provided us with written notice of its Continuation Decision in May 2020 and paid us a \$30 million milestone payment in connection with the Continuation Decision. We began the continuation phase of the biosimilar program and are moving forward with characterization and product development work, followed by an anticipated filing of an Investigational New Drug Application ("IND") application with the FDA in 2022.

Results of Operations

Revenue

(in thousands, except percentages)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Product revenue	\$ 2,819	\$ —	N/M	\$ 2,868	\$ —	N/M
Collaboration revenue	808	46	1657 %	1,116	324	244 %
Service revenue	208	—	N/M	208	—	N/M
Total revenue	<u>\$ 3,835</u>	<u>\$ 46</u>	<u>8237 %</u>	<u>\$ 4,192</u>	<u>\$ 324</u>	<u>1,194 %</u>

N/M - Percentage not meaningful

Product Revenue

We generate product revenue from the sale of the RHA® Collection of dermal fillers, with the initial sale in June 2020 and formal launch in September 2020. We had not generated any product revenue prior to the initial sale.

Collaboration Revenue

For the three and nine months ended September 30, 2020, our collaboration revenue increased compared to the same periods in 2019 due to the recognition of increased costs associated with additional development activities in connection with the Mylan Collaboration.

Service Revenue

Our service revenue is generated from the HintMD fintech platform that provides integrated smart payment, subscription and loyalty digital services to medical aesthetic practitioners. We completed the HintMD Acquisition in July 2020.

Operating Expenses

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating expenses:				
Cost of product revenue (exclusive of amortization)	\$ 1,081	\$ —	\$ 1,102	\$ —
Cost of service revenue (exclusive of amortization)	4	—	4	—
Research and development	29,130	25,847	96,027	75,368
Selling, general and administrative	48,183	16,739	99,013	43,245
Amortization	2,565	—	3,239	—
Total operating expenses	\$ 80,963	\$ 42,586	\$ 199,385	\$ 118,613

Our operating expenses consist of costs of goods sold and cost of service revenue (exclusive of amortization), research and development expenses, selling, general and administrative expenses, and amortization. The largest component of our operating expenses is our personnel costs including stock-based compensation. We expect our operating expenses to increase in the near term as we began to commercialize the Teoxane RHA® Collection of dermal fillers in the U.S. in September 2020, if the BLA is approved on or before the PDUFA target action date and DaxibotulinumtoxinA for Injection for treatment of glabellar lines is launched during the fourth quarter of 2020, or if we initiate and complete additional clinical trials and associated programs related to DaxibotulinumtoxinA for Injection for the treatment of cervical dystonia, plantar fasciitis, adult upper limb spasticity, and any future new indications, and our biosimilar product candidate.

Costs of Product Revenue and Cost of Service Revenue (exclusive of amortization)

The costs of product revenue (exclusive of amortization) consists of the cost of inventory and expensed related to the distribution of RHA® Collection of dermal fillers, which were delivered to our customers at the end of the second quarter of 2020. The cost of service revenue (exclusive of amortization) consists of expenses related to providing certain HintMD fintech platform services, which were incurred following acquisition. We did not incur costs of product revenue until the first delivery of the RHA® Collection of dermal fillers in the second quarter of 2020, and we did not incur cost of service revenue until the HintMD Acquisition in July 2020 when we began to provide the HintMD fintech platform services.

Research and Development Expenses

In the Product Segment, we have been developing DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, and our biosimilar product candidates and have typically shared our employees, consultants and infrastructure resources across all product candidate programs. We believe that the strict allocation of costs by product candidate would not be meaningful, therefore, we generally do not track these costs by product candidates. In the Service Segment, our R&D team is dedicated to introducing new functionalities and features for our existing and next-generation HintMD fintech platform service offerings to improve the experience of our medical aesthetics practitioner customers.

Research and development expenses consist primarily of:

- salaries and related expenses for personnel in research and development functions, including stock-based compensation;
- expenses related to the initiation and completion of clinical trials and studies for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical and our biosimilar candidate, including expenses related to production of clinical supplies;

- fees paid to clinical consultants, contract research organizations (“CROs”) and other vendors, including all related fees for investigator grants, patient screening fees, laboratory work and statistical compilation and analysis;
- other consulting fees paid to third parties;
- expenses related to establishment and maintenance of our own manufacturing facilities;
- expenses related to the manufacture of drug substance and drug product supplies for ongoing and future preclinical and clinical trials and other pre-commercial supplies;
- expenses to support our product development and establish manufacturing capabilities to support potential future commercialization of any products for which we may obtain regulatory approval;
- expenses related to license fees, milestone payments, and development efforts under in-licensing agreements;
- expenses related to compliance with drug development regulatory requirements in the U.S., the European Union and other foreign jurisdictions;
- expenses related to product development to introduce potential new features or functionalities of our proprietary HintMD fintech platform and services;
- depreciation and other allocated expenses; and
- charges from asset acquisition related to in-process research and development.

Our research and development expenses are subject to numerous uncertainties primarily related to the timing and cost needed to complete our respective projects. Further, in our Product Segment, the development timelines, probability of success and development expenses can differ materially from expectations, and the completion of clinical trials may take several years or more depending on the type, complexity, novelty and intended use of a product candidate. Accordingly, the cost of clinical trials may vary significantly over the life of a project as a result of differences arising during clinical development. We expect to maintain our research and development efforts as we continue our clinical development of DaxibotulinumtoxinA for Injection for the treatment of facial wrinkles and other therapeutic indications, such as cervical dystonia, plantar fasciitis, adult upper limb spasticity, any future new indications, our biosimilar product candidate, product development related to our HintMD fintech platform, or if the FDA requires us to conduct additional clinical trials for approval.

Our research and development expenses fluctuate as projects transition from one development phase to the next. Depending on the stage of completion and level of effort related to each development phase undertaken, we may reflect variations in our research and development expenses. We expense both internal and external research and development expenses as they are incurred.

Our research and development expenses are summarized as follows:

(in thousands, except percentages)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Clinical and regulatory	\$ 12,637	\$ 13,050	(3)%	\$ 40,156	\$ 38,108	5 %
Manufacturing and quality	9,148	7,775	18 %	26,559	22,079	20 %
In-process research and development	—	—	— %	11,184	—	N/M
Other research and development expenses	3,822	2,424	58 %	8,579	7,218	19 %
Stock-based compensation	2,982	2,106	42 %	8,008	6,438	24 %
Depreciation and amortization	541	492	10 %	1,541	1,525	1 %
Total research and development expenses	<u>\$ 29,130</u>	<u>\$ 25,847</u>	<u>13 %</u>	<u>\$ 96,027</u>	<u>\$ 75,368</u>	<u>27 %</u>

N/M - Percentage not meaningful

Clinical and regulatory

Clinical and regulatory expenses include costs related to personnel, external clinical sites for clinical trials, clinical research organizations, central laboratories, data management, contractors and regulatory activities associated with the development of DaxibotulinumtoxinA for Injection as well as payments associated with an in-licensing agreement. For the three months ended September 30, 2020 and 2019, clinical and regulatory costs totaled \$12.6 million, or 43%, and \$13.1 million, or 50%, respectively, of the total research and development expenses for the respective periods. For the nine months ended September 30, 2020 and 2019, clinical and regulatory costs totaled \$40.2 million, or 42%, and \$38.1 million, or 51%, respectively, of the total research and development expenses for the respective periods.

For the three months ended September 30, 2020, clinical and regulatory expenses decreased by \$0.4 million, or 3%, compared to the same period in 2019. This decrease is primarily associated with the our regulatory effort and cost of professional services to support the DaxibotulinumtoxinA for Injection biologics license application (BLA) in the prior year.

For the nine months ended September 30, 2020, clinical and regulatory expenses increased \$2.0 million, or 5%, compared to the same period in 2019. This increase is primarily due to hiring additional personnel and third-party services to support new and ongoing clinical trials and investments associated with future innovations in the RHA® Collection. We expect our clinical and regulatory expenses to be consistent in the near term as we initiate and complete clinical trials and other associated programs related to DaxibotulinumtoxinA for Injection for the treatment forehead lines, lateral canthal lines, cervical dystonia, plantar fasciitis, and adult upper limb spasticity.

Manufacturing and quality

Manufacturing and quality expenses include personnel and occupancy expenses, external contract manufacturing costs and pre-approval manufacturing of drug products used in our research and development of DaxibotulinumtoxinA for Injection. Manufacturing and quality expenses also include raw materials, lab supplies, and storage and shipment of our products to support quality control and assurance activities. These expenses do not include clinical expenses associated with the development of DaxibotulinumtoxinA for Injection. For the three months ended September 30, 2020 and 2019, manufacturing and quality expenses were \$9.1 million, or 31%, and \$7.8 million, or 30%, respectively, of the total research and development expenses for the respective periods. For the nine months ended September 30, 2020 and 2019, manufacturing and quality expenses were \$26.6 million, or 28%, and \$22.1 million, or 29%, respectively, of the total research and development expenses for the respective periods.

For the three and nine months ended September 30, 2020, manufacturing and quality expenses increased by \$1.4 million, or 18%, and \$4.5 million, or 20%, compared to the same periods in 2019, primarily due to increased expenses related to manufacturing and quality activities, and hiring additional personnel in anticipation and support of the potential FDA inspections and the approval process of DaxibotulinumtoxinA for Injection. We expect that our manufacturing and quality expenses will continue to increase to prepare for the potential launch of DaxibotulinumtoxinA for Injection once approved.

Certain amounts of the manufacturing and quality expenses, among other costs, are expected to be treated as inventory costs after the potential approval of DaxibotulinumtoxinA for Injection is obtained.

In-process research and development

In January 2020, we entered into the Teoxane Agreement with Teoxane. In connection with the Teoxane Agreement, in the first quarter of 2020, \$11.2 million of the aggregate purchase consideration was recognized as in-process research and development expense, which is related to certain products and indications not approved by the FDA.

Other research and development expenses

Other research and development expenses include expenses for personnel, contract research organizations, consultants, and supplies used to conduct preclinical research and development of DaxibotulinumtoxinA for Injection, our biosimilar product candidate, and new functionality or features of our HintMD fintech platform. For the three months ended September 30, 2020 and 2019, other research and development expenses were \$3.8 million, or 13%, and \$2.4 million, or 9%, respectively, of the total research and development expenses for the respective periods. For the nine months ended September 30, 2020 and 2019, other research and development expenses were \$8.6 million, or 9%, and \$7.2 million, or 10%, respectively, of the total research and development expenses for the respective periods.

For the three and nine months ended September 30, 2020, other research and development expenses increased by \$1.4 million, or 58%, and \$1.4 million, or 19%, respectively, compared to the same period in 2019, primarily due to the increased expense associated with research and development activities in the Service Segment.

Stock-based compensation

For the three and nine months ended September 30, 2020, stock-based compensation included in research and development expenses increased by \$0.9 million, or 42%, and \$1.6 million, or 24%, compared to the same periods in 2019, primarily due to increased employee headcount.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the following:

- RHA® Collection of dermal fillers and HintMD platform service sales and marketing activities and compensation costs of our sales force;
- DaxibotulinumtoxinA for Injection pre-commercial activities such as market research and public relations;
- personnel and service costs in our finance, information technology, commercial, investor relations, legal, human resources, and other administrative functions, including related stock-based compensation costs;
- professional fees for accounting and legal services; and
- depreciation and amortization of certain assets used in selling, general and administrative activities.

We expect that our selling, general and administrative expenses will increase as a result of the expenses associated with the integration and operation of HintMD and the potential commercial launch of DaxibotulinumtoxinA for Injection, if approved.

Our selling, general and administration expenses are summarized as follows:

(in thousands, except percentages)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Selling, general and administrative	39,816	14,299	178 %	81,296	36,174	125 %
Stock-based compensation	7,695	2,197	250 %	16,566	6,444	157 %
Depreciation and amortization	672	243	177 %	1,151	627	84 %
Total selling, general and administrative expenses	<u>\$ 48,183</u>	<u>\$ 16,739</u>	188 %	<u>\$ 99,013</u>	<u>\$ 43,245</u>	129 %

Selling, general and administrative expenses before stock-based compensation and depreciation and amortization

For the three and nine months ended September 30, 2020, selling, general and administrative expenses before stock-based compensation and depreciation and amortization increased by \$25.5 million, or 178%, and \$45.1 million, or 125%, respectively, compared to the same periods in 2019. \$17.3 million and \$30.0 million of the increase in those respective periods were from sales and marketing related expenses in the Product Segment primarily related to the promotional, professional education, and sales and marketing activities for the RHA® Collection of dermal fillers, activities in preparation for the commercialization of DaxibotulinumtoxinA for Injection for the treatment of glabellar lines, if approved, increased personnel costs related to sales activities, and costs related to professional services in preparation for the launch of Teoxane's RHA® Collection of dermal fillers and, if approved, DaxibotulinumtoxinA for Injection. The Service Segment contributed approximately \$1.5 million to the increase in sales and marketing related expenses for the three and nine months ended September 30, 2020. General and administrative expenses contributed to the remaining increase during both the three and nine months ended September 30, 2020 compared to the same periods in 2019, which were primarily from professional services and transaction costs associated with the HintMD Acquisition, increased compensation costs from onboarded HintMD team members and other personnel and costs related to investment in information technology infrastructure and administrative functions to support our continued growth as a commercial company with expanding portfolio of products and services.

We expect selling, general and administrative expenses to increase as we continue to distribute RHA® Collection of dermal fillers, potential launch of DaxibotulinumtoxinA for Injection, if approved, and marketing activities for service offerings.

Stock-based compensation

For the three and nine months ended September 30, 2020, stock-based compensation included in selling, general and administrative expenses increased by \$5.5 million, or 250%, and \$10.1 million, or 157%, respectively, compared to the same period in 2019, primarily due to increased employee headcount, increase in the fair value of our stock, and incremental expenses recognized from the performance stock awards, which were granted beginning in the fourth quarter of 2019.

Amortization

For the three and nine months ended September 30, 2020, amortization increased by \$2.6 million and \$3.2 million, respectively, compared to the same period in 2019, due to the amortization of distribution rights from the Teoxane Agreement and developed technology resulting from the HintMD Acquisition, which were all acquired in 2020.

Net Non-Operating Income and Expense

(in thousands, except percentages)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
Interest income	\$ 413	\$ 1,329	(69)%	\$ 2,868	\$ 4,495	(36)%
Interest expense	(4,334)	—	N/M	(10,738)	—	N/M
Change in fair value of derivative liability	(62)	(68)	(9)%	(211)	(139)	52 %
Other expense, net	(146)	(130)	12 %	(406)	(170)	139 %
Total net non-operating income (expense)	\$ (4,129)	\$ 1,131	(465)%	\$ (8,487)	\$ 4,186	(303)%

N/M - Percentage not meaningful

Interest Income

Interest income primarily consists of interest income earned on our deposit, money market fund, and investment balances. We expect interest income to vary each reporting period depending on our average deposit, money market fund, and investment balances during the period and market interest rates.

Interest Expense

Interest expense primarily includes cash and non-cash components from the 2027 Notes. The cash component of the interest expense represents the contractual interest charges. The non-cash component of the interest expense represents the amortization of the debt discount issuance costs. For the three and nine months ended September 30, 2020, interest expense of \$4.3 million and \$10.7 million, respectively, were primarily from the 2027 Notes issued in February 2020.

Change in Fair Value of Derivative Liability

The derivative liability on our condensed consolidated balance sheets is remeasured to fair value at each balance sheet date with the corresponding gain or loss recorded. We will continue to record adjustments to the fair value of derivative liability until paid.

Other Expense, net

Other expense, net primarily consists of miscellaneous tax and other expense items.

Liquidity and Capital Resources

Our financial condition is summarized as follows:

(in thousands)	September 30, 2020	December 31, 2019	Increase
Cash, cash equivalents, and short-term investments	\$ 435,831	\$ 290,115	\$ 145,716
Working capital	\$ 386,452	\$ 255,623	\$ 130,829
Stockholders' equity	\$ 372,853	\$ 225,490	\$ 147,363

Sources and Uses of Cash

We hold our cash, cash equivalents, and short-term investments in a variety of non-interest bearing bank accounts and interest-bearing instruments subject to investment guidelines allowing for certain lower-risk holdings such as, but not limited to, money market accounts, U.S. treasury securities, U.S. government and agency securities, overnight purchase agreements, and commercial paper. Our investment portfolio is structured to provide for investment maturities and access to cash to fund our anticipated working capital needs.

As of September 30, 2020 and December 31, 2019, we had cash, cash equivalents and short-term investments of \$435.8 million and \$290.1 million, respectively, which represented an increase of \$145.7 million. The increase was primarily due to the proceeds from the issuance of convertible senior notes of \$287.5 million, the issuance of shares of our common stock in connection with the exercise of the over-allotment option in the December 2019 follow-on public offering (described below), net of underwriting discounts, commissions and other offering expenses, of \$15.6 million, the \$30.0 million cash milestone payment from Mylan, and the proceeds from the exercise of stock options, common stock warrants and the purchase of shares of our common stock under the 2014 ESPP of \$5.5 million. These increases were primarily offset by cash used in other operating activities of \$146.1 million, payment of capped call transactions of \$28.9 million, payments of offering costs and convertible senior notes transaction costs of \$9.5 million, and payment of proceeds for the net settlement of restricted stock awards for employee taxes of \$6.0 million.

We derived the following summary of our condensed consolidated cash flows for the periods indicated from Part I, Item 1, “Financial Information —Condensed Consolidated Financial Statements (Unaudited)” in this Form 10-Q:

(in thousands)	Nine Months Ended September 30,	
	2020	2019
Net cash provided by (used in):		
Operating activities	\$ (116,188)	\$ (72,653)
Investing activities	\$ 20,822	\$ (48,511)
Financing activities	\$ 264,160	\$ 106,830

Cash Flows from Operating Activities

Our cash used in operating activities is primarily driven by costs associated with personnel, manufacturing and facilities, clinical development, and pre-commercial activities. The changes in net cash used in operating activities are primarily related to our net loss, working capital fluctuations and changes in our non-cash expenses, all of which are highly variable. Our cash flows from operating activities will continue to be affected principally by our working capital requirements and the extent to which we increase spending on personnel and research and development activities as our business grows.

For the nine months ended September 30, 2020, net cash used in operating activities was \$116.2 million, which was primarily due to approximately \$47 million in professional services and consulting; approximately \$45 million of investing in our personnel and talent retention; approximately \$31 million in clinical trials; \$15 million in rent, supplies and utilities; \$6.9 million in legal and other administrative expense, and interest paid of \$2.1 million; offset by a \$30.0 million payment received from Mylan in connection with the Mylan Collaboration, and a \$0.9 million milestone payment received from Fosun pursuant to the Fosun License Agreement.

For the nine months ended September 30, 2019, net cash used in operating activities was \$72.7 million, which was primarily due to clinical spend of approximately \$25 million to advance our clinical programs toward commercialization; \$33 million related to investing in our personnel and talent retention; professional services and consulting of approximately \$28 million; and rent, supplies and utilities of \$14 million; offset by the upfront payment, net of withholding tax, received under the Fosun License Agreement of \$27 million. The remaining balance of operating activities related primarily to other supplies.

Cash Flows from Investing Activities

For the nine months ended September 30, 2020 and 2019, net cash used in investing activities was primarily due to fluctuations in the timing purchases, sale and maturities of investments, purchases of property and equipment, and in 2020, the purchase of distribution rights and the net cash paid for HintMD Acquisition.

Cash Flows from Financing Activities

For the nine months ended September 30, 2020, net cash provided by financing activities was driven by proceeds from issuance of the 2027 Notes (as described below), proceeds from the issuance of shares of our common stock in connection with the exercise of the over-allotment option in the December 2019 follow-on public offering (described below), net of underwriting discounts, commissions and other offering expenses, , and proceeds from the exercise of stock options, common stock warrants, and the purchase of shares of our common stock under the 2014 ESPP. The inflows were offset by payment of capped call transactions, offering costs and convertible senior notes transaction costs, and net settlement of restricted stock awards for employee taxes. For the nine months ended September 30, 2019, net cash provided by financing activities was primarily driven by proceeds from the issuance of our common stock in connection with the January 2019 follow-on public offering (described below) and proceeds from the exercise of stock options and the purchase of shares of our common stock under the 2014 ESPP, offset by net settlement of restricted stock awards for employee taxes and payment of offering costs.

Follow-On Public Offering

During December 2019 and January 2020, we completed a follow-on public offering of an aggregate of 7,475,000 shares of common stock at \$17.00 per share, which included the exercise of the underwriters' over-allotment option to purchase 975,000 additional shares of common stock, for net proceeds of \$119.2 million, after underwriting discounts, commissions and other offering expenses, of which \$103.6 million was received in December 2019 and \$15.6 million was received in January 2020.

Convertible Senior Notes

On February 14, 2020, we issued \$287.5 million aggregate principle amount of the 2027 Notes, pursuant to the Indenture. The 2027 Notes are senior unsecured obligations and bear interest at a rate of 1.75% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020. The 2027 Notes will mature on February 15, 2027, unless earlier converted, redeemed or repurchased. In connection with issuing the 2027 Notes, we received \$278.3 million in net proceeds, after deducting the initial purchasers' discount, commissions, and other issuance costs.

The 2027 Notes may be converted by the holders at any time prior to the close of business on the business day immediately preceding November 15, 2026 only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ending on June 30, 2020 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price (as defined in the Indenture) per \$1,000 principal amount of the 2027 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call any or all of the 2027 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after November 15, 2026 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2027 Notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

The conversion rate will initially be 30.8804 shares of our common stock per \$1,000 principal amount of the 2027 Notes (equivalent to an initial conversion price of approximately \$32.38 per share of our common stock). The conversion rate is subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain

circumstances, increase the conversion rate for a holder who elects to convert its 2027 Notes in connection with such a corporate event or notice of redemption, as the case may be.

We may not redeem the 2027 Notes prior to February 20, 2024. We may redeem for cash all or any portion of the 2027 Notes, at our option, on or after February 20, 2024 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2027 Notes.

If we undergo a fundamental change (as defined in the Indenture), holders may require us to repurchase for cash all or any portion of their 2027 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

We used \$28.9 million of the net proceeds from the 2027 Notes to pay the cost of the capped call transactions. The capped call transactions are expected generally to reduce the potential dilutive effect upon conversion of the 2027 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2027 Notes, as the case may be, with such reduction and/or offset subject to a price cap of \$48.88 of our common stock per share, which represents a premium of 100% over the last reported sale price of our common stock on February 10, 2020. The capped calls have an initial strike price of \$32.38 per share, subject to certain adjustments, which corresponds to the conversion option strike price in the 2027 Notes. The capped call transactions cover, subject to anti-dilution adjustments, approximately 8.9 million shares of our common stock.

Common Stock and Common Stock Equivalents

As of October 30, 2020, outstanding shares of common stock were 66.5 million, outstanding stock options were 5.8 million, unvested restricted stock awards and performance stock awards were 3.6 million, shares expected to be purchased on December 31, 2020 under the 2014 ESPP were 47 thousand, and underlying shares from the 2027 Notes at the initial conversion price is 8.9 million.

Operating and Capital Expenditure Requirements

We have not achieved profitability on a quarterly or annual basis since our inception and we expect to continue to incur net loss for the foreseeable future. We expect to make additional capital outlays to increase operating expenditures over the next several years to support the completion of clinical trials and associated programs relating to DaxibotulinumtoxinA for Injection for various indications, our biosimilar candidate, and our investment in future innovations in the RHA® Collection of dermal fillers, the procurement of regulatory approval for DaxibotulinumtoxinA for Injection for various indications and our biosimilar candidate, preparation for and, if approved, commercialization for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines, the sale of Teoxane's RHA® Collection of dermal fillers in the U.S. in 2020 and the integration and operational strategies of HintMD. We have funded our operations primarily through the sale and issuance of common stock and, in February 2020, the 2027 Notes. We believe that our existing capital resources will be sufficient to fund our operations for at least the next 12 months following the filing of this Form 10-Q. However, we anticipate that we may need to raise substantial additional financing in the future to fund our operations. Our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional capital sooner than planned. In order to meet these additional cash requirements, we may seek to sell additional equity or debt, convertible debt or other securities that may result in dilution to our stockholders. If we raise additional funds through the issuance of debt or convertible debt securities, these securities could have rights senior to those of our common stock and could contain covenants that restrict our operations. There can be no assurance that we will be able to obtain additional equity or debt financing on terms acceptable to us, if at all. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring debt, making capital expenditures or declaring dividends. In addition, the continued spread of COVID-19 and uncertain market conditions may limit our ability to access capital. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations, and financial condition.

If adequate funds are not available to us on a timely basis, or at all, we may be required to terminate or delay clinical trials or other development activities for DaxibotulinumtoxinA for Injection, our biosimilar product candidate and DaxibotulinumtoxinA Topical, and any future product candidates, or delay our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates, if we obtain marketing approval. We may elect to raise additional funds even before we need them if the conditions for raising capital are favorable. Our future capital requirements depend on many factors, including:

- the results of our clinical trials for DaxibotulinumtoxinA for Injection and preclinical trials of DaxibotulinumtoxinA Topical, biosimilar or any future product candidates;
- the uncertain clinical development process, including the risk that clinical trials may not have an effective design or generate positive results, or that positive results would assure regulatory approval or commercial success of our product candidates;
- the timing of, and the costs involved in, obtaining regulatory approvals for DaxibotulinumtoxinA for Injection, or any future product candidates including DaxibotulinumtoxinA Topical or biosimilar;
- if approved for commercialization by the FDA, the commercial acceptance of DaxibotulinumtoxinA for Injection, including market size and anticipated adoption rates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the scope, progress, results and costs of researching and developing and conducting preclinical and clinical trials of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates;
- our plans to research, develop and commercialize the RHA® Collection of dermal fillers and our other product candidates, including the potential for commercialization by us of DaxibotulinumtoxinA for Injection, if approved;
- the cost of commercialization activities for the RHA® Collection of dermal fillers and, if approved for sale, DaxibotulinumtoxinA for Injection or any future product candidates including DaxibotulinumtoxinA Topical or biosimilar, including marketing, sales and distribution costs;
- the cost of manufacturing DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates and any products we successfully commercialize and maintaining our related facilities;
- our ability to successfully commercialize the RHA® Collection of dermal fillers and our other product candidates and the timing of commercialization activities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements, including the Mylan collaboration, and the terms of and timing such arrangements;
- whether we obtain the anticipated financial and other benefits of the Teoxane Agreement, including our ability to realize anticipated synergies and successfully commercialize the RHA® Collection of dermal fillers;
- the commercial acceptance and potential of the RHA® Collection of dermal fillers, including market size and anticipated adoption rates;
- physician and patient demand for the RHA® Collection of dermal fillers, or, if approved for commercialization, DaxibotulinumtoxinA for Injection and any future product candidates, which may be influenced by general consumer confidence, general economic and political conditions, including challenges affecting the global economy resulting from the COVID-19 pandemic, as our products are discretionary and subject to the ability of physicians to perform discretionary procedures and the demand by patients of discretionary procedures despite economic uncertainty;

- the degree and rate of market acceptance of any future approved products;
- the emergence, approval, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing products or treatments;
- our ability to establish our marketing, sales, and distribution functions if we receive regulatory approval for any of our product candidates;
- our ability to effectively and reliably manufacture supplies of DaxibotulinumtoxinA for Injection, biosimilar or any future product candidates and to develop, validate and maintain a commercially viable manufacturing processes, as well as our ability to acquire supplies of RHA® Collection of dermal fillers from Teoxane;
- our strategy of acquiring complementary businesses and our ability to successfully integrate acquired businesses and technologies, including the successful integration of HintMD;
- our ability to increase market acceptance and adoption of and generate subscription revenues from the HintMD payments platform;
- the potential impact on our operating margin from the HintMD Acquisition;
- the impact of acquisitions, including the HintMD Acquisition, on our future product offerings;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- any litigation, including litigation costs and the outcome of such litigation;
- the costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

Please read Part II, Item 1A. “[Risk Factors](#)” for additional risks associated with our substantial capital requirements.

Critical Accounting Policies and Estimates

For the nine months ended September 30, 2020, there have been no material changes in our critical accounting policies as compared to those disclosed in Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 26, 2020, except as described below and in Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 1](#)—The Company and Summary of Significant Accounting Policies.

Convertible Senior Notes

Refer to Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 11](#)—Convertible Senior Notes” for details of the convertible senior notes.

Business Combinations and Asset Acquisitions

Accounting for business combinations and asset acquisitions requires management to make significant estimates and assumptions as of acquisition date which are inherently uncertain. Assets we have recognized from such transactions include goodwill, development technology, in-process research and development, tradename, customer relationships, and distribution rights. Critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to, future

expected cash flows from product or service sales and acquired technologies, expected costs to develop in-process research and development into commercially viable products, estimated cash flows from the projects when completed, and discount rates. The discount rates used to discount expected future cash flows to present value are typically derived from a weighted-average cost of capital analysis and adjusted to reflect inherent risks. Unanticipated events and circumstances may occur that could affect either the accuracy or validity of such assumptions, estimates or actual results.

Goodwill Impairment

At the acquisition date, we measure goodwill as the excess of consideration transferred over the net of the acquisition-date fair value of the assets acquired, including in-process research and development asset, and liabilities assumed in a business combination. Goodwill impairment test is discussed in Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 1](#)—The Company and Summary of Significant Accounting Policies.

Contractual Obligations

Except as follows, there were no material changes outside of the ordinary course of business in our contractual obligations as of September 30, 2020, from those as of December 31, 2019 as reported in our Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 26, 2020.

Convertible Senior Notes

On February 14, 2020, we issued the 2027 Notes with an aggregate principal balance of \$287.5 million, pursuant to the Indenture. The 2027 Notes are senior unsecured obligations and bear interest at a rate of 1.75% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2020. The 2027 Notes will mature on February 15, 2027, unless earlier converted, redeemed or repurchased earlier. The 2027 Notes are convertible into cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. In connection with issuing the 2027 Notes, we received \$278.3 million in net proceeds, after deducting the initial purchasers’ discount, commissions, and other issuance costs. We may not redeem the 2027 Notes prior to February 20, 2024, and no sinking fund is provided for the 2027 Notes. Refer to Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 11](#)—Convertible Senior Notes” for details of the convertible senior notes.

Teoxane Agreement

In January 2020, we entered into the Teoxane Agreement. Pursuant to the Teoxane Agreement, if Teoxane pursues regulatory approval for the RHA® Collection of dermal fillers for certain new indications or filler technologies, including innovations with respect to existing products in the U.S., we will be subject to certain specified cost-sharing arrangements for third party expenses incurred in achieving regulatory approval for such products. We are required to meet certain minimum purchase obligations during each year of the term and are required to meet certain minimum expenditure requirements in connection with commercialization efforts unless prevented by certain conditions such as manufacturing delays. Refer to Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 5](#)—Filler Distribution Agreement” for details of the Teoxane Agreement.

Operating Lease Obligations

As of September 30, 2020, we have a non-cancelable operating lease for office space that has not yet commenced and the total undiscounted lease payments are \$6.3 million. The operating lease will commence in the fourth quarter of 2020 with lease term ending in 2027. Refer to Part I, Item 1. “Condensed Consolidated Financial Statements (Unaudited)—Notes to Condensed Consolidated Financial Statements (Unaudited) —[Note 10](#)—Leases for our operating lease obligations.

Recent Accounting Pronouncements

Refer to “Recent Accounting Pronouncements” in Part I, Item 1, “Financial Information—Notes to Condensed Consolidated Financial Statements (Unaudited)—[Note 1](#)—The Company and Summary of Significant Accounting Policies” in this Form 10-Q.

Off-Balance Sheet Arrangements

As of September 30, 2020, we did not have any off-balance sheet arrangements or any relationships with any entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes. For the nine months ended September 30, 2020, our exposure to market risk has not changed materially since that disclosed in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term “disclosure controls and procedures” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a 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’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

On July 23, 2020, we completed the acquisition of HintMD and have implemented new processes and internal controls to assist us in the preparation and disclosure of financial information. Given the materiality and complexity of HintMD’s systems and business processes, we intend to exclude the acquired HintMD business from our assessment and report on internal control over financial reporting for the year ending December 31, 2020.

Other than as discussed above, for the three months ended September 30, 2020, there were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations. We are not currently involved in any material legal proceedings. We may, however, be involved in material legal proceedings in the future. Such matters are subject to uncertainty and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as all other information included in this Form 10-Q, including our condensed consolidated financial statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before you decide to purchase shares of our common stock. If any of the following risks actually occurs, our business, prospects, financial condition and operating results could be materially harmed. As a result, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and stock price.

Summary of Risk Factors

We may be unable for many reasons, including those that are beyond our control, to implement our business strategy successfully. Some of these risks are:

- Our success as a company is substantially dependent on the clinical and commercial success of our product candidate DaxibotulinumtoxinA for Injection and the Teoxane Resilient Hyaluronic Acid® (RHA®) dermal fillers. Our ability to finance our business and generate revenue, as well as our longer-term prospects, depends on the successful development, regulatory approval and commercialization of these product candidates, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates. If we experience delays or are unable to successfully complete the development or regulatory approval process or commercialize our product candidates, we may not be able to generate sufficient revenue to continue our business.
- We may be unable to obtain regulatory approval for DaxibotulinumtoxinA for Injection, Daxibotulinumtoxin A Topical product candidates, biosimilar product candidates or future product candidates in a timely manner or at all. The PDUFA target action date for the approval of the BLA for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines is November 25, 2020, but the PDUFA action date may be delayed, which would delay commercialization. Additionally, reports of adverse events or safety concerns involving the RHA® Collection of dermal fillers could delay or prevent Teoxane from maintaining regulatory approval or obtaining additional regulatory approval for the RHA® Collection of dermal fillers. The denial or delay of any such approval would delay commercialization and could have a material adverse effect on our ability to generate revenue, business prospects, and results of operations.
- The current COVID-19 pandemic has and may continue to adversely affect our financial condition and our business as well as those of third parties on which we rely for significant manufacturing, clinical or other business operations. The COVID-19 pandemic has adversely affected the economy and disposable income levels, which could reduce consumer spending and lower demand for our products.
- We have no experience manufacturing any product candidate at full commercial scale. If we are unable to expand our manufacturing facilities in compliance with regulatory requirements or to hire additional necessary manufacturing personnel, we may encounter delays or additional costs in achieving our research, development and commercialization objectives.
- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

- If we do not effectively manage our expanded operations in connection with our recent acquisition of HintMD, or if we are not able to achieve market acceptance of the HintMD payments platform, then we may not achieve the anticipated benefits or recoup the substantial expense incurred in connection with the acquisition and our business, operating results and financial condition would be adversely affected.
- Even if our product candidates receive regulatory approval, they may fail to achieve the broad degree of physician adoption and use necessary for commercial success and our operating results and financial condition will be adversely affected.
- Our product candidates, if approved, will face significant competition, including from companies that enjoy significant competitive advantages, such as substantially greater financial, research and development, manufacturing, personnel and marketing resources, greater brand recognition and more experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities. Our failure to effectively compete may prevent us from achieving significant market penetration and expansion. If our competitors develop and market products that are safer, more effective or more convenient or less expensive than DaxibotulinumtoxinA for Injection or the RHA® Collection of dermal fillers, our commercial opportunity could be reduced or eliminated.
- We currently have limited marketing and sales capabilities for the commercialization of our product candidates. If we are unable to maintain and expand sales and marketing capabilities on our own or through third parties, we will be unable to successfully commercialize DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any other future product candidates, if approved, or generate product revenue.
- We use third-party collaborators, including Mylan and Fosun, to help us develop, validate, manufacture and commercialize product candidates. Our ability to commercialize such product candidates could be impaired or delayed if these collaborations are unsuccessful.
- Changes in and failures to comply with U.S. and foreign privacy and data protection laws, regulations and standards may adversely affect our business, operations and financial performance.
- We have incurred significant losses since our inception and we anticipate that these losses will increase as we continue our development of, seek regulatory approval for and begin to commercialize DaxibotulinumtoxinA for Injection and continue to commercialize the RHA® Collection of dermal fillers. Our prior losses, combined with expected future losses, may adversely affect the market price of our common stock and our ability to raise capital and continue operations.
- We will require substantial additional financing to achieve our goals, and a failure to obtain the necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development, commercialization and sales efforts, and other operations.
- Servicing our debt, including the 2027 Notes, requires a significant amount of cash to pay our substantial debt. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive.
- If our efforts to protect our intellectual property related to DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers, any future product candidates, including DaxibotulinumtoxinA Topical and biosimilar, or the HintMD payments platform are not adequate, we may not be able to compete effectively. Additionally, we may become involved in lawsuits to protect or enforce our patents or other intellectual property or the patents of our licensors, which could be expensive and time-consuming.
- If product liability lawsuits are brought against us and we cannot successfully defend ourselves, we may incur substantial liabilities or be required to limit commercialization of our products. Even a successful defense would require significant financial and management resources.

We have marked with an asterisk () those risks described below that reflect substantive changes from, or additions to, the risks described in our Annual Report on Form 10-K for the year ended December 31, 2019.*

Risks Related to Our Business and Strategy

We are substantially dependent on the clinical and commercial success of our product candidate DaxibotulinumtoxinA for Injection.*

To date, we have invested substantial efforts and financial resources in the research and development of botulinum toxin-based product candidates. Our success as a company is substantially dependent on the clinical and commercial success of DaxibotulinumtoxinA for Injection.

We completed Phase 3 clinical development for DaxibotulinumtoxinA for Injection in North America for the treatment of glabellar lines. From 2016 to 2018, we conducted and announced results relating to multiple pivotal and safety trials in our SAKURA Phase 3 program. The SAKURA 1 and SAKURA 2 trials were designed to evaluate the safety and efficacy of a single administration of DaxibotulinumtoxinA for Injection for the treatment of moderate-to-severe glabellar lines in adults. In addition to the two pivotal trials, the Phase 3 program includes a long-term open-label safety trial (SAKURA 3), which is designed to evaluate the long-term safety and duration of DaxibotulinumtoxinA for Injection for the treatment of moderate to severe glabellar lines in adults following both single and repeat treatment administration. SAKURA 3 was designed to support a safety database adequate for both domestic and international marketing applications. We submitted our BLA to the U.S. FDA for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines in November 2019. In February 2020, the FDA accepted the BLA filing. If the BLA is approved on or by the PDUFA target action date of November 25, 2020, we plan to initiate commercialization activities for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines before the end of 2020. If the BLA is approved on or by the target action date, we plan to initiate commercialization activities for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines before the end of 2020. However, the FDA has not scheduled a manufacturing site inspection related to the company's BLA for DaxibotulinumtoxinA for Injection in the treatment of moderate to severe glabellar (frown) lines. The FDA has indicated that an inspection of the Newark, California manufacturing site will be required prior to the BLA approval. We continue to work proactively with the FDA to secure an inspection at the earliest possible time. Currently, however, the FDA is still subject to restrictions on travel related to the COVID-19 pandemic, therefore there may be delays. A delay in obtaining FDA approval of the BLA for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines, which could adversely impact our results of operations and financial condition.

In June 2020, we released topline results for the Phase 2 clinical study of DaxibotulinumtoxinA for Injection for forehead lines and the Phase 2 study enrollment of DaxibotulinumtoxinA for Injection for lateral canthal lines (crow's feet). In December 2019, we initiated an additional study of upper facial lines, which includes glabellar (frown), lateral canthal (crow's feet), and forehead lines combined. This trial is being conducted to understand the safety and efficacy of DaxibotulinumtoxinA for Injection, including potential dosing and injection patterns for covering upper facial lines. We completed enrollment in the upper facial lines trial in the first quarter of 2020, and all subjects have been dosed. We expect to receive topline results for the upper facial lines trial in December 2020.

In 2015, we initiated a Phase 2 dose-escalating, open-label clinical study of DaxibotulinumtoxinA for Injection for the treatment of cervical dystonia. The Phase 2 study evaluated the safety, preliminary efficacy, and duration of effect of DaxibotulinumtoxinA for Injection in subjects with moderate to severe isolated cervical dystonia. Based on the Phase 2 safety and efficacy results and subsequent guidance from the FDA and EMA, in June 2018 we announced the initiation of patient dosing in our ASPEN Phase 3 clinical program. The ASPEN Phase 3 clinical program consists of two trials to evaluate the safety and efficacy of DaxibotulinumtoxinA for Injection for the treatment of cervical dystonia in adults including: a randomized, double-blind, placebo-controlled, parallel group trial and an open-label, long-term safety trial. In October 2019, we completed the ASPEN Phase 3 pivotal trial enrollment. In October 2020, we announced positive topline results from ASPEN-1 Phase 3 randomized, double-blind, placebo-controlled, parallel group clinical trial. This pivotal study enrolled a total of 301 subjects at 60 sites in the U.S., Canada and Europe. Subjects were randomized 3:3:1 to receive a single treatment of either 125 Units or 250 Units of DaxibotulinumtoxinA for Injection, or placebo and were followed for up to 36 weeks. The drug was generally safe and well-tolerated at both doses. The study met its primary efficacy endpoint at both doses, demonstrating a clinically meaningful improvement in the signs and symptoms of cervical dystonia at the average of Weeks 4 and 6. Compared to placebo, subjects treated with either 125 Units or 250 Units showed a statistically significant greater change from baseline as measured on the Toronto Western Spasmodic Torticollis Rating Scale (TWSTRS) Total Score. Median duration of effect was 24.0 and 20.3 weeks for the 125 Unit and 250 Unit dose groups, respectively, based on the median time to loss of 80% of the peak treatment effect. We completed the enrollment for ASPEN-OLS Phase 3 open-label, long-term safety trial with a total of 354 subjects and expect to release topline results in 2021.

In 2016, we also initiated a Phase 2 prospective, randomized, double-blinded, placebo-controlled trial of DaxibotulinumtoxinA for Injection in the therapeutic indication of plantar fasciitis. This study evaluated the safety and efficacy of a single administration of DaxibotulinumtoxinA for Injection in reducing the signs and symptoms of plantar fasciitis. The study's primary efficacy endpoint is the improvement in the American Orthopedic Foot and Ankle Score. In January 2018, we announced interim 8-week results from this study. We completed the 16-week trial which showed a 58% reduction of pain from baseline along with a strong placebo response, with the difference between the treatment groups not being statistically significant. In December 2018, we initiated a Phase 2 prospective, randomized, double-blind, multi-center, placebo-controlled study to evaluate the safety and efficacy of two doses of DaxibotulinumtoxinA for Injection in reducing the signs and symptoms of plantar fasciitis, a painful affliction caused by inflammation of the ligament running along the bottom of the foot (the plantar fascia). We released topline results in November 2020. The study's primary efficacy endpoint was the change from baseline on the 10-point Numeric Pain Rating Scale (NPRS) score averaged over five days at Week 8. In the trial, both doses of DaxibotulinumtoxinA for Injection resulted in significant measurable pain relief after treatment that was numerically greater than placebo. However, neither dose met the primary efficacy endpoint of statistically significant improvement from baseline in the NPRS for foot pain at Week 8, compared to placebo. Subjects treated with DaxibotulinumtoxinA for Injection showed an average reduction from baseline of 3.29 on the NPRS (a 54.6% reduction) at 80U ($p=0.2135$ vs. placebo) and 3.25 on the NPRS (a 50.1% reduction) at 120U ($p=0.2205$ vs. placebo, $p=0.9207$ vs. 80U), compared to placebo subjects at 2.75 on the NPRS (a 45.1% reduction). DaxibotulinumtoxinA for Injection was found to be safe and well-tolerated at both doses through Week 24. There were no serious treatment-related adverse events and no dose dependent increase in adverse events was observed. Treatment-related adverse events were generally transient and mild to moderate in severity.

In April 2018, we announced two new clinical programs for DaxibotulinumtoxinA for Injection, including adult upper limb spasticity and migraine. We initiated the JUNIPER Phase 2 study in adult upper limb spasticity in the fourth quarter of 2018. Enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during time of required social distancing related to the COVID-19 pandemic. In June 2020, we announced the decision to end screening and complete enrollment in the study in the JUNIPER Phase 2 adult upper limb spasticity trial. We plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects enrolled.

In 2021, we may initiate a study with DaxibotulinumtoxinA for Injection for the treatment of migraine.

Our near-term prospects, including our ability to finance our business and generate revenue, will depend heavily on the successful development, regulatory approval and commercialization of DaxibotulinumtoxinA for Injection. Our longer-term prospects will depend on the successful development, regulatory approval and commercialization of DaxibotulinumtoxinA for Injection, as well as DaxibotulinumtoxinA Topical, biosimilar or any future product candidates. The preclinical, clinical and commercial success of our product candidates will depend on a number of factors, including the following:

- disruptions to our manufacturing operations, supply chain, end user demand for our products, commercialization efforts, business operations, clinical trials and other aspects of our business resulting from the COVID-19 pandemic, including a delay in the FDA's approval of the BLA;
- timely completion of, or need to conduct additional, clinical trials, including our clinical trials for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar and any future product candidates, which may be significantly slower or cost more than we currently anticipate and will depend substantially upon the number and design of such trials and the accurate and satisfactory performance of third-party contractors;
- our ability to demonstrate the effectiveness and differentiation of our products on a consistent basis as compared to existing or future therapies;
- our ability to demonstrate to the satisfaction of the FDA or other similar foreign regulatory agencies, the safety and efficacy of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates through clinical trials;
- whether we are required by the FDA or other similar foreign regulatory agencies to conduct additional clinical trials to support the approval of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates;

- our success in educating physicians and patients about the benefits, administration and use of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, if approved;
- the prevalence and severity of adverse events experienced with our product candidates or future approved products;
- the timely receipt of necessary marketing approvals from the FDA and similar foreign regulatory authorities;
- the ability to raise additional capital on acceptable terms and in the time frames necessary to achieve our goals;
- achieving and maintaining compliance with all regulatory requirements applicable to DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates or approved products;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative treatments;
- the effectiveness of our own or our current and any future potential strategic collaborators' marketing, sales and distribution strategy and operations;
- our ability to effectively and reliably manufacture clinical trial supplies of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates and to develop, validate and maintain a commercially viable manufacturing process that is compliant with current good manufacturing practices ("cGMP");
- our ability to successfully commercialize DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, if approved for marketing and sale, whether alone or in collaboration with others;
- our ability to enforce our intellectual property rights in and to DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates;
- our ability to avoid third-party patent interference or intellectual property infringement claims;
- acceptance of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, if approved, as safe and effective by patients and the medical community;
- the willingness of third-party payors to reimburse physicians or patients for DaxibotulinumtoxinA for Injection and any future products we may commercialize for therapeutic indications;
- the willingness of patients to pay out of pocket for DaxibotulinumtoxinA for Injection and any future products we may commercialize for aesthetic indications; and
- the continued acceptable safety profile of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates following approval.

If we do not achieve one or more of these factors, many of which are beyond our control, in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates. Accordingly, we cannot assure you that we will be able to generate sufficient revenue through the sale of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidate to continue our business.

We are substantially dependent on the clinical and commercial success of the Teoxane Resilient Hyaluronic Acid® (RHA®) dermal fillers.*

In January 2020, we entered into the Teoxane Agreement with Teoxane, pursuant to which Teoxane granted us with the exclusive right to import, market, promote, sell and distribute Teoxane's line of RHA® dermal fillers in exchange for 2,500,000 shares of our common stock and certain other commitments by us. The Teoxane Agreement includes rights to (i) RHA® 2, RHA® 3 and RHA® 4 which have been approved by the FDA for the correction of moderate to severe dynamic facial wrinkles and folds, including RHA® 2, RHA® 3 and RHA® 4 in the currently approved indications, (ii) RHA® 1, which is currently in clinical trials for the treatment of perioral rhytids and is anticipated to be approved by the FDA in 2021, and (iii) future hyaluronic acid filler advancements and products by Teoxane in the U.S. and U.S. territories and possessions.

Our success as a company is substantially dependent on our ability to successfully commercialize the RHA® Collection of dermal fillers, which will depend on many factors including, but not limited to, our ability to:

- develop and execute our sales and marketing strategies for the RHA® Collection of dermal fillers;
- develop, maintain and manage the necessary sales, marketing and other capabilities and infrastructure that are required to successfully integrate and commercialize the RHA® Collection of dermal fillers, including in connection with our marketing and sale of DaxibotulinumtoxinA for Injection;
- achieve, maintain and grow market acceptance of, and demand for, the RHA® Collection of dermal fillers;
- establish or demonstrate in the medical community the safety and efficacy of the RHA® Collection of dermal fillers and their potential advantages over and side effects compared to existing dermal fillers and products currently in clinical development;
- the relative price of the RHA® Collection of dermal fillers as compared to alternative options, and our ability to achieve a suitable profit margin on our sales of the RHA® Collection of dermal fillers;
- collaborate with Teoxane to obtain necessary approvals from the FDA and similar regulatory authorities for the RHA® Collection of dermal fillers;
- adapt to additional changes to the label for the RHA® Collection of dermal fillers, that could place restrictions on how we market and sell the RHA® Collection of dermal fillers, including as a result of adverse events observed in these or other studies;
- obtain adequate and timely supply of the RHA® Collection of dermal fillers under the Teoxane Agreement, which has in the past and may in the future be adversely affected by factors relating to the COVID-19 pandemic;
- comply with the terms of the Teoxane Agreement, including our obligations with respect to purchase quantities and marketing efforts;
- comply with applicable legal and regulatory requirements, including medical device compliance as the RHA® Collection of dermal fillers are Class III Premarket Approval ("PMA") devices under the Food, Drug and Cosmetic Act, as amended (the "FDCA");
- register as the initial importer of the RHA® Collection of dermal fillers with FDA and obtain necessary state prescription medical device distribution permits and hire and operationalize complaint and medical device vigilance services in support of the RHA® Collection of dermal fillers; and
- establish agreements with third party logistics providers to distribute the RHA® Collection of dermal fillers to customers.

If we do not achieve one or more of these factors, many of which are beyond our control, in a timely manner or at all, we may not be able to successfully commercialize the RHA® dermal fillers, which may materially impact the success of our business. For example, as a result of the COVID-19 pandemic, product supply of RHA® dermal fillers was delayed by

Teoxane, as they temporarily suspended production in Geneva, Switzerland. Teoxane resumed manufacturing operations at the end of April 2020 and delivered the first shipment of RHA® Collection of dermal fillers to us in June 2020. As a result of production delay, the initial product launch of the RHA® 2, 3 and 4 dermal fillers was delayed by one quarter to September 2020. Additional delays in the product supply of the RHA® dermal fillers may have an adverse effect on our commercialization strategy.

If we fail to comply with the terms of the Teoxane Agreement, including by failing to meet certain obligations in connection with purchase and marketing of RHA® Collection of dermal fillers, Teoxane may terminate the Teoxane Agreement, and we would have no further rights to distribute the RHA® Collection of dermal fillers. In addition, the lack of, or limited, complementary products to be offered by sales personnel in marketing the RHA® Collection of dermal fillers may put us at a competitive disadvantage relative to companies with more extensive product lines. Accordingly, we cannot assure you that we will be able to generate sufficient revenue through the sale of the RHA® Collection of dermal fillers to continue our business.

The regulatory approval process is highly uncertain and we or any collaboration partner may not obtain regulatory approval for the commercialization of DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates.*

The research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of drug and biologic products are subject to extensive regulation by the FDA and other regulatory authorities in the U.S. and other countries, which regulations differ from country to country. Neither we nor any collaboration partner are permitted to market DaxibotulinumtoxinA for Injection or any future product candidates in the U.S. until we receive approval of a BLA from the FDA. Even though filed with the FDA, our BLA may receive a Complete Response Letter identifying deficiencies that must be addressed, rather than an approval. Obtaining regulatory approval of a BLA can be a lengthy, expensive and uncertain process. Similarly, Teoxane must do the same with its PMAs to the FDA for the RHA® Collection of dermal fillers.

In addition, failure to comply with FDA and other applicable U.S. and foreign regulatory requirements may subject us to administrative or judicially imposed sanctions or other actions, including:

- warning letters;
- civil and criminal penalties;
- injunctions;
- withdrawal of approved products;
- product seizure or detention;
- product recalls;
- total or partial suspension of production; and
- refusal to approve pending BLAs or supplements to approved BLAs.

Prior to obtaining approval to commercialize a product candidate in the U.S. or abroad, we or our collaborators must demonstrate with substantial evidence from well controlled clinical trials, and to the satisfaction of the FDA or other foreign regulatory agencies, that such product candidates are safe and effective for their intended uses. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we believe the preclinical and clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. Administering product candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the FDA or other regulatory authorities denying approval of a product candidate for any or all targeted indications.

Regulatory approval of a BLA or BLA supplement is not guaranteed, and the approval process is expensive and may take several years. The FDA also has substantial discretion in the approval process. Despite the time and expense expended, failure can occur at any stage, and we could encounter problems that cause us to abandon or repeat clinical trials, or perform

additional preclinical studies and clinical trials. The number of preclinical studies and clinical trials that will be required for FDA approval varies depending on the product candidate, the disease or the condition that the product candidate is designed to address and the regulations applicable to any particular product candidate. The FDA can delay, limit or deny approval of a product candidate for many reasons, including the following:

- a product candidate may not be deemed safe, effective, or of required quality;
- FDA officials may not find the data from preclinical studies and clinical trials sufficient;
- the FDA might not approve our third-party manufacturers' processes or facilities; or
- the FDA may change its approval policies or adopt new regulations.

If DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates fail to demonstrate safety and efficacy in clinical trials or do not gain approval, our business and results of operations will be materially and adversely harmed.

The COVID-19 pandemic has affected the business of the FDA and may affect the business of the European Medicines Agency ("EMA") or other health authorities. In March 2020, the FDA announced the postponement of most foreign inspections due to the global impact of COVID-19 and, in July 2020, only restarted domestic inspections on a risk-based basis. If a prolonged government shutdown or other disruption to the normal functioning of government agencies occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business or prospects. For instance, interruption or delays in the operations of the FDA or other applicable local or foreign regulatory agencies caused by the COVID-19 pandemic may cause delays in meetings related to planned or completed clinical trials and may affect the review and approval timelines for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates, including the PDUFA target action date for DaxibotulinumtoxinA for Injection in the treatment of glabellar lines. In addition, the COVID-19 pandemic has generally diverted healthcare resources away from the conduct of clinical trials and may cause delays or difficulties in clinical site initiation and site inspection, including difficulties in recruiting clinical site investigators and clinical site staff. Further, delays in the operations of the FDA or other applicable local or foreign regulatory agencies may result in delays or difficulties in obtaining required inspections of the facilities where we or third parties with whom we contract manufacture any of our product candidates, or the raw materials used in the manufacture of our product candidates, which may affect the approval timeline for our product candidates, including DaxibotulinumtoxinA for Injection in the treatment of glabellar lines. For instance, before approving the BLA, the FDA will inspect the facilities at which we plan to manufacture DaxibotulinumtoxinA for Injection, and the FDA will not approve the BLA unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications.

The RHA® Collection of dermal fillers are Class III medical devices that require PMA approval before they may be commercialized in the U.S. Although Teoxane has received PMA approval for RHA® 2, RHA® 3 and RHA® 4 dermal fillers, we and Teoxane will be subject to ongoing and pervasive regulatory requirements governing, among other things, the manufacture, marketing, advertising, medical device reporting, sale, promotion, registration, and listing of these devices. For example, periodic reports must be submitted to the FDA as a condition of PMA approval. These reports include safety and effectiveness information about the device after its approval. Failure to submit such reports, or failure to submit the reports in a timely manner, could result in enforcement action by the FDA. Following its review of the periodic reports, the FDA might ask for additional information or initiate further investigation. Any failure to comply with the conditions of approval could result in the withdrawal of PMA approval and the inability to continue to market the device. The medical device regulations to which we are subject are complex and have become more stringent over time, and we have no history of operating as a distributor of Class III medical devices. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, state or foreign regulatory authorities, including recalls, Dear Doctor letters and negative publicity which would negatively affect our business, financial condition and results of operations.

Revanche may fail to realize the benefits expected from the HintMD Acquisition or those benefits may take longer to realize than expected. *

On July 23, 2020, we completed the HintMD Acquisition. The anticipated benefits we expect from the HintMD Acquisition are based necessarily on projections and assumptions about our combined businesses with HintMD, which may not materialize as expected or which may prove to be inaccurate. In addition, we may not realize the anticipated benefits within the anticipated time frame if the integration process takes longer than expected or is costlier than expected. Achieving the benefits of the HintMD Acquisition will depend, in part, on our ability to integrate the business, operations and products of HintMD successfully and efficiently with our business. The challenges involved in the integration, which will be complex and time-consuming, include the following:

- failure of our due diligence process to identify significant issues with the acquired technology, security, product architecture and legal compliance, among other matters;
- difficulties entering new markets and integrating new technologies in which we have no or limited direct prior experience;
- our ability to comply with new and complex regulatory regimes applicable to HintMD's business;
- retaining and managing existing relationships with HintMD's customer base;
- developing new product features for HintMD's subscription management and payments platform and coordinating sales and marketing efforts to effectively position the HintMD platforms and obtain expected benefits of the HintMD Acquisition;
- the increased scale and complexity of our operations resulting from the HintMD Acquisition;
- retaining our key employees and key employees of HintMD; and
- minimizing the diversion of management's attention from other important business objectives.

If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business of the size and complexity of HintMD, then we may not achieve the anticipated benefits of the HintMD Acquisition and our revenue, expenses, operating results and financial condition could be materially adversely affected.

Our future results could suffer if we do not effectively manage our expanded operations resulting from the HintMD Acquisition or future acquisitions. *

The HintMD Acquisition has increased the size and scope of operations of our business beyond the previous size and scope of operations of either our or HintMD's previous businesses. In addition, we may continue to expand our size and operations through additional acquisitions or other strategic transactions. Our future success depends, in part, upon our ability to manage our expanded business, which may pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that we will be successful or that it will realize the expected synergies and other benefits currently anticipated from the HintMD Acquisition or anticipated from any additional acquisitions or strategic transactions that we may undertake in the future.

We expect to incur substantial additional expenses related to the HintMD Acquisition.*

We have incurred substantial transaction expenses in order to complete the HintMD Acquisition and expect to incur substantial additional expenses in connection with combining our business, operations, networks, systems, technologies, policies and procedures with those of HintMD. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, combination expenses associated with the HintMD Acquisition could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses.

The HintMD payments platform has been installed in limited pilot accounts. If we are not able to roll out the HintMD payments platform on a national basis, increase adoption and use of the HintMD payments platform and maintain and enhance the HintMD brand, then our business, operating results and financial condition may be adversely affected.*

Customers of the HintMD payments platform consist of plastic surgeons and dermatologists, which we refers to as “physician customers”. In order to increase revenue from the HintMD payments platform, we need to expand the HintMD customer base significantly and physician customers and their patients must continue to utilize the HintMD payments platform. If the HintMD payments platform is not widely adopted then our expectations for revenue growth from the platform will not be achieved. HintMD launched its first point-of-sale system that allowed aesthetic practices to streamline checkout in 2019 and released its integrated payments platform in February 2020. We made a full public commercial launch of the HintMD platform in September 2020. There is no assurance that we will be successful in increasing the use of the HintMD payments platform.

We believe that maintaining and enhancing the HintMD reputation as a differentiated payments processing platform serving the medical aesthetic industry is critical to our relationship with existing HintMD customers and to our ability to attract new customers. The successful promotion of HintMD’s brand attributes will depend on a number of factors, including our ability to target and have the HintMD payments platform adopted by premier accounts, to build loyalty programs with physician customers, to continue to develop high-quality software, to successfully differentiate the HintMD payments platform from competitive products and services, and to achieve success in sales and marketing efforts. Allergan’s decision to terminate its alliance with HintMD through Allergan’s Brilliant Distinctions® program may adversely impact the adoption of the HintMD platform by new physician customers. However, we believe that the open nature of the HintMD payments platform and ability to work with physicians to develop their own subscription or loyalty programs that are not focused on specific manufacturers will enable us to attract new customers.

The promotion of the HintMD platform will require us to make substantial expenditures, and we anticipate that the expenditures will increase as we seek to expand the HintMD payments platform. To the extent that these activities generate increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance the HintMD offering, our business may not grow, and we may have reduced pricing power relative to future competitors, and we could lose customers or fail to attract potential new customers, all of which would adversely affect our business, results of operations and financial condition.

If we fail to increase market acceptance of the HintMD payments platform, enhance and adapt the HintMD payments platform to changing market dynamics and user preferences, or keep pace with technological developments, our business, results of operations, financial condition and growth prospects may be adversely affected.*

Our ability to attract new physician customers to the HintMD payments platform and increase revenue from existing accounts depends in part on our ability to enhance and improve the existing payments platform and to introduce new and innovative features, products and services, including features, products and services designed for an interactive user environment. Future demand for the HintMD payments platform will be affected by a number of factors, many of which are beyond our control, such as the entry of competitors to the market, the timing of development and release of new products, features and functionality by its competitors, technological change, changes in user preferences and growth or contraction in the addressable market.

To grow the HintMD payments platform business, we must develop features, products and services that reflect the changing nature of payments processing software and expand beyond its current functionality to other areas of managing relationships with users of its payments platform. The success of any enhancements to the HintMD payments platform depends on several factors, including timely completion, adequate quality testing and sufficient user demand for such enhancements. The payments platform and any enhancements need to maintain an acceptable user interface for physician customers and their patients. Any new feature, product or service that we develop may not be introduced in a timely or cost-effective manner, may contain defects and/or may not achieve the market acceptance necessary to generate sufficient revenue. If we are unable to successfully develop new and innovative features, products or services that meet the needs, demands and expectations of users of the HintMD payments platform and are easy to use and deploy, or are otherwise unable to enhance the existing HintMD payments platform to meet user requirements, our ability to achieve widespread market acceptance of the HintMD payments platform will be undermined, and our business, results of operations, financial condition and growth prospects will be adversely affected.

We need to continually modify and enhance the HintMD payments platform to keep pace with changes in updated hardware, software, communications and database technologies and standards. If we are unable to respond in a timely and cost-effective manner to rapid technological developments and changes in standards, the HintMD payments platform may become less marketable, less competitive, or obsolete, and our operating results will be harmed. If new technologies emerge that deliver competitive products and applications at lower prices, more efficiently, more conveniently or more securely, such

technologies could adversely impact our ability to compete. The HintMD payments platform must also integrate with a variety of network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance the HintMD payments platform products and services to adapt to changes and innovation in these technologies. Any failure of the HintMD payments platform to operate effectively with future infrastructure platforms and technologies could reduce the demand for the HintMD payments platform. If we are unable to respond to these changes in a cost-effective manner, the HintMD payments platform may become less marketable, less competitive or obsolete, and our operating results may be adversely affected.

A significant part of the value of the HintMD payments platform is in creating loyalty programs between physicians and their patients and if we are unable to create a strong connection between the two, adoption of the HintMD platform will be limited and physicians may not want to pay for subscriptions to the platform.*

The value in the HintMD technology is in creating loyalty between physicians and their patients through repeated aesthetic treatments. We aspire to enable physicians to provide more treatments for their patients and increase the number of aesthetics procedures performed generally through the use of the HintMD payments platform. Through rewards programs, patients could take advantage of discounts and incentives to have additional aesthetic treatments performed at lower prices. The HintMD payments platform could automatically recommend additional treatment ideas based on similarly situated patients. We expect regularly scheduled visits and reminders to result in more frequent treatments. Aesthetic treatment packages, which combine different types of treatments or facilitate payment upfront for multiple treatments, may help to build greater loyalty between physicians and their customers. However, if physicians and their customers do not find the HintMD payments platform useful then physicians may not subscribe to it, and our ability to generate meaningful revenue through the HintMD payments platform will be adversely affected as a result.

Success of the HintMD payments platform depends substantially on its ability to generate subscription fees from a large number of physician practices on a consistent basis and in a cost-effective manner and on customers continuing to use and expanding their patients use of the HintMD payments platform. If our physician customers discontinue use of the HintMD payments platform, or their patients do not expand their use of the HintMD payments platform, it could harm our future operating results. *

The vast majority of subscription revenue from the HintMD payments platform is derived from subscriptions with monthly payment terms. In order to maintain or improve operating results of the HintMD payments platform, it is important that physician customers continue to use and expand the use of the HintMD payments platform by their patients, which will result in additional subscription revenue from the HintMD payments platform. Use of the HintMD payments platform may decline or fluctuate as a result of a number of factors, including user satisfaction with the platform or the user interface, accessibility of the HintMD payments platform, customer support, prices, the prices of competing software systems, system uptime, network performance, data breaches, patient volume and the strength of physician customers' practices. Additionally, factors affecting the volume of aesthetic procedures generally, such as the COVID-19 outbreak, have a direct impact on the use of the HintMD payments platform. If physician customers do not continue to use and expand the use of the HintMD payments platform by their patients, revenue derived from the HintMD payments platform may decline and we may not realize improved operating results from the HintMD payments platform.

In addition, even if the addressable market of the HintMD payments platform grows as expected, the success of the HintMD payments platform depends on our ability to sell subscriptions to a large number of new small and medium-sized physician practices on a consistent basis, with each sale constituting only a small portion of the overall revenue derived from the HintMD payments platform. Our field sales team relies on its ability to interface with current and prospective physician customers, which has been, and which we expect will continue to be, affected by the COVID-19 pandemic. Additionally, in order to achieve this type of user growth and expansion in a cost-effective manner, it is crucial that the HintMD payments platform is easy to use and implement and remains accessible to customers and their patients through sales channels without the need for excessive post-sale user support. If we are unable to sell a large volume of new subscriptions on a consistent basis, if we are forced to incur excessive costs to provide post-sale user support, or if we are unable to maintain, upgrade, or expand offerings to our existing customers or their patients, our business, results of operations, financial condition and growth prospects will be adversely affected.

Substantial and increasingly intense competition in the payment processing industry may harm our business. Further, we are dependent on payment card networks and third-party payment processors, and any changes to their fee structures could harm our business.*

HintMD operates in a highly competitive marketplace, which impacts the pricing HintMD may charge our customers for the processing of credit cards. There can be significant downward pricing pressure in order to remain competitive in the marketplace. Our competitors may be able to offer similar or lower rates to our customers alongside a more comprehensive set of financial services products that allows them to offset a reduction in processing margins.

Additionally, our costs associated with the processing of credit cards are not directly under our control. Our expenses related to the processing of credit cards include interchange fees, assessment fees, and other related costs payable to a third-party payment processor. From time to time, these fees have increased and may continue to do so in the future. An increase in the fee structure may adversely affect our margins and result in harm to our financial results.

The current COVID-19 pandemic, as well as other actual or threatened epidemics, pandemics, outbreaks, or public health crises, may adversely affect our financial condition and our business.*

Our business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent COVID-19 pandemic. The risk of a continued pandemic, or public perception of the risk, could cause customers to continue to cancel or defer aesthetic and elective procedures, avoid public places, including hospitals and physician offices, and has caused temporary, and may continue to cause long-term, disruptions in our supply chain, manufacturing and/or delays in the delivery of our inventory. Further, such risks could also adversely affect our customers' financial condition, resulting in reduced spending for the aesthetic products. An epidemic, pandemic, outbreak, or public health crisis could interfere with enrollment and our ability to complete ongoing clinical trials on schedule or at all. For example, in March 2020 we paused enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial due to challenges in subject assessments during time of required social distancing related to the COVID-19 pandemic. Any delays in our clinical trials and other complications caused by an epidemic, pandemic, outbreak or public health crisis could delay the regulatory approval needed to commercialize our products. Moreover, an epidemic, pandemic, outbreak or other public health crisis, could require or cause employees to avoid our properties, which could adversely affect our ability to adequately staff and manage our businesses. For instance, "shelter-in-place" or other such orders by governmental entities in response to the COVID-19 pandemic have disrupted our operations, as employees who cannot perform their responsibilities from home are not able to report to work and as we have had to put in place a work from home policy. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19 pandemic, could also continue to lead to the complete or partial closure of one or more of our facilities, operations of our sourcing partners or customers of the HintMD payments platform. The ultimate extent of the impact of COVID-19 pandemic or any other epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity and duration of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19 pandemic, could therefore materially and adversely affect our business, financial condition and results of operations.

Our business has been and could continue to be adversely affected by the effects of health epidemics, including the recent COVID-19 pandemic, in regions where we or third parties on which we rely have significant manufacturing facilities, concentrations of clinical trial sites or other business operations. The COVID-19 pandemic has materially affected and may continue to materially affect our operations, including at our headquarters in the San Francisco Bay Area, which is currently subject to a shelter-in-place order, and at our clinical trial sites, as well as the business or operations of our manufacturers, CROs or other third parties with whom we conduct business.*

Our business has been, and could continue to be adversely affected by health epidemics in regions where we or third parties on which we rely have significant manufacturing facilities, concentrations of clinical trial sites or other business operations.

As a result of the COVID-19 pandemic, we have had to limit operations or implement limitations, including a work from home policy. Although we believe we have successfully integrated the work from home policy into the culture of our business, certain departments like clinical and manufacturing, are dependent on working on-site. The effective operation of these departments is critical to the completion of our clinical programs and, if the employees in these departments are subject to work from policies now or in the future, our business may be adversely impacted. In addition, our increased reliance on personnel working from home may negatively impact productivity and employee morale, which may harm our business. In addition, this could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations or delay necessary interactions with

local and federal regulators, manufacturing sites, research or clinical trial sites, other important agencies and contractors, HintMD physician customers and other third parties with whom we do business.

Port closures and other restrictions resulting from the COVID-19 pandemic have and may continue to disrupt our supply chain or limit our ability to obtain sufficient materials for our drug products. For example, product supply of RHA® dermal fillers was delayed by Teoxane as they temporarily suspended production in Geneva, Switzerland as a precaution surrounding the COVID-19 pandemic. Teoxane resumed manufacturing operations at the end of April 2020 and delivered the first shipment of the RHA® dermal fillers to us in June 2020. As a result, the initial product launch of the RHA® 2, 3 and 4 dermal fillers was delayed by one quarter to September 2020. Additional delays in the product supply of the RHA® dermal fillers may have an adverse effect on our commercialization strategy.

In addition, our clinical trials have been affected by the COVID-19 pandemic. Site initiation and patient enrollment may be delayed due to prioritization of hospital resources toward the COVID-19 pandemic. For example, enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during a time of required social distancing related to the COVID-19 pandemic. In June 2020, we announced the decision to end screening and complete enrollment in the study in the JUNIPER Phase 2 adult upper limb spasticity trial. We plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects enrolled. The COVID-19 pandemic may delay enrollment in our future global clinical trials, and some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services.

Further, the HintMD payments platform has experienced a reduction in revenue as patients have canceled or deferred aesthetic and elective procedures generally or otherwise avoided visiting their physicians or medical facilities resulting in reduced patient volumes. Our physician customers and their patients are the users of the HintMD payments platform, and many of physician customers have temporarily closed their offices and are not performing any procedures or are focusing on only essential procedures while deferring or cancelling non-essential procedures, which has a direct impact on our ability to generate meaningful revenue from the HintMD payments platform. The spread of COVID-19 has also impacted our sales professionals' ability to travel and medical facilities and physician offices have limited access for non-patients, including our sales professionals, which has had a negative impact on our access to physician customers of the HintMD payments platform.

The ultimate impact of the COVID-19 pandemic continues to be highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, healthcare systems or the global economy as a whole. However, these effects could have a material impact on our operations, and we will continue to monitor the COVID-19 pandemic situation closely.

Our business is affected by worldwide economic and market conditions; an unstable economy, a decline in consumer-spending levels and other adverse developments, including inflation, could adversely affect our business, results of operations and liquidity.*

Many economic and other factors are outside of our control, including general economic and market conditions, consumer and commercial credit availability, inflation, unemployment, consumer debt levels and other challenges affecting the global economy including the recent COVID-19 pandemic. Increases in the rates of unemployment, reduced access to credit and issues related to the domestic and international political situations may adversely affect consumer confidence and disposable income levels. Decreases in the number of physicians and physician offices or financial hardships for physicians may also adversely affect distribution channels of our products. The COVID-19 pandemic has resulted in an economic recession characterized by business closures and limited social interaction as well as higher levels of unemployment and reductions in working hours. Lower consumer confidence and disposable incomes could lead to reduced consumer spending and lower demand for our products. Elective aesthetic procedures are discretionary and less of a priority for those patients that have lost their jobs, are furloughed, have reduced work hours or have to allocate their cash to other priorities. Individuals are conserving cash and using their cash for mortgage or rent payments, and to pay for food, clothing, utilities and other essential items. Even after the COVID-19 pandemic has subsided, we may continue to experience negative impacts to our business and financial results due to the continued perceived risk of infection or concern of a resurgence of the COVID-19 outbreak as well as COVID-19's global economic impact, including decreases in consumer discretionary spending and any economic slowdown or recession that has occurred or may occur in the future. These factors could have a negative impact on our potential sales and operating results.

Reports of adverse events or safety concerns involving the RHA® Collection of dermal fillers could delay or prevent Teoxane from maintaining regulatory approval or obtaining additional regulatory approval for, or could negatively impact our sales of, the RHA® Collection of dermal fillers.

Reports of adverse events or safety concerns involving the RHA® Collection of dermal fillers could result in the FDA or other regulatory authorities withdrawing approval of the RHA® Collection of dermal fillers for any or all indications that have approval, including the use of the RHA® Collection of dermal fillers for specified aesthetic indications. We cannot assure you that patients receiving the RHA® Collection of dermal fillers will not experience serious adverse events in the future that require submission of medical device reports to the FDA. Adverse events may also negatively impact demand for the RHA® Collection of dermal fillers, which could result in reduced sales. Teoxane may also be required to further update package inserts and patient information brochures of the RHA® Collection of dermal fillers based on reports of adverse events or safety concerns, which could adversely affect acceptance of the RHA® Collection of dermal fillers in the market, make competition easier or make it more difficult or expensive for us to commercialize the RHA® Collection of dermal fillers.

The Teoxane Agreement requires us to make specified annual minimum purchases of RHA® Collection of dermal fillers and to meet specified expenditure levels in connection with our marketing of RHA® Collection of dermal fillers in furtherance of the commercialization of the RHA® Collection of dermal fillers, regardless of whether our commercialization efforts are successful. Such expenditure requirements may adversely affect our cash flow and our ability to operate our business and our prospects for future growth, or may result in the termination of the Teoxane Agreement.

The Teoxane Agreement requires us to make specified annual minimum purchases of RHA® Collection of dermal fillers, and to meet an annual minimum expenditure on marketing and other areas related to the commercialization of the RHA® Collection of dermal fillers, regardless of whether our commercialization efforts are successful. If we fail to meet the annual minimum purchase amount or the annual minimum marketing spending requirements specified in the Teoxane Agreement, Teoxane has the right to terminate the Teoxane Agreement.

If our commercialization efforts of the RHA® Collection of dermal fillers are unsuccessful, there can be no assurance that we will have sufficient cash flow to comply with such minimum purchase and expenditure requirements. Our obligation to Teoxane to meet such requirements could:

- make it more difficult for us to satisfy obligations with respect to our indebtedness, including the 2027 Notes, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an event of default under the agreements governing such indebtedness;
- require us to dedicate a substantial portion of available cash flow to meet the minimum expenditure requirements, which will reduce the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- limit flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- limit our ability to engage in strategic transactions or implement our business strategies;
- limit our ability to borrow additional funds; and
- place us at a disadvantage compared to our competitors.

Any of the factors listed above could materially and adversely affect our business and our results of operations.

We may be unable to obtain regulatory approval for DaxibotulinumtoxinA for Injection, Daxibotulinumtoxin A Topical product candidates, biosimilar product candidates or future product candidates, and Teoxane may be unable to do the same for RHA® 1 and future hyaluronic acid filler advancements, under applicable regulatory requirements. The denial or delay of any such approval, including as a result of the COVID-19 pandemic, would delay commercialization and have a material adverse effect on our potential to generate revenue, our business prospects, and our results of operations.*

To gain approval to market a biologic product, such as DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical or biosimilar, we must provide the FDA and applicable foreign regulatory authorities with data that adequately demonstrate the safety, efficacy and quality of the product for the intended indication applied for in the BLA, or other respective marketing applications. Teoxane must do the same with its PMAs to the FDA for the RHA® Collection of dermal fillers. The development of such products is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical trials. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in clinical trials, including in Phase 3 development, even after promising results in earlier preclinical studies or clinical trials. These setbacks have been caused by, among other things, findings made while clinical trials were underway, safety or efficacy observations, including previously unreported adverse events; and the need to conduct further supportive or unanticipated studies, even after initiating Phase 3 trials. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful or that additional supportive studies will not be required, and the results of clinical trials by other parties may not be indicative of the results in trials we may conduct.

For example, we completed DaxibotulinumtoxinA Topical clinical trials for the treatment of “crow’s feet and primary axillary hyperhidrosis but discontinued further clinical development in 2016 following the results from our REALISE 1 Phase 3 clinical trial for crow’s feet. In 2016, we also initiated a Phase 2 trial of DaxibotulinumtoxinA for Injection for the treatment of plantar fasciitis. In January 2018, we announced interim 8-week results from this study and subsequently completed the 16-week trial, which showed a strong placebo response, with the difference between the treatment groups not being statistically significant.

Additionally, the completion of our clinical trials may be delayed as a result of the COVID-19 pandemic. For example, enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during time of required social distancing related to the COVID-19 pandemic. In June 2020, we announced the decision to end screening and complete enrollment in the study in the JUNIPER Phase 2 adult upper limb spasticity trial and we plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects enrolled.

Our business currently depends substantially on the successful development, regulatory approval and commercialization of our product candidates.

Currently, the only products for which we have the rights to commercialize and that have been approved for sale by the applicable regulatory authorities are RHA® 2, RHA® 3, and RHA® 4. Product supply of RHA® Collection of dermal fillers was delayed by distribution partner, Teoxane SA, as they temporarily suspended production in Geneva, Switzerland as a precaution surrounding the COVID-19 pandemic. Teoxane resumed manufacturing operations at the end of April 2020 and delivered the first shipment of the RHA® Collection of dermal fillers to us in June 2020. As a result, the initial product launch of the RHA® 2, 3 and 4 dermal fillers was delayed by one quarter to September 2020. Additional delays in the product supply of the RHA® Collection of dermal fillers may have an adverse effect on our commercialization strategy.

We may never obtain regulatory approval to commercialize DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, or future rights to commercialize RHA® 1 or any hyaluronic acid filler products developed pursuant to the Teoxane Agreement. The research, testing, manufacturing, labeling, approval, sale, marketing and distribution of drug, biologic and medical device products are subject to extensive regulation by the FDA and other regulatory authorities in the U.S. and other countries, and such regulations differ from country to country. We are not permitted to market our biologic product candidates, including DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar product candidate, any hyaluronic acid filler products, such as RHA® 1 or future advancements developed by Teoxane, or future product candidates, in the U.S. until we receive approval of a BLA from the FDA. We are also not permitted to market the RHA® Collection of dermal fillers for additional indications for use unless and until Teoxane receives approval of a PMA supplement for such new indication for use. We are also not permitted to market our product candidates in any foreign countries until we receive the requisite approval from the regulatory authorities of such countries.

The FDA or any foreign regulatory body can delay, limit or deny approval of our product candidates for many reasons, including:

- our inability to demonstrate to the satisfaction of the FDA or an applicable foreign regulatory body that DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates are safe and effective for the requested indication;
- Teoxane's inability to satisfy FDA approval requirements with respect to the RHA® Collection of dermal fillers or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement;
- our inability to demonstrate proof of concept of DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or other products in future, new indications;
- the FDA's or an applicable foreign regulatory agency's disagreement with the trial protocol or the interpretation of data from preclinical studies or clinical trials;
- our inability to demonstrate that clinical and other benefits of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement, or any future product candidates outweigh any safety or other perceived risks;
- the FDA's or an applicable foreign regulatory agency's requirement for additional preclinical or clinical studies;
- the FDA's or an applicable foreign regulatory agency's non-approval of the formulation, labeling or the specifications of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates;
- the FDA's or an applicable foreign regulatory agency's failure to approve our manufacturing processes or facilities, or the manufacturing processes or facilities of third-party manufacturers with which we contract; or
- the potential for approval policies or regulations of the FDA or an applicable foreign regulatory agency to significantly change in a manner rendering our clinical data insufficient for approval.

Further, interruption or delays in the operations of the FDA or other applicable local or foreign regulatory agencies caused by the COVID-19 pandemic may affect the review and approval timelines for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates, including the PDUFA target action date for DaxibotulinumtoxinA for Injection in the treatment of glabellar lines.

Our business currently depends substantially on the successful development, regulatory approval and commercialization of our product candidates. Of the large number of drugs, including biologics, and medical devices in development, only a small percentage successfully complete the FDA or other regulatory approval processes and are commercialized.

Even if we eventually complete clinical testing and receive approval of any regulatory filing for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates, the FDA or an applicable foreign regulatory agency may grant approval contingent on the performance of costly additional post-approval clinical trials. The FDA or the applicable foreign regulatory agency also may approve DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement, or any future product candidates for a more limited indication or a narrower patient population than we originally requested, and the FDA or applicable foreign regulatory agency may not approve the labeling that we believe is necessary or desirable for the successful commercialization of our product candidates.

Any delay in obtaining, or inability to obtain, applicable regulatory approval for any of our product candidates, and DaxibotulinumtoxinA for Injection in particular, would delay or prevent commercialization of DaxibotulinumtoxinA for Injection and would materially adversely impact our business, results of operations and prospects.

All of the RHA® Collection of dermal fillers and any of our approved products and product candidates in the future will be subject to ongoing FDA and foreign regulatory obligations and continued regulatory review.

We and any third-party contract development and manufacturers or suppliers are required to comply with applicable cGMP regulations and other international regulatory requirements. The regulations require that our product candidates be manufactured and records maintained in a prescribed manner with respect to manufacturing, testing and quality control/quality assurance activities. Manufacturers and suppliers of materials must be named in a BLA submitted to the FDA for any product candidate for which we are seeking FDA approval. The RHA® Collection of dermal fillers are subject to the FDA's Quality Systems Regulation ("QSR"), for medical devices. Additionally, third party manufacturers and suppliers and any manufacturing facility must undergo a pre-approval inspection before we can obtain marketing authorization for any of our product candidates. Even after a manufacturer has been qualified by the FDA, the manufacturer must continue to expend time, money and effort in the area of production and quality control to ensure full compliance with cGMP and QSR, as applicable. Manufacturers are subject to regular, periodic inspections by the FDA following initial approval. Further, to the extent that we contract with third parties for the manufacture of our products (for example, Teoxane, with respect to the RHA® Collection of dermal fillers), our ability to control third-party compliance with FDA requirements will be limited to contractual remedies and rights of inspection.

If, as a result of the FDA's inspections, it determines that the equipment, facilities, laboratories or processes do not comply with applicable FDA regulations and conditions of product approval, the FDA may not approve the product or may suspend the manufacturing operations. If the manufacturing operations of any of the suppliers for our product candidates are suspended, we may be unable to generate sufficient quantities of commercial or clinical supplies of product to meet market demand, which would harm our business. In addition, if delivery of material from our suppliers were interrupted for any reason, we might be unable to ship our approved product for commercial supply or to supply our products in development for clinical trials. Significant and costly delays can occur if the qualification of a new supplier is required.

Failure to comply with regulatory requirements could prevent or delay marketing approval or require the expenditure of money or other resources to correct. Failure to comply with applicable requirements may also result in warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, refusal of the government to renew marketing applications and criminal prosecution, any of which could be harmful to our ability to generate revenues and our stock price. As such, any failure of Teoxane to maintain compliance with the applicable regulations and standards for RHA® Collection of dermal fillers could increase our costs, cause us to lose revenue, prevent the import and/or export of the RHA® Collection of dermal fillers, cause the RHA® Collection of dermal fillers to be recalled or withdrawn and prevent us from successfully commercializing the RHA® Collection of dermal fillers.

Any regulatory approvals that we receive for our product candidates are likely to contain requirements for post-marketing follow-up studies, which may be costly. Product approvals, once granted, may be modified based on data from subsequent studies or commercial use. As a result, limitations on labeling indications or marketing claims, or withdrawal from the market may be required if problems occur after approval and commercialization.

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

Since our inception, most of our resources have been dedicated to the research and preclinical and clinical development of our botulinum toxin product candidates, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical or biosimilar. Our clinical programs for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical or biosimilar will require substantial additional funds to complete. In connection with the Teoxane Agreement, we must make specified annual minimum purchases of RHA® Collection of dermal fillers and build our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services in order to successfully commercialize the RHA® Collection of dermal fillers. We have incurred substantial transaction expenses in order to complete the HintMD Acquisition and expect to incur substantial additional expenses in connection with combining our business, operations, networks, systems, technologies, policies and procedures with those of HintMD. Further, to grow the HintMD payments platform business, we must develop features, products and services that reflect the changing nature of payments processing software and continually modify and enhance the HintMD payments platform to keep pace with changes in updated hardware, software, communications and database technologies and standards

We had an accumulated deficit of \$1.05 billion and a working capital surplus of \$386.5 million as of September 30, 2020. Our net loss was \$81.3 million and \$41.4 million, and \$203.8 million and \$114.1 million for the three and nine months ended September 30, 2020 and 2019, respectively.

We have funded our operations primarily through the sale and issuance of common stock and the 2027 Notes. As of September 30, 2020, we had capital resources consisting of cash, cash equivalents and short-term investments of \$435.8 million. We believe that we will continue to expend substantial resources for the foreseeable future for (i) the commercialization of the RHA® Collection of dermal fillers (including the continued build-out of our sales and marketing functions) (ii) the clinical development of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical or biosimilar and development of any other indications and product candidates that we may choose to pursue and (iii) to integrate HintMD with our business and to grow the HintMD payments platform business. These expenditures will include costs associated with research and development, conducting preclinical studies and clinical trials, manufacturing and supply, marketing and selling the RHA® Collection of dermal fillers and any other products approved for sale, marketing and selling the HintMD payments platform, and developing new features, products and services for the HintMD payments platform. In addition, other unanticipated costs may arise resulting from implementation of remote working arrangements for our employees. Because the outcome of any clinical trial is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully commercialize the RHA® Collection of dermal fillers and complete the development and commercialization of DaxibotulinumtoxinA for Injection and any future product candidates. In addition, we have formed strategic collaborations, licensing and similar arrangements with third parties, such as the Teoxane Agreement, the Mylan Collaboration and Fosun License Agreement, that we believe can complement or augment our product offerings, and may continue to do so in the foreseeable future.

We believe that our existing cash, cash equivalents, and short-term investments will allow us to fund our operations for at least 12 months following the filing of this Form 10-Q. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional capital sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current or future operating plans.

Our future capital requirements depend on many factors, including:

- disruptions to our manufacturing operations, supply chain, end user demand for our products, commercialization efforts, business operations, clinical trials and other aspects of our business, including a delay in the FDA's approval of the BLA, including as a result of the COVID-19 pandemic;
- disruptions to the business or operations of our manufacturers, CROs, physician customers or other third parties with whom we conduct business resulting from the COVID-19 pandemic;
- future global financial crises and economic downturns, including those caused by widespread public health crises such as the COVID-19 pandemic;

- our ability to successfully commercialize the RHA® Collection of dermal fillers;
- our ability to establish and maintain our marketing, sales, and distribution functions;
- the results of our clinical trials for DaxibotulinumtoxinA for Injection and preclinical studies and clinical trials of DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates;
- the timing of, and the costs involved in, obtaining regulatory approvals for DaxibotulinumtoxinA for Injection, or any future product candidates including DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the scope, progress, results and costs of researching and developing and conducting preclinical and clinical trials of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates;
- the cost of commercialization activities if DaxibotulinumtoxinA for Injection or any future product candidates, including DaxibotulinumtoxinA Topical, biosimilar or any hyaluronic acid filler products developed pursuant to the Teoxane Agreement, are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement, or any future product candidates and any products we successfully commercialize and maintaining our related facilities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements including the Mylan Collaboration, Fosun Licensing Agreement, and the terms of and timing such arrangements;
- the degree and rate of market acceptance of any future approved products;
- the emergence, approval, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing products or treatments;
- our ability to increase market acceptance and adoption of and to generate subscription revenues from the HintMD payments platform;
- the integration costs associated with the HintMD Acquisition;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- any litigation, including litigation costs and the outcome of such litigation;
- the costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

Additional capital may not be available when needed, 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, limit, reduce or terminate preclinical studies, clinical trials, research, development, manufacturing, sales, marketing or other commercial activities for the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidate.

If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted and the terms of any new equity securities may have a preference over our common stock. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt or making capital expenditures or specified financial ratios, any of which could restrict our ability to commercialize our product candidates or operate as a business.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or refinance our indebtedness, including the 2027 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control, including global macroeconomic effects of the COVID-19 pandemic. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may not have the ability to raise the funds necessary to settle conversions of the 2027 Notes in cash or to repurchase the 2027 Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the 2027 Notes.

Holders of the 2027 Notes will have the right to require us to repurchase all or a portion of their 2027 Notes upon the occurrence of a fundamental change (as defined in the indenture for the 2027 Notes) at a fundamental change repurchase price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the 2027 Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2027 Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2027 Notes surrendered therefor or notes being converted. In addition, our ability to repurchase the 2027 Notes or to pay cash upon conversions of the 2027 Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase the 2027 Notes at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the 2027 Notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2027 Notes or make cash payments upon conversions thereof.

The conditional conversion feature of the 2027 Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2027 Notes is triggered, holders of 2027 Notes will be entitled to convert the 2027 Notes at any time during specified periods at their option. If one or more holders elect to convert their 2027 Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2027 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2027 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the 2027 Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the 2027 Notes may dilute the ownership interests of our stockholders. Upon conversion of the 2027 Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2027 Notes may encourage short selling by market participants because the conversion of the 2027 Notes could be used to satisfy short positions, or anticipated conversion of the 2027 Notes into shares of our common stock could depress the price of our common stock.

If our competitors develop and market products that are safer, more effective, more convenient or less expensive than DaxibotulinumtoxinA for Injection or the RHA® Collection of dermal fillers, our commercial opportunity could be reduced or eliminated.

Our commercial opportunity with respect to DaxibotulinumtoxinA for Injection or the RHA® Collection of dermal fillers will be reduced or eliminated if our competitors develop and market dermal filler products that are more effective, have fewer side effects, are more convenient or are less expensive than DaxibotulinumtoxinA for Injection or the RHA® Collection of dermal fillers. Our competitors include large, fully-integrated pharmaceutical companies and more established biotechnology and medical device companies, including companies offering injectable dose forms of botulinum toxin procedures and companies offering procedures such as laser treatments, face lifts, chemical peels, fat injections and cold therapy, all of which have significant resources and expertise in research and development, manufacturing, testing, obtaining regulatory approvals and marketing. It is possible that competitors will succeed in developing technologies that are safer, more effective, more convenient or with a lower cost of goods and price than those used in DaxibotulinumtoxinA for Injection or the RHA® Collection of dermal fillers and in our product candidates or being developed by us, or that would render our technology obsolete or noncompetitive.

Our product candidates, if approved, will face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration and expansion.

We expect to enter highly competitive pharmaceutical and medical device markets. Successful competitors in the pharmaceutical and medical device markets have the ability to effectively discover therapies, obtain patents, develop, test and obtain regulatory approvals for products, and have the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers and medical staff. Numerous companies are engaged in the developing, patenting, manufacturing and marketing healthcare products which we expect will compete with those that we are developing. Many of these competitors are large, experienced companies that enjoy significant competitive advantages, such as substantially greater financial, research and development, manufacturing, personnel and marketing resources, greater brand recognition and more experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities.

Upon marketing approval, the first expected use of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, or biosimilar will be in aesthetic medicine. Competition in aesthetic products is significant and dynamic, and is characterized by rapid and substantial technological development and product innovations. Numerous competitors have obtained patents protecting what they consider to be their intellectual property.

In aesthetic medicine, our BLA seeks regulatory approval of DaxibotulinumtoxinA for Injection for the treatment of glabellar lines. We anticipate that DaxibotulinumtoxinA for Injection, if approved, will face significant competition from existing injectable botulinum toxins as well as unapproved and off-label treatments. Further, if approved, in the future we may face competition for DaxibotulinumtoxinA for Injection from biosimilar products and products based upon botulinum toxin. To compete successfully, we will have to demonstrate that the treatment of glabellar lines with DaxibotulinumtoxinA for Injection is a worthwhile aesthetic treatment and has advantages over other therapies. Competition could result in reduced profit margins and limited sales, which would harm our business, financial condition and results of operations.

Due to less stringent regulatory requirements, there are many more aesthetic products and procedures available for use in a number of foreign countries than are approved for use in the U.S. There are also fewer limitations on the claims that

our competitors in certain countries can make about the effectiveness of their products and the manner in which they can market them.

The market for payments processing software is competitive, and if we do not compete effectively, our operating results could be harmed.*

HintMD had a first mover advantage with respect to payments processing software in the medical aesthetics industry but there are relatively low barriers to entry. We may face competition in the future from in-house developed software systems, other software companies, and traditional paper-based payment methods. Our future competitors may vary in size and in the breadth and scope of the products and services they offer, and they could dedicate substantial resources to develop competing payments platforms. In addition, there are a number of companies that are not currently focused on the aesthetics industry but that could in the future shift their focus and offer competing products and services. Some of these companies, such as Square, Inc., have greater financial and other resources than we do and could bundle competing products and services with their other offerings or offer such products and services at lower prices. Industry partners, such as manufacturers of aesthetic products, may have internal development efforts to compete with the HintMD payments platform or could engage third-parties or dedicate additional resources to develop a competing payments platform. For example, prior to the HintMD Acquisition, HintMD historically had an exclusive relationship with Allergan integrating Allergan's loyalty program with the HintMD payments platform. Allergan terminated the alliance agreement and related partnership in July 2020. Allergan may develop its own loyalty program software for aesthetic practices or partner with another payments platform following the termination of the HintMD partnership. Allergan and other potential competitors have greater name recognition, established marketing relationships, access to larger customer bases and pre-existing relationships with customers, consultants and system integrators. Certain of HintMD's potential competitors have acquired or been acquired by, and may in the future partner with or acquire, or be acquired by, other competitors to offer services, leveraging their collective competitive positions, which makes, or would make, it more difficult to compete with them. Moreover, we may also face competition from other patient-facing solutions, such as aesthetic booking services for patients, or other patient apps or websites, particularly as we grow the brand and awareness of the HintMD payments platform.

Potential competitors of the HintMD payments platform may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or user requirements. With the introduction of new technologies and potential new market entrants, as well as the evolution of the HintMD payments platform, we expect additional competition to arise in the future. Pricing pressures and increased competition generally could result in reduced sales, reduced margins, increased churn, reduced customer retention, further losses or the failure of the HintMD payments platform to achieve or maintain more widespread market acceptance, any of which could harm its business. For all of these reasons, we may fail to compete successfully against future competitors in the market for payments processing software, and if such failure occurs, its business will be harmed.

We currently make our DaxibotulinumtoxinA for Injection clinical drug product exclusively in one internal manufacturing facility. We plan to utilize internal and external facilities, including through one or more third-party contractors, in the future to support commercial production if our product candidates are approved. If these or any future facility or our equipment were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business would be materially harmed.

We currently manufacture our own clinical drug product to support DaxibotulinumtoxinA for Injection development in one internal manufacturing facility. In March 2017, we entered into a Technology Transfer, Validation and Commercial Fill/Finish Services Agreement (the “Aji Services Agreement”) with Ajinomoto Althea, Inc. dba Ajinomoto Bio-Pharma Services (“Aji”), a contract development and manufacturing organization. Under the Aji Services Agreement, Aji will provide us commercial fill/finish services and will serve as a second source of manufacturing for DaxibotulinumtoxinA for Injection. We plan to utilize our internal and external Aji facility to support commercial production of DaxibotulinumtoxinA for Injection, if approved. If these or any future facility were to be damaged, destroyed or otherwise unable to operate, whether due to earthquakes, fire, floods, hurricanes, storms, tornadoes, other natural disasters, employee malfeasance, terrorist acts, power outages, actual or threatened epidemics, pandemics, outbreaks, or public health crises, or otherwise, or if performance of such manufacturing facilities is disrupted for any other reason, such an event could delay our clinical trials or, if our product candidates are approved, jeopardize our ability to manufacture our products as promptly as our customers expect or possibly at all. As the ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change, we do not yet know the full extent of potential delays or impacts on our manufacturing operations or on Aji’s ability to provide commercial fill/finish services and serve as a second source of manufacturing for DaxibotulinumtoxinA for Injection. If we experience delays in achieving our development objectives, or if we are unable to manufacture an approved product within a timeframe that meets our customers’ expectations, our business, prospects, financial results and reputation could be materially harmed.

We recognize revenue in accordance with complex accounting standards and changes in the interpretation or application of generally accepted accounting principles may materially affect our financial statements.

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued an accounting standard for revenue recognition, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (“ASC 606”). Further, in April 2016, the FASB amended ASC 606 to provide additional guidance on revenue recognition as it pertains to licenses of intellectual property. We adopted ASC 606 and its related amendments on January 1, 2018.

The nature of our business requires the application of complex revenue recognition rules. Significant judgment is required in the interpretation and application of complex accounting guidance such as ASC 606. Our judgments and assumptions are based on the facts and circumstances of the underlying revenue transactions. The SEC, the FASB and various other regulatory or accounting bodies may issue new positions, interpretive views or updated accounting standards on the treatment of complex accounting matters such as revenue recognition that may materially affect our financial statements.

Impairment in the carrying value of long-lived assets could negatively affect our operating results.

There were no indicators of impairment for the quarters ended September 30, 2020 and 2019. Under U.S. GAAP, long-lived assets, such as our fill/finish line, are required to be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. If business conditions or other factors indicate that the carrying value of the asset may not be recoverable, we may be required to record additional non-cash impairment charges. Additionally, if the carrying value of our capital equipment exceeds current fair value as determined based on the discounted future cash flows of the related product, the capital equipment would be considered impaired and would be reduced to fair value by a non-cash charge to earnings, which could negatively affect our operating results. Events and conditions that could result in impairment in the value of our long-lived assets include adverse clinical trial results, changes in operating plans, unfavorable changes in competitive landscape, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability. We will evaluate the recoverability and fair value of our long-lived assets, including those related to other components of the fill/finish line, each reporting period to determine the extent to which further non-cash charges to earnings are appropriate. Additional impairment in the value of our long-lived assets may materially and negatively impact our operating results.

The HintMD Acquisition may result in significant charges or other liabilities that could adversely affect our financial results.*

Our financial results may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with our integration of the business and operations of HintMD. The amount and timing of these possible charges are not yet known. Further, our failure to identify or accurately assess the magnitude of certain liabilities or necessary technology investments we are assuming as a result of the HintMD Acquisition could result in unexpected litigation or regulatory exposure, unfavorable accounting charges, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on our business, operating results or financial condition.

We have incurred significant losses since our inception and we anticipate that we will continue to incur losses for the foreseeable future. In January 2020, we entered into the Teoxane Agreement pursuant to which we obtained the right to import, market, promote, sell and distribute the RHA® Collection of dermal fillers in the U.S., its territories and possessions. We have only had limited commercial sales of the RHA® Collection of dermal fillers, and aside from our rights to the RHA® Collection of dermal fillers, we only have one product candidate in clinical trials, which makes it difficult to assess our future viability.*

Biotechnology product development is a highly speculative undertaking and involves a substantial degree of risk. We are not profitable and have incurred losses in each year since we commenced operations in 2002. In addition, we have limited experience and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biotechnology industry. We have only made limited sales of the RHA® Collection of dermal fillers since the initial product launch in September 2020 and have not demonstrated the ability to successfully commercialize the RHA® Collection of dermal fillers over the long-term. To date, we have not obtained any regulatory approvals for any of our product candidates or generated any revenue from product sales relating to DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical or biosimilar. We continue to incur significant research and development and other expenses related to our ongoing clinical trials and operations, and expect to incur substantial expenses in building out our sales, marketing and distribution function as we pursue commercialization of DaxibotulinumtoxinA for Injection, if approved, and the RHA® Collection of dermal fillers. In addition, prior to the HintMD Acquisition, HintMD incurred a net loss in each year since its inception. We may have difficulties entering the payments industry and integrating new technologies in which we have no direct prior experience. We expect to incur significant expense integrating HintMD with our business and growing the HintMD payments platform.

As of September 30, 2020, we had a working capital surplus of \$386.5 million and an accumulated deficit of \$1.05 billion. Our net loss was \$81.3 million and \$41.4 million, and \$203.8 million and \$114.1 million for the three and nine months ended September 30, 2020 and 2019, respectively. We have funded our operations primarily through the sale and issuance of common stock and the 2027 Notes. Our capital requirements to implement our business strategy are substantial, including our capital requirements to commercialize the RHA® Collection of dermal fillers and to develop and commercialize DaxibotulinumtoxinA for Injection. We believe that our currently available capital is sufficient to fund our operations through at least the next 12 months following the filing of this Form 10-Q.

We expect to continue to incur losses for the foreseeable future, and we anticipate that these losses will increase as we continue our development of, seek regulatory approval for and begin to commercialize DaxibotulinumtoxinA for Injection, and continue to commercialize the RHA® Collection of dermal fillers.. Our ability to achieve revenue and profitability is dependent on our ability to complete the development of our product candidates, obtain necessary regulatory approvals and manufacture, market and commercialize our products successfully, and increase market acceptance and adoption of and generate subscription revenues from the HintMD payments platform. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our prior losses, combined with expected future losses, may adversely affect the market price of our common stock and our ability to raise capital and continue operations.

Even if DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement, or any future product candidates obtain regulatory approval, they may never achieve market acceptance or commercial success.

Even if we obtain FDA or other regulatory approvals, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates may not achieve market acceptance among physicians and patients, and may not be commercially successful, which could harm our financial results and future prospects.

The degree and rate of market acceptance of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates for which we receive approval depends on a number of factors, including:

- the safety and efficacy and duration of the product as compared to existing and future therapies;
- the clinical indications for which the product is approved and patient demand for the treatment of those indications;
- acceptance by physicians, major operators of clinics and patients of the product as a safe and effective treatment;
- the extent to which physicians recommend the RHA® Collection of dermal fillers or DaxibotulinumtoxinA for Injection to their patients;
- the proper training and administration of our products by physicians and medical staff such that patients do not experience excessive discomfort during treatment or adverse side effects;
- patient satisfaction with the results and administration of our product and overall treatment experience;
- the potential and perceived advantages and cost of our products over alternative treatments;
- the willingness of patients to pay for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, any hyaluronic acid filler products developed pursuant to the Teoxane Agreement and other aesthetic treatments in general, relative to other discretionary items, especially during economically challenging times, including as a result of the COVID-19 pandemic;
- the willingness of third-party payors to reimburse physicians or patients for DaxibotulinumtoxinA for Injection and any future products we may commercialize for therapeutic indications;
- the revenue and profitability that our product will offer a physician as compared to alternative therapies;
- the relative convenience and ease of administration;
- the prevalence and severity of adverse events;
- the effectiveness of our sales and marketing efforts, including efforts by any third parties we engage;
- consumer sentiment about the benefits and risks of aesthetic procedures generally and our products in particular; and
- general consumer, patient and physician confidence and availability of practicing physicians, which may be impacted by general economic and political conditions, including challenges affecting the global economy resulting from the COVID-19 pandemic.

Any failure by our product candidates, if approved, or any hyaluronic acid filler products developed pursuant to the Teoxane Agreement that obtain regulatory approval to achieve market acceptance or commercial success would materially adversely affect our results of operations and delay, prevent or limit our ability to generate revenue and continue our business.

In addition, DaxibotulinumtoxinA for Injection has only been used in clinical trials to date. Therefore, the commercial or real-world experience may yield different outcomes or patient experiences due to variations in injection techniques, dilution approaches and dosing levels employed by different physician and nurse injectors. As a result, these market-based approaches may differ from our clinical trial design and could negatively impact adoption.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.*

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Furthermore, we rely on contract research organizations (“CROs”), and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we have agreements governing the committed activities of our CROs, we have limited influence over their actual performance. A failure of one or more of our clinical trials can occur at any time during the clinical trial process. The results of preclinical studies and clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Furthermore, final results may differ from interim results. For example, any positive results generated to date in clinical trials for DaxibotulinumtoxinA for Injection do not ensure that later clinical trials, including any DaxibotulinumtoxinA for Injection clinical trials for the treatment of glabellar lines, will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety profile and efficacy despite having progressed through preclinical studies and initial clinical trials.

A number of companies in the biotechnology industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier clinical trials. We have suffered similar setbacks with the clinical development of DaxibotulinumtoxinA Topical and we cannot be certain that we will not face other similar setbacks in the future for DaxibotulinumtoxinA for Injection or other clinical development programs. Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates.

We may experience delays in our ongoing clinical trials, and we do not know whether future clinical trials, if any, will begin on time, need to be redesigned, enroll an adequate number of subjects on time or be completed on schedule, if at all. For example, due to the COVID-19 pandemic, enrollment in the JUNIPER Phase 2 adult upper limb spasticity trial was paused in March 2020 due to challenges in subject assessments during time of required social distancing. In June 2020, we announced the decision to end screening and complete enrollment in the study in the JUNIPER Phase 2 adult upper limb spasticity trial. We plan to complete the Phase 2 study in the first quarter of 2021 with 83 subjects enrolled. Clinical trials can be delayed or aborted for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a trial;
- reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtain institutional review board approval at each site;
- recruit suitable subjects to participate in a trial;
- have subjects complete a trial or return for post-treatment follow-up;
- ensure clinical sites observe trial protocol or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- add a sufficient number of clinical trial sites; or
- manufacture sufficient quantities of product candidate for use in clinical trials.

Subject enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians’ and patients’ perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by the data safety monitoring board, for such trial or by the FDA or other regulatory authorities. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, failure of inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, discovery of unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions, risks related to conducting clinical trials during the COVID-19 pandemic, or lack of adequate funding to continue the clinical trial.

If we experience delays in the completion or termination of any clinical trial of our product candidates, the commercial prospects of these product candidates may be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We have no experience manufacturing DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, or any other product candidates at full commercial scale. If any of these product candidates are approved, we will face certain risks associated with scaling up our manufacturing capabilities to support commercial production.

We have developed an integrated manufacturing, research and development facility located at our corporate headquarters. We manufacture drug substance and finished dose forms of the drug product at this facility that we use for research and development purposes and clinical trials. We do not have experience in manufacturing DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, or any other product candidates at commercial scale. If any of our product candidates are approved, we may need to expand our manufacturing facilities, add manufacturing personnel and ensure that validated processes are consistently implemented in our facilities and potentially enter into additional relationships with third-party manufacturers. The upgrade and expansion of our facilities will require additional regulatory approvals. In addition, it will be costly and time-consuming to expand our facilities and recruit necessary additional personnel. If we are unable to expand our manufacturing facilities in compliance with regulatory requirements or to hire additional necessary manufacturing personnel, we may encounter delays or additional costs in achieving our research, development and commercialization objectives, including obtaining regulatory approvals of our product candidates, which could materially damage our business and financial position.

We rely on Teoxane for the manufacture and supply of the RHA® Collection of dermal fillers pursuant to the Teoxane Agreement, and our dependence on Teoxane may impair our ability to commercialize the RHA® Collection of dermal fillers.*

Pursuant to the Teoxane Agreement, we are not entitled to manufacture the RHA® Collection of dermal fillers. Instead, Teoxane is responsible for supplying all of our requirements for the RHA® Collection of dermal fillers. If Teoxane were to cease production or otherwise fail to timely supply us with an adequate supply of the RHA® Collection of dermal fillers, our ability to commercialize the RHA® Collection of dermal fillers would be adversely affected. For example, as a result of the COVID-19 pandemic, product supply of RHA® Collection of dermal fillers was delayed by Teoxane, as they temporarily suspended production in Geneva, Switzerland. Teoxane resumed manufacturing operations at the end of April 2020 and delivered the first shipment of the RHA® Collection of dermal fillers to us in June 2020. As a result, the initial product launch of the RHA® 2, 3 and 4 dermal fillers was delayed by one quarter to September 2020. Additional delays in the product supply of the RHA® Collection of dermal fillers may have an adverse effect on our commercialization strategy.

Teoxane is required to produce the RHA® Collection of dermal fillers under QSR in order to meet acceptable standards for commercial sale. If such standards change, the ability of Teoxane to produce the RHA® Collection of dermal fillers on the schedule we require to meet commercialization goals may be affected. Teoxane is subject to pre-approval inspections and periodic unannounced inspections by the FDA and corresponding state and foreign authorities to ensure strict compliance with QSR and other applicable government regulations and corresponding foreign standards. We do not have control over Teoxane's compliance with these regulations and standards. Any difficulties or delays in Teoxane's manufacturing and supply of the RHA® Collection of dermal fillers or any failure of Teoxane to maintain compliance with the applicable regulations and standards could increase our costs, cause us to lose revenue, prevent the import and/or export of the RHA® Collection of dermal fillers, or cause the RHA® Collection of dermal fillers to be the subject of field alerts, recalls or market withdrawals.

We currently contract with third-party manufacturers for certain components and services necessary to produce DaxibotulinumtoxinA for Injection and expect to continue to do so to support further clinical trials and commercial scale production if DaxibotulinumtoxinA for Injection is approved. This increases the risk that we will not have sufficient quantities of DaxibotulinumtoxinA for Injection or be able to obtain such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We currently rely on third-party manufacturers for certain components such as bulk peptide and services such as fill/finish services, necessary to produce DaxibotulinumtoxinA for Injection for our clinical trials, and we expect to continue to rely on these or other manufacturers to support our commercial requirements if DaxibotulinumtoxinA for Injection is approved. In particular, in March 2017, we entered into the Aji Services Agreement. We plan to utilize our internal and external Aji facility to support commercial production of DaxibotulinumtoxinA for Injection, if approved. Some of our contracts with these manufacturers contain minimum order and pricing provisions and provide for early termination based on regulatory approval milestones.

Reliance on third-party manufacturers entails additional risks, including the reliance on the third party for regulatory compliance and quality assurance, the possible breach of the manufacturing agreement by the third party, and the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us. In addition, third-party manufacturers may not be able to comply with cGMP or QSR, or similar regulatory requirements outside the U.S. Our failure or the failure of our third-party manufacturers to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of DaxibotulinumtoxinA for Injection, or any other product candidates or products that we may develop. Any failure or refusal to supply the components or services for DaxibotulinumtoxinA for Injection or any other product candidates or products that we may develop could delay, prevent or impair our clinical development or commercialization efforts.

We depend on single-source suppliers for the raw materials necessary to produce DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, and any other product candidates. The loss of these suppliers, or their failure to supply us with these raw materials, would materially and adversely affect our business.

We and our manufacturers purchase the materials necessary to produce DaxibotulinumtoxinA for Injection for our clinical trials from single-source third-party suppliers. There are a limited number of suppliers for the raw materials that we use to manufacture our product candidates, and we may need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical trials and, if approved, ultimately for commercial sale. In particular, we outsource the manufacture of bulk peptide through our agreement with Bachem Americas, Inc, which provides for the development, manufacture and supply of peptide in accordance with certain specifications.

We do not have any control over the process or timing of the acquisition of raw materials by our manufacturers. Although we generally do not begin a clinical trial unless we believe that we have a sufficient supply of a product candidate to complete the clinical trial, any significant delay in the supply of DaxibotulinumtoxinA for Injection or any future product candidates, or the raw material components thereof, for an ongoing clinical trial due to the need to replace a third-party supplier could considerably delay completion of our clinical trials, product testing and potential regulatory approval of DaxibotulinumtoxinA for Injection or any future product candidates. If we or our manufacturers are unable to purchase these raw materials on acceptable terms and at sufficient quality levels or in adequate quantities if at all, the development of DaxibotulinumtoxinA for Injection and any future product candidates, or the commercial launch of any approved products,

would be delayed or there would be a shortage in supply, which would impair our ability to meet our development objectives for our product candidates or generate revenues from the sale of any approved products.

Furthermore, if there is a disruption to our or our third-party suppliers' relevant operations, including as a result of the COVID-19 pandemic, we will have no other means of producing DaxibotulinumtoxinA for Injection or any future product candidates until they restore the affected facilities or we or they procure alternative facilities. Additionally, any damage to or destruction of our or our third party or suppliers' facilities or equipment may significantly impair our ability to manufacture our product candidates on a timely basis.

We are subject to risks related to our reliance on hardware providers for the HintMD payments platform and third-party processing partners to perform payment processing services for the HintMD payments platform.*

We depend on hardware providers and third-party processing partners to perform payment processing services to make the HintMD payments platform work. For example, we rely on Fiserv to provide the processor that enables the HintMD payments platform to process payments, and if Fiserv is unable to continue to supply processors for the HintMD payments platform, the performance of the HintMD payments platform system could be adversely affected and its growth would be limited. Our processing partners and suppliers may go out of business or otherwise be unable or unwilling to continue providing such services, which could significantly and materially reduce our payments revenue and disrupt our business. In addition, users of the HintMD payments platform may be subject to quality issues related to its third-party processing partners or we may become involved in contractual disputes with our processing partners, both of which could impact the HintMD reputation and adversely impact our revenue. Certain contracts may expire or be terminated, and we may not be able to replicate the associated revenue through a new processing partner relationship for a considerable period of time.

We have initiated and expect to continue to initiate new third-party payment relationships or migrate to other third-party payment partners in the future. The initiation of these relationships and the transition from one relationship to another could require significant time and resources, and establishing these new relationships may be challenging. Further, any new third-party payment processing relationships may not be as effective, efficient or well received by users of the HintMD payments platform, nor is there any assurance that we will be able to reach an agreement with such processing partners. Our contracts with such processing partners may be less economically beneficial to us than its existing relationships. For instance, we may be required to pay more for payment processing services, which would adversely affect our operating results.

Future performance of the HintMD payments platform depends in part on our reliance on third-party platforms to distribute our mobile applications, and support from the HintMD payments platform partner ecosystem.*

We rely on third-party distribution platforms, including the Apple App Store and Google Play, for distribution of the HintMD payments platform mobile applications. We are subject to these platform providers' standard terms and conditions for application developers, which govern the promotion, distribution and operation of applications on their platforms. If we violate, or if a platform provider believes that we have violated, its terms and conditions, the platform provider may, at its discretion, discontinue or limit our access to their platform. These platform providers have broad discretion to change their terms and conditions at any time, with or without notice to application developers, and to interpret their respective terms and conditions in a manner that limits, eliminates or otherwise interferes with our ability to distribute our mobile applications for the HintMD payments platform through such third-party platforms. If Apple or Google took any of these steps to limit or otherwise interfere with our business, our business, financial condition and results of operations could be adversely affected.

We also depend on a partner ecosystem to create applications that will integrate with the HintMD payments platform. This presents certain risks to our business, including:

- our partners may establish relationships with, or functionality to offer to, our customers that diminish or eliminate the need or desire for the HintMD payments platform;
- some of our partners may use the insight or access to data that they gain from integrating with its software and from publicly available information to develop competing products or product features;
- our partners may not possess the appropriate intellectual property rights to develop and share their applications;

- we do not currently provide substantive support for software applications developed by our partner ecosystem, and users may be left without adequate support and potentially cease using the HintMD payments platform if our partners do not provide adequate support for these applications;
- our relationship with our partners may change, particularly those partners who contribute or who have contributed more significantly to revenue from the HintMD payments platform or demand for the HintMD payments platform, which could adversely affect our revenue and results of operations;
- these applications may not meet the same quality standards that we apply to our own development efforts (including, among other things, data and privacy protections), and to the extent they contain bugs or defects, they may create disruptions in our customers' use of the HintMD payments platform or adversely affect our brand; and
- our security standards could limit integration possibilities for the HintMD payments platform with partners' products.

Since many of these risks are not within our control, any of the circumstances described above or any new standards or requirements by these third-party developers or platforms could adversely affect our business, thereby reducing its revenue or increasing our operating costs and adversely affecting our growth prospects.

The business and growth of the HintMD payments platform depend in part on the success of our strategic relationships with third parties, including payments partners, platform partners, technology partners and aesthetics manufacturers.*

We depend on, and anticipate that we will continue to depend on, various third-party relationships in order to sustain and grow the HintMD payments platform. We are highly dependent upon partners for certain critical features and functionality of the HintMD payments platform, including data centers and third-party payment processors supporting the HintMD payments platform and third party aesthetics manufacturers which have used the HintMD payments platform for brand loyalty programs. Failure of these or any other technology providers to maintain, support or secure their technology platforms in general, and our integrations in particular, or errors or defects in their technology, could materially and adversely impact our relationship with our customers, damage our reputation and brand, and harm our business and operating results. Any loss of the right to use any of this hardware or software could result in delays or difficulties in our ability to provide the HintMD payments platform until we either develop equivalent technology or, if available from alternative providers, identify, obtain and integrate equivalent technology.

Identifying, negotiating and documenting relationships with strategic third parties such as payments partners, platform partners, technology partners and aesthetic manufacturers requires significant time and resources. In addition, integrating third-party technology is complex, costly and time-consuming. Our agreements with these partners are typically limited in duration, non-exclusive and do not prohibit them from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to the HintMD payments platform. In addition, our partners could develop competing products or services.

Our third-party partners may also suffer disruptions or weakness in their businesses unrelated to the relationships with us that could cause declines in their business performance. Such occurrences could be harmful to our financial results.

If we are unsuccessful in establishing or maintaining our relationships with these strategic third parties, our ability to compete in the payments marketplace or to grow revenue from the HintMD payments platform could be impaired and our operating results could suffer. Even if we are successful, there is no guarantee that these relationships will result in improved operating results.

We currently have limited marketing and sales capabilities for the commercialization of our product candidates. If we are unable to maintain and expand sales and marketing capabilities on our own or through third parties, we will be unable to successfully commercialize DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any other future product candidates, if approved, or generate product revenue.*

We recently established an approximately 100 person field sales team in the third quarter and have limited marketing and sales capabilities for the commercialization of our product candidates. To commercialize DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers, or any other future product candidates, if approved, in the U.S., Europe and other jurisdictions we seek to enter, we must manage and expand our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. Our initial product launch of the RHA® Collection of dermal fillers in September 2020 caused us to build out our marketing and sales capabilities sooner than we initially anticipated. . To the extent approved, we expect to market DaxibotulinumtoxinA for Injection and the RHA® Collection of dermal fillers, as applicable, through our sales force in North America, and in Europe and other countries through either our own sales force or a combination of our internal sales force and distributors or partners, and establishing these channels may be expensive and time consuming. While we believe we are creating an efficient commercial organization, we may not be able to correctly judge the size and experience of the sales and marketing force and the scale of distribution necessary to be successful. Establishing and maintaining sales, marketing, and distribution capabilities are expensive and time-consuming. Such expenses may be disproportionate compared to the revenues we may be able to generate on sales of DaxibotulinumtoxinA for Injection, if approved, and the RHA® Collection of dermal fillers, which could cause our commercialization efforts to be unprofitable or less profitable than expected.

We have limited prior experience in the marketing, sale and distribution of pharmaceutical products and there are significant risks involved in building and managing a sales organization, including our ability to hire, retain and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively manage a geographically dispersed sales and marketing team. For example, we have and may continue to experience challenges associated with recruiting field representatives virtually through remote, group interviewing platforms and with onboarding new field representatives during such time as the COVID-19 pandemic necessitates our work from home policy. Any failure to maintain adequate internal sales, marketing and distribution capabilities would adversely impact the commercialization of our products and may result in a breach of our obligations to Teoxane under the Teoxane Agreement.

We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection or any future product candidates.

We also have to compete with other pharmaceutical and life sciences companies to recruit, hire, train and retain sales and marketing personnel, and turnover in our sales force and marketing personnel could negatively affect the commercialization of RHA® Collection of dermal fillers and, if it receives regulatory approval, DaxibotulinumtoxinA for Injection. If we are not successful in commercializing the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection or any future product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we would incur significant additional losses.

Failure to effectively expand sales and marketing capabilities for the HintMD payments platform could harm our ability to increase the customer base and achieve broader market acceptance of the HintMD payments platform.*

Increasing our physician customer base and number of active users, upgrading and expanding services to our existing customers, and achieving broader market acceptance of the HintMD payments platform will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities with respect to the HintMD payments platform. We are substantially dependent on our marketing organization to generate a sufficient pipeline of qualified sales leads and on our direct sales force to close new customers. There is significant competition for experienced sales professionals with the sales skills and technical knowledge that the HintMD payments platform requires. Our ability to achieve significant revenue growth in the future will depend, in part, on our success in recruiting, training, and retaining a sufficient number of experienced sales professionals. New hires require significant training and time before they achieve full productivity, particularly in new sales segments and territories. Our recent and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. We may experience challenges associated with recruiting sales professionals virtually through remote, group interviewing platforms and with onboarding and training new sales professionals during such time as the COVID-19 pandemic necessitates our work from home policy.

We cannot predict whether, or to what extent, our sales will increase, our existing customers and their patients will expand their usage of the HintMD payments platform as we invest in a sales force for the HintMD payments platform, or how

long it will take for sales personnel to become productive. If our marketing organization does not generate a sufficient pipeline of qualified sales leads and our direct sales force is unable to close new accounts for the HintMD payments platform, our business and future growth prospects could be harmed.

As we evolve from a company primarily involved in research and development to a company involved in the commercialization of products, we will need to increase the size of our organization, and we may experience difficulties in managing this growth.

In order to successfully commercialize our products, we need to expand our organization, including adding marketing, managerial, operational and sales capabilities, or contracting with third parties to provide these capabilities for us in the United States and foreign jurisdictions. During the three months ended September 30, 2020, we began to build out our sales organization by hiring an approximately 100 person field sales team to market the RHA® Collection of dermal fillers and DaxibotulinumtoxinA for Injection, if approved. If we are successful in advancing DaxibotulinumtoxinA for Injection or any other product candidates through the development stage towards commercialization, we may need to expand such capabilities even further. We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our product candidates. Our management, personnel, systems and facilities currently in place are not adequate to support the commercialization of the RHA® Collection of dermal fillers and the potential commercialization of DaxibotulinumtoxinA for Injection and any other product candidates, if they are approved. Effectively executing our growth strategy requires that we:

- identify recruit, train, integrate, incentivize and retain adequate numbers of effective sales and marketing personnel;
- generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively manage a geographically dispersed sales and marketing team;
- achieve, maintain and grow market, physician, patient and healthcare payor acceptance of, and demand for our products;
- manage our clinical trials and manufacturing operations effectively;
- manage our internal development efforts effectively while carrying out our contractual obligations to Teoxane under the Teoxane Agreement and to other third parties;
- successfully integrate HintMD and realize the benefits expected from the HintMD Acquisition; and
- continue to improve our operational, financial and management controls, reporting systems and procedures.

As our operations expand, we expect that we will also need to manage additional relationships with various collaborative partners, suppliers and other third parties. Future growth will impose significant added responsibilities on our organization, in particular on management. Our future financial performance and our ability to commercialize the RHA® Collection of dermal fillers and, if approved, DaxibotulinumtoxinA for Injection and to compete effectively will depend, in part, on our ability to manage any future growth effectively. Due to our limited financial resources and our limited experience in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The physical expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our development and strategic objectives, or disrupt our operations.

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

Our corporate headquarters and other facilities, including our internal manufacturing facility, are located in the San Francisco Bay Area, which has experienced severe earthquakes. We do not carry earthquake insurance. Earthquakes or other natural disasters could severely disrupt our operations, and have a material adverse effect on our business, results of operations, financial condition and prospects.

If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters or other facilities, that damaged critical infrastructure, such as our manufacturing facility, enterprise financial systems or manufacturing resource planning and enterprise quality systems, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. In particular, because we manufacture botulinum toxin in our facilities, we would be required to obtain further clearance and approval by state, federal or other applicable authorities to continue or resume manufacturing activities. The disaster recovery and business continuity plans we have in place currently are limited and may not be adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business.

Furthermore, integral parties in our supply chain are geographically concentrated and operating from single sites, thereby increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events. If such an event were to affect our supply chain, it could have a material adverse effect on our business.

We currently rely on third parties and consultants to conduct all our preclinical studies and clinical trials. If these third parties or consultants do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize DaxibotulinumtoxinA for Injection, RHA® 1 or any hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates.

We do not have the ability to independently conduct preclinical studies or clinical trials. We rely on medical institutions, clinical investigators, contract laboratories, collaborative partners and other third parties, such as CROs and clinical data management organizations, to conduct clinical trials on our product candidates. The third parties with whom we contract for execution of our clinical trials play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely on these third parties to conduct our preclinical studies and clinical trials, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol. Moreover, the FDA and foreign regulatory authorities require us to comply with regulations and standards, commonly referred to as good clinical practices (“GCPs”) and good laboratory practices for conducting, monitoring, recording and reporting the results of clinical and preclinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial subjects are adequately informed of the potential risks of participating in clinical trials. We also rely on consultants to assist in the execution, including data collection and analysis, of our clinical trials.

In addition, the execution of preclinical studies and clinical trials, and the subsequent compilation and analysis of the data produced, requires coordination among various parties. In order for these functions to be carried out effectively and efficiently, it is imperative that these parties communicate and coordinate with one another. Moreover, these third parties may also have relationships with other commercial entities, some of which may compete with us. These third parties may terminate their agreements with us upon as little as 30 days’ prior written notice of a material breach by us that is not cured within 30 days. Many of these agreements may also be terminated by such third parties under certain other circumstances, including our insolvency or our failure to comply with applicable laws. In general, these agreements require such third parties to reasonably cooperate with us at our expense for an orderly winding down of services of such third parties under the agreements. If the third parties or consultants conducting our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical trial protocols or GCPs, or for any other reason, we may need to conduct additional clinical trials or enter into new arrangements, which could be difficult, costly or impossible, and our clinical trials may be extended, delayed or terminated or may need to be repeated. We may be unable to recover unused funds from these third-parties. If any of the foregoing were to

occur, we may not be able to obtain, or may be delayed in obtaining, regulatory approval for, and will not be able to, or may be delayed in our efforts to, successfully commercialize the product candidate being tested in such trials.

If any products we develop are not accepted by the market or if regulatory agencies limit our labeling indications, require labeling content that diminishes market uptake of our products or limits our marketing claims, we may be unable to generate significant revenues, if any.

Even if we obtain regulatory approval for DaxibotulinumtoxinA for Injection, RHA® 1 or any hyaluronic acid filler products developed pursuant to the Teoxane Agreement, DaxibotulinumtoxinA Topical, biosimilar, or any other product candidates and are able to commercialize them, these products may not gain market acceptance among physicians, patients, healthcare payors and the medical community.

The degree of market acceptance of any of our approved products will depend upon a number of factors, including:

- the indication for which the product is approved and its approved labeling;
- the presence of other competing approved treatments and therapies;
- the potential advantages of the product over existing and future treatment products;
- the relative convenience and ease of administration of the product;
- the strength of our sales, marketing and distribution support;
- the willingness of third-party payors to provide adequate reimbursement for our approved therapeutic products, and the willingness of patients to pay for our approved products in the absence of third-party reimbursement; and
- the price and cost-effectiveness of the product.

The FDA or other regulatory agencies could limit the labeling indication for which our product candidates may be marketed or could otherwise limit marketing efforts for our products. If we are unable to achieve approval or successfully market any of our product candidates, or marketing efforts are restricted by regulatory limits, our ability to generate revenues could be significantly impaired.

If we are found to have improperly promoted off-label uses for our products that are approved for marketing, including the RHA® Collection of dermal fillers and, if approved for marketing, DaxibotulinumtoxinA for Injection, or if physicians misuse our products or use our products off-label, we may become subject to prohibitions on the sale or marketing of our products, significant fines, penalties, and sanctions, product liability claims, and our image and reputation within the industry and marketplace could be harmed.

The FDA and other regulatory agencies strictly regulate the marketing and promotional claims that are made about regulated products, such as the RHA® Collection of dermal fillers and, if approved, DaxibotulinumtoxinA for Injection. In particular, a product may not be promoted for uses or indications that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we are found to have promoted such off-label uses, we may receive warning letters and become subject to significant liability, which would materially harm our business. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. If we become the target of such an investigation or prosecution based on our marketing and promotional practices, we could face similar sanctions, which would materially harm our business. In addition, management's attention could be diverted from our business operations, significant legal expenses could be incurred, and our reputation could be damaged. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we are deemed by the FDA to have engaged in the promotion of our products for off-label use, we could be subject to FDA prohibitions on the sale or marketing of our products or significant fines and penalties, and the imposition of these sanctions could also affect our reputation and position within the industry.

Physicians may, in their independent medical judgment, prescribe legally available products for off-label uses. However, physicians may also misuse the RHA® Collection of dermal fillers and, if approved, DaxibotulinumtoxinA for Injection or our other products, or use improper techniques, potentially leading to adverse results, side effects or injury, which may lead to product liability claims. If these products are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. Product liability claims could divert management's attention from our core business, be expensive to defend, and result in sizable damage awards against us that may not be covered by insurance. Furthermore, the use of these products for indications other than those cleared by the FDA may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

Any of these events could harm our business and results of operations and cause our stock price to decline.

We are subject to uncertainty relating to third-party reimbursement policies which, if not favorable for DaxibotulinumtoxinA for Injection or any future product candidates, could hinder or prevent their commercial success.

Our ability to commercialize DaxibotulinumtoxinA for Injection or any future product candidates for therapeutic indications such as cervical dystonia, adult upper limb spasticity, plantar fasciitis or migraine will depend in part on the coverage and reimbursement levels set by governmental authorities, private health insurers and other third-party payors. As a threshold for coverage and reimbursement, third-party payors generally require that drug products have been approved for marketing by the FDA. Third-party payors also are increasingly challenging the effectiveness of and prices charged for medical products and services. We may not obtain adequate third-party coverage or reimbursement for DaxibotulinumtoxinA for Injection or any future product candidates for therapeutic indications, or we may be required to sell them at a discount.

We expect that third-party payors will consider the efficacy, cost effectiveness and safety of DaxibotulinumtoxinA for Injection in determining whether to approve reimbursement for DaxibotulinumtoxinA for Injection for therapeutic indications and at what level. Our business would be materially adversely affected if we do not receive coverage and adequate reimbursement of DaxibotulinumtoxinA for Injection for therapeutic indications from private insurers on a timely or satisfactory basis. No uniform policy for coverage and reimbursement for products exists among third-party payors in the U.S.; therefore, coverage and reimbursement for products can differ significantly from payor to payor. Further, coverage under certain government programs, such as Medicare and Medicaid, may not be available for certain of our product candidates. As a result, the coverage determination process will likely be a time-consuming and costly process, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Our business could also be adversely affected if third-party payors limit the indications for which DaxibotulinumtoxinA for Injection will be reimbursed to a smaller patient set than we believe they are effective in treating.

In some foreign countries, particularly Canada and European countries, the pricing of prescription pharmaceuticals is subject to strict governmental control. In these countries, pricing negotiations with governmental authorities can take six to 12 months or longer after the receipt of regulatory approval and product launch. To obtain favorable reimbursement for the indications sought or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our products, including DaxibotulinumtoxinA for Injection, to other available therapies. If reimbursement for our product is unavailable in any country in which reimbursement is sought, limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

If pricing for software subscriptions for the HintMD payments platform is not acceptable to our customers, such customers may discontinue use of the HintMD payments platform and our operating results may be harmed.*

We charge subscription and transaction fees for services offered on the HintMD payments platform. We cannot guarantee that new or existing customers will adopt, continue to use or expand their use of the HintMD payments platform at its current prices. Additionally, in the future we may increase pricing or otherwise further refine the pricing model. Such changes may cause physician customers to discontinue use of the HintMD payments platform, which would cause a decline in the number of patients using the HintMD payments platform, and could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of any future products we develop.

We face an inherent risk of product liability lawsuits as a result of commercializing the RHA® Collection of dermal fillers and as a result of the clinical testing of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, or any other product candidates. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. 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 or be required to limit commercialization of our products. Even a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection or any future product candidates or products we develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants or cancellation of clinical trials;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- an increase in product liability insurance premiums or an inability to maintain product liability insurance coverage; and
- the inability to commercialize the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection or any other products we develop.

Our inability to obtain and maintain sufficient product liability insurance at an acceptable cost and scope of coverage to protect against potential product liability claims could prevent or inhibit the commercialization of DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future products we develop. We currently carry product liability insurance covering our clinical trials. Although we maintain such insurance, 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 capital 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. If and when we obtain approval for marketing DaxibotulinumtoxinA for Injection we intend to expand our insurance coverage to include the sale of DaxibotulinumtoxinA for Injection as applicable; however, we may be unable to obtain this liability insurance on commercially reasonable terms.

We have been, and in the future may be, subject to securities class action and stockholder derivative actions. These, and potential similar or related litigation, could result in substantial damages and may divert management's time and attention from our business.

We have been, and may in the future be, the target of securities class actions or stockholder derivative claims. On May 1, 2015, a securities class action complaint was filed on behalf of City of Warren Police and Fire Retirement System against us and certain of our directors and executive officers at the time of our follow-on public offering, and the investment banking firms that acted as the underwriters in our follow-on public offering. The Court granted final approval of the settlement, as set forth in the Stipulation of Settlement, on July 28, 2017. While the litigation has ended, we may be subject to future securities class action and shareholder derivation actions, which may adversely impact our business, results of operations, financial position or cash flows and divert management's time and attention from the business.

If we fail to attract and keep senior management and key scientific, technical and sales personnel, we may be unable to successfully develop DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, conduct our clinical trials and commercialize the RHA® dermal fillers, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future products we develop, or grow revenue from the HintMD payments platform.*

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical, scientific, technical and sales personnel. We believe that our future success is highly dependent upon the contributions of our senior management, particularly Mark J. Foley, our President and Chief Executive Officer, Abhay Joshi, Ph.D., our Chief Operating Officer, President of R&D and Product Operations, Tobin C. Schilke, our Chief Financial Officer, Dustin Sjuts, our Chief Commercial Officer, Aesthetics & Therapeutics, and Aubrey Rankin, our President of Innovation and Technology, as well as our senior scientists and other members of our senior management team. The loss of services of any of these individuals could delay or prevent the successful development of our product pipeline, the completion of our planned clinical trials, the commercialization of the RHA® dermal fillers, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future products we develop, or our ability to increase adoption of the HintMD payments platform.

Leadership transitions can be inherently difficult to manage. Resignations of executive officers may cause disruption in our business, strategic and employee relationships, which may significantly delay or prevent the achievement of our business objectives. Leadership changes may also increase the likelihood of turnover in other key officers and employees and may cause declines in the productivity of existing employees. The search for a replacement officer may take many months or more, further exacerbating these factors. Identifying and hiring an experienced and qualified executive officer are typically difficult. Periods of transition in senior management leadership are often difficult as the new executives gain detailed knowledge of our operations and may result in cultural differences and friction due to changes in strategy and style. During the transition periods, there may be uncertainty among investors, employees, creditors and others concerning our future direction and performance.

We could experience problems attracting and retaining qualified employees. Competition for qualified personnel in the biotechnology and pharmaceuticals field is intense and the turnover rate can be high due to the limited number of individuals who possess the skills and experience required by our industries. We will need to hire a significant number of additional personnel as we continue building out a U.S. commercial organization for the distribution of the RHA® Collection of dermal fillers in the U.S. and, if the BLA is approved on or by the PDUFA target action date, the planned initiation of commercialization activities for DaxibotulinumtoxinA for Injection for the treatment of glabellar lines before the end of 2020. Although we assembled an approximately 100 person field sales team ahead of the initial product launch of the RHA® Collection of dermal fillers, we have no prior experience in building and managing a sales organization, and we may experience challenges associated with recruiting field representatives virtually through remote, group interviewing platforms and with onboarding new field representatives during such time as the COVID-19 pandemic necessitates our work from home policy.

We may not be able to attract and retain quality personnel on acceptable terms, or at all. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or that they have divulged proprietary or other confidential information, or that their former employers own their previous research output.

If we are not successful in discovering, developing, acquiring and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

Although a substantial amount of our effort will focus on the commercialization of the RHA® Collection of dermal fillers and the continued clinical testing and potential approval of DaxibotulinumtoxinA for Injection, a key element of our strategy is to discover, develop and commercialize a portfolio of botulinum toxin products for both aesthetic and therapeutic indications. We are seeking to do so through our internal research programs and may explore strategic collaborations for the development or acquisition of new products.

Even if we identify an appropriate collaboration or product acquisition, we may not be successful in negotiating the terms of the collaboration or acquisition, or effectively integrating the collaboration or acquired product into our existing business and operations. Moreover, we may not be able to pursue such opportunities if they fall within the non-compete provision of the Teoxane Agreement, which prohibits us from developing, manufacturing, marketing, selling, detailing or promoting any cross-linked hyaluronic acid dermal filler (other than the RHA® Collection of dermal fillers) in the U.S. during the term of the Teoxane Agreement. We have limited experience in successfully acquiring and integrating products and technologies into our business and operations, and even if we are able to consummate an acquisition or other investment, we may not realize the anticipated benefits of such acquisitions or investments. We may face risks, uncertainties and disruptions, including difficulties in the integration of the operations and services of these acquisitions. If we fail to successfully integrate collaborations, assets, products or technologies that we enter into or acquire, or if we fail to successfully exploit acquired product distribution rights and maintain acquired relationships with customers, our business could be harmed. Furthermore, we may have to incur debt or issue equity securities in connection with proposed collaborations or to pay for any product acquisitions or investments, the issuance of which could be dilutive to our existing shareholders. Identifying, contemplating, negotiating or completing a collaboration or product acquisition and integrating an acquired product or technology could significantly divert management and employee time and resources.

While DaxibotulinumtoxinA for Injection is in the clinical development stage, DaxibotulinumtoxinA Topical and all of our other potential product candidates remain in the discovery or preclinical stage. Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including the following:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable; and
- intellectual property rights of third parties may potentially block our entry into certain geographies or make such entry economically impracticable.

If we fail to develop and successfully commercialize other product candidates, our business and future prospects may be harmed and our business will be more vulnerable to problems that we encounter in commercializing the RHA® Collection of dermal fillers and in developing and commercializing DaxibotulinumtoxinA for Injection.

Our business involves the use of hazardous materials and we and our third-party manufacturers and suppliers must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our sales, marketing, research and development and manufacturing activities and our third-party manufacturers' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials owned by us, including botulinum toxin type A, a key component of our product candidates, and other hazardous compounds. We and our manufacturers and suppliers are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. We are licensed with the Centers for Disease Control and Prevention ("CDC") and with the California Department of Health, Food and Drug Branch for use of botulinum toxin and to manufacture both the active pharmaceutical ingredient and the finished product in topical and injectable dose forms. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures utilized by us and our third-party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance.

We may use third-party collaborators to help us develop, validate or commercialize any new product candidates, and our ability to commercialize such product candidates could be impaired or delayed if these collaborations are unsuccessful.

We may continue to license or selectively pursue strategic collaborations for the development, validation and commercialization of DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, hyaluronic acid filler products, and any future product candidates. For instance, in February 2018, we and Mylan entered into the Mylan Collaboration, pursuant to which we and Mylan are collaborating exclusively, on a world-wide basis (excluding Japan), to develop, manufacture and commercialize our biosimilar product candidate. In December 2018, we and Fosun entered into the Fosun License Agreement pursuant to which we have granted Fosun the exclusive rights to develop and commercialize DaxibotulinumtoxinA for Injection in the Fosun Territory and certain sublicense rights. In addition, we entered into the Teoxane Agreement in January 2020, pursuant to which Teoxane granted us the exclusive right to import, market, promote, sell and distribute the RHA® Collection of dermal fillers in the U.S., its territories and possessions. In any third-party collaboration, we are dependent upon the success of the collaborators to perform their responsibilities with continued cooperation. Our collaborators may not cooperate with us or perform their obligations under our agreements with them. We cannot control the amount and timing of our collaborators' resources that will be devoted to performing their responsibilities under our agreements with them. Our collaborators may choose to pursue alternative technologies in preference to those being developed in collaboration with us. The development, validation and commercialization of our product candidates will be delayed if collaborators fail to conduct their responsibilities in a timely manner or in accordance with applicable regulatory requirements or if they breach or terminate their collaboration agreements with us.

Disputes with our collaborators could also impair our reputation or result in development delays, decreased revenues and litigation expenses. Our collaboration with Mylan is for the development of a biosimilar product, which is subject to risks inherent with the relatively short history of biosimilar product approvals in the U.S. The biosimilar product would be subject to similar commercial risks as our DaxibotulinumtoxinA for Injection and Daxibotulinumtoxin A Topical product candidates. In February 2019, we and Mylan participated in a BIAM with the FDA to discuss the feasibility of a 351(k) biosimilar submission and the necessary development pathway for the biosimilar product candidate. While we believe that such a pathway is viable, the successful development and commercialization of a biosimilar product in any indications of BOTOX® or BOTOX Cosmetic® would be subject to FDA requirements that would need to be assessed by us and Mylan in determining the development of the biosimilar product candidate. Even if successfully developed, the biosimilar product would be subject to similar commercial risks as our DaxibotulinumtoxinA for Injection and DaxibotulinumtoxinA Topical product candidates.

Unfavorable global economic conditions or trade relations 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 demand for aesthetic or therapeutic medical procedures may be particularly vulnerable to unfavorable economic conditions. In particular, elective aesthetic procedures are discretionary and individuals may deprioritize such procedures during an economic slowdown or recession. We do not expect sales of the RHA® Collection of dermal fillers for aesthetic indications or sales of DaxibotulinumtoxinA for Injection for the treatment of glabellar lines to be reimbursed by any government or third-party payor and, as a result, demand for the first indications of each of our product candidates will be tied to discretionary spending levels of our targeted patient population.

The revenue growth and potential profitability of the HintMD payments platform depend on demand for software facilitating payments and loyalty programs, especially those serving the medical aesthetic industry. Historically, during economic downturns, there have been reductions in spending on information technology as well as pressure for extended billing terms and other financial concessions. The adverse impact of economic downturns may be particularly acute among small and medium-sized plastic surgery and dermatology practices offering elective aesthetic procedures, which comprise the majority of HintMD's customer base. If economic conditions deteriorate, current and prospective HintMD customers may elect to decrease their information technology budgets or cancel subscriptions to The HintMD payments platform, which would limit our ability to grow the HintMD payments platform business and adversely affect our operating results.

Future global financial crises and economic downturns, including those caused by widespread public health crises such as the COVID-19 pandemic, may cause extreme volatility and disruptions in capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for the RHA® Collection of dermal fillers, DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, if approved, the HintMD payments platform and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services or reduce the demand for facial injectable treatments broadly.

In addition, changes in U.S. and foreign trade policies or border closures related to the COVID-19 pandemic could trigger retaliatory actions by affected countries, resulting in "trade wars", which may reduce customer demand for goods exported out of the U.S. if the parties having to pay those retaliatory tariffs increase their prices, or if trading partners limit their trade with the U.S. If these consequences are realized, the price to the consumer of aesthetic or therapeutic medical procedures from products exported out of the U.S. may increase, resulting in a material reduction in the demand for our future product candidates. Such a reduction may materially and adversely affect our potential sales and our business. In particular, under our Fosun License Agreement, we are responsible for manufacturing DaxibotulinumtoxinA for Injection and supplying it to Fosun, which would then develop, commercialize, market and sell it in mainland China, Hong Kong and Macau. If this arrangement is restricted in any way due to the U.S.-China trade relationship or the COVID-19 pandemic, the contingent payments we are entitled to receive under the agreement, which are based on product sales, among other things, may be adversely affected. In addition, under the Teoxane Agreement, we are responsible for the commercialization of the RHA® Collection of dermal fillers in the U.S., and rely on Teoxane for our entire supply of the RHA® Collection of dermal fillers, which was previously delayed as a result of the COVID-19 pandemic and may again be delayed in the future.

Travel and import restrictions, including those resulting from the COVID-19 pandemic, have disrupted and may continue to disrupt our supply chain and ability to distribute the RHA® Collection of dermal fillers. Any import or export or other cargo restrictions related to our products, including those resulting from the COVID-19 pandemic, would restrict our ability to ship or receive products and harm our business, financial condition and results of operations.

Further, the COVID-19 pandemic might restrict our ability to meet with our customers, thereby hampering adoption of our RHA® Collection of dermal fillers and DaxibotulinumtoxinA for Injection, when and if approved by the FDA.

Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current or future economic climate and financial market conditions could adversely impact our business.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect the sales activity of the HintMD payments platform due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results and cash flows.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us (possibly with retroactive effect), which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results and cash flows.

Further, we have undertaken certain transactions to realize potential tax efficiencies in support of our expected global business expansion. These transactions are meant to align the global economic ownership of our intellectual property rights with our current and future business operations. We are uncertain as to whether the tax efficiencies sought by this alignment will materialize and may choose to unwind these transactions in the future.

In December 2017, the Tax Cuts and Jobs Act of 2017 (the “Tax Act”) was signed into law. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. For example, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act or any newly enacted federal tax. Changes in corporate tax rates, the realization of net deferred tax assets relating to our U.S. operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future tax reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges in the current or future taxable years, and could increase our future U.S. tax expense. The foregoing items, as well as any other future changes in tax laws, could have a material adverse effect on our business, cash flow, financial condition, or results of operations.

Significant disruptions of information technology systems or breaches of data security could materially adversely affect our business, results of operations and financial condition.

We collect and maintain information in digital form that is necessary to conduct our business, and we are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, store and transmit confidential information, including intellectual property, proprietary business information and personal information. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We have established physical, electronic and organizational measures to safeguard and secure our systems to prevent a data compromise, and rely on commercially available systems, software, tools, and monitoring to provide security for our information technology systems and the processing, transmission and storage of digital information. We have also outsourced elements of our information technology infrastructure, and as a result a number of third-party vendors may or could have access to our confidential information. Our internal information technology systems and infrastructure, and those of our current and any future collaborators, contractors and consultants and other third parties on which we rely, are vulnerable to damage from computer viruses, malware, natural disasters, terrorism, war, telecommunication and electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization. Breaches and other inappropriate access can be difficult to detect and any delay in identifying them could increase their harm. While we have implemented security measures to protect our data security and information technology systems, such measures may not prevent such events. In addition, our work from home policy implemented in response to the COVID-19 pandemic could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions. U.S. and international authorities have been warning businesses of increased cybersecurity threats from actors seeking to exploit the COVID-19 pandemic. Any such breaches of security and inappropriate access could disrupt our operations, harm our reputation or otherwise have a material adverse effect on our business, financial condition and results of operations.

The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and

sophistication of attempted attacks and intrusions from around the world have increased. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. The costs to us to mitigate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our product development programs. For example, the loss of clinical study data from completed or ongoing or planned clinical studies could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Moreover, if a computer security breach affects our systems, corrupts our data or results in the unauthorized disclosure or release of personally identifiable information, our reputation could be materially damaged. In addition, such a breach may require notification to governmental agencies, supervisory bodies, credit reporting agencies, the media or individuals pursuant to various federal, state and foreign data protection, privacy and security laws, regulations and guidelines, if applicable. For example, these may include the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) as amended by the Health Information Technology for Clinical Health Act of 2009, and its implementing rules and regulations, U.S. state breach notification laws and the EU General Data Protection Regulation (EU) 2016/679 (“GDPR”). We would also be exposed to a risk of loss, enforcement measures, penalties, fines, indemnification claims or litigation and potential civil or criminal liability, which could materially adversely affect our business, results of operations and financial condition.

Interruptions or performance problems associated with the HintMD payments platform technology and infrastructure may adversely affect our business and operating results.*

The continued growth of the HintMD payments platform depends in part on the ability of users to access the platform at any time and within an acceptable amount of time. The HintMD payments platform is proprietary, and it relies on the expertise of members of engineering, operations and software development teams for its continued performance. In addition, we depend on external data centers, such as Amazon’s AWS, to host the HintMD payments platform applications. We do not control the operation of these facilities. The HintMD payments platform has experienced minor disruptions, outages and performance problems in the past, and may in the future experience disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, delays in scaling of the technical infrastructure (such as if we do not maintain enough excess capacity or accurately predict the infrastructure requirements of the HintMD payments platform), capacity constraints due to an overwhelming number of users accessing the HintMD payments platform simultaneously, denial-of-service or other cyber-attacks or other security-related incidents. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the performance of the HintMD payments platform, especially during peak usage times and as the HintMD payments platform becomes more complex and its user traffic increases. If the HintMD payments platform is unavailable or if users are unable to access the HintMD payments platform within a reasonable amount of time, or at all, our business would be adversely affected and the HintMD brand could be harmed. In the event of any of the factors described above, or certain other failures of our infrastructure, user data may be permanently lost. If we experience significant periods of service downtime in the future, we may be subject to claims by users of the HintMD payments platform. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop its technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be adversely affected.

Changes in and failures to comply with U.S. and foreign privacy and data protection laws, regulations and standards may adversely affect our business, operations and financial performance.

We are subject to or affected by numerous federal, state and foreign laws and regulations, as well as regulatory guidance, governing the collection, use, disclosure, retention, and security of personal data, such as information that we collect about patients and healthcare providers in connection with clinical trials in the U.S. and abroad. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. This evolution may create uncertainty in our business, affect our or our vendors' ability to operate in certain jurisdictions or to collect, store, transfer use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulation, our internal policies and procedures or our contracts governing our processing of personal information could result in negative publicity, diversion of management time and effort and proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising.

In the U.S., HIPAA imposes, among other things, certain standards and obligations on covered entities including certain healthcare providers, health plans and healthcare clearinghouses, as well as their respective business associates that create, receive, maintain, or transmit individually identifiable health information for or on behalf of a covered entity relating to the privacy, security, transmission and breach reporting of individually identifiable health information. Certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. We may become subject to new privacy or cybersecurity regulations. Such laws and regulations could affect our ability to process personal data (in particular, our ability to use certain data for purposes such as risk or fraud avoidance, marketing or advertising), our ability to control our costs by using certain vendors or service providers, or impact our ability to offer certain services in certain jurisdictions. For example, the California Consumer Privacy Act ("CCPA") became effective on January 1, 2020. The CCPA establishes a privacy framework for covered businesses, including an expansive definition of personal information and data privacy rights for California residents. The CCPA includes a framework with potentially severe statutory damages and private rights of action. The CCPA requires covered companies to provide new disclosures to California consumers (as that word is broadly defined in the CCPA), provide such consumers new ways to opt-out of certain sales of personal information, and allow for a new cause of action for data breaches. As we expand our operations, the CCPA will likely impact our business activities and may increase our compliance costs and potential liability. If we fail to comply with the CCPA, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations. Other states are beginning to pass similar laws, and some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., which could increase our potential liability and adversely affect our business. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. In the event that we are subject to HIPAA, the CCPA or other U.S. privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Our operations abroad may also be subject to increased scrutiny or attention from data protection authorities. Many countries in these regions have established or are in the process of establishing privacy and data security legal frameworks with which we, our customers, or our vendors must comply. For example, the EU has adopted the GDPR, which went into effect in May 2018 and introduces strict requirements for processing the personal information of EU subjects, including clinical trial data. The GDPR is likely to increase compliance burdens on us, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and process information about them. The processing of sensitive personal data, such as physical health condition, may impose heightened compliance burdens under the GDPR and is a topic of active interest among foreign regulators. In addition, the GDPR provides for more robust regulatory enforcement and fines of up to €20 million or 4 percent of the annual global revenue of the noncompliant company, whichever is greater. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

If the HintMD payments platform or our vendors' networks or computer systems are breached or if the security of the personal information that we collect, store or process through the HintMD payments platforms (or that our vendors collect, store or process) is compromised or otherwise experiences unauthorized access, or we fail to comply with commitments and assurances regarding the privacy and security of personal information on the HintMD payments platform, the HintMD payments platform may be perceived as insecure, and we may lose existing users or fail to attract new users to the HintMD payments platform, and we may incur significant liabilities.*

Use of the HintMD payments platform involves the storage, transmission and processing of customers' proprietary data, including personal or identifying information regarding their patients such as name, address and the types of treatments they are receiving. As a result, unauthorized access to, security breaches of, malicious code (such as viruses and worms), employee theft or misuse, or denial-of-service or other cyber-attacks against the HintMD payments platform could result in the unauthorized access to or use of, disclosure of, and/or loss of, such data, as well as loss of intellectual property or trade secrets.

If any unauthorized access to the HintMD payment platform systems or data or security breach occurs or is believed to have occurred, the HintMD reputation and brand could be damaged, and we could be required to expend significant capital and other resources to alleviate problems caused by such actual or perceived breaches or attacks and remediate our systems, and we could be exposed to a risk of loss, litigation or regulatory action and possible liability, and our ability to operate the HintMD payments platform business may be impaired. We may in the future experience denial-of-service or other cyber-attacks against the HintMD payments platform. If potential new users or existing users believe that the HintMD payments platform does not provide adequate security for the storage of personally identifiable or sensitive information or its transmission over the Internet, they may not adopt the HintMD payments platform or may choose not to renew their subscriptions to the HintMD payments platform, which could harm our business. Additionally, actual, potential or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. We currently do not maintain cyber liability insurance, and it cannot be certain that such insurance will be available to us on commercially reasonable terms, or at all.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. The HintMD payments platform operates in an industry that is prone to cyber-attacks. Failure to prevent or mitigate cyber-attacks could result in the unauthorized access to our data or the data of our customers. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities and others of security breaches involving certain types of data. In addition, our agreements with certain customers and partners may require us to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach. A security breach may cause us to breach HintMD customer contracts. Our agreements with certain customers may require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A security breach could lead to claims by our customers, their end-users, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with the HintMD payments platform. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

Because data security is a critical competitive factor in the payments processing industry, there are statements in the HintMD payments platform privacy policies and terms of service, its certifications to privacy standards, and its marketing materials, describing the security of the HintMD payments platform, including descriptions of certain security measures it employs. Should any of these statements be untrue, become untrue, or be perceived to be untrue, even if through circumstances beyond our reasonable control, we may face claims, including claims of unfair or deceptive trade practices, brought by the U.S. Federal Trade Commission, state, local regulators or private litigants. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently and often are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for extended periods of time. The recovery systems, security protocols, network protection mechanisms and other security measures that we have integrated into the HintMD payments platform, systems, networks, and physical facilities, which are designed to protect against, detect and minimize security breaches, may not be adequate to prevent or detect service interruption, system failure, data access or data loss. Third parties may also exploit vulnerabilities in, or obtain unauthorized access to, platforms, systems, networks and/or physical facilities used by our vendors.

Litigation resulting from security breaches on the HintMD payments platform may adversely affect our business. Unauthorized access to the HintMD payments platform, systems, networks, or physical facilities could result in litigation with HintMD customers, HintMD customers' end-users, or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business, or adversely affect the reputation of the HintMD payments platform. We could be required to fundamentally change the business activities and practices of the HintMD payments platform or modify its products and/or platform capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the

confidentiality, integrity or availability of our data or the data of HintMD customers or its customers' end-users was disrupted, we could incur significant liability, or the HintMD payments platform, systems or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation. Any of the foregoing circumstances may have a material adverse effect on our business and its results of operations as a result.

Risks Related to Our Intellectual Property

If Teoxane fails to obtain and maintain patent, licensing arrangements or other protection for the proprietary intellectual property that we have exclusive distribution rights to, we could lose our rights related to the RHA® Collection of dermal fillers, which would have a material adverse effect on our potential to generate revenue, our business prospects, and our results of operations.

If Teoxane fails to obtain and maintain patent, licensing arrangements or other protection for the proprietary intellectual property that we have exclusive distribution rights to, we could lose our rights to the intellectual property or our exclusivity with respect to those rights, and our competitors could market competing products using the intellectual property. The intellectual property underlying the RHA® Collection of dermal fillers is of critical importance to our business and involves complex legal, business and scientific issues and is complicated by the rapid pace of scientific discovery in our industry. Disputes may arise regarding intellectual property subject to the Teoxane Agreement, including:

- the scope of rights granted under the Teoxane Agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of Teoxane that is not subject to the Teoxane Agreement;
- the sublicensing of patent and other rights under our collaborative development relationships; and
- the ownership of inventions and know-how resulting from the development of intellectual property under the Teoxane Agreement.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected products or product candidates.

If our efforts to protect our intellectual property related to DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates, including DaxibotulinumtoxinA Topical and biosimilar, are not adequate, we may not be able to compete effectively.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers, DaxibotulinumtoxinA Topical, biosimilar, and our development programs. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thereby eroding our competitive position.

The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. This uncertainty includes changes to the patent laws through either legislative action to change statutory patent law or court action that may reinterpret existing law in ways affecting the scope or validity of issued patents. The patent applications that we own or license may fail to result in issued patents in the U.S. or foreign countries. Competitors in the field of cosmetics, pharmaceuticals, and botulinum toxin have created a substantial amount of prior art, including scientific publications, patents and patent applications. Our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our technology and the prior art allow our technology to be patentable over the prior art. Even if the patents do successfully issue, third parties may challenge the validity, enforceability or scope of such issued patents or any other issued patents we own or license, which may result in such patents being narrowed, invalidated or held unenforceable. For example, patents granted by the European Patent Office may be opposed by any person within nine months from the publication of their grant. Our European Patent EP 2 661 276 for "Topical composition comprising botulinum toxin and a dye" was opposed in the European Patent Office by Allergan plc on May 2, 2018, and although this patent is not material to our business, we continue to take appropriate measures to defend the patent. On May 10, 2019 our European Patent No. EP 2 490 986 B1 for "Methods and Systems For Purifying Non-Complexed Botulinum

Neurotoxin” was opposed. We are vigorously defending this patent in the European Patent Office. We were informed in May 2019 that our patent application NC2018/0005351 pending in Colombia for “Injectable Botulinum Toxin Formulations And Methods of Use Thereof Having Long Duration of Therapeutic Effect” was opposed. We have responded to this pre-grant opposition. Furthermore, even if our patents and applications are unchallenged, they may not adequately protect our intellectual property or prevent others from designing around our claims.

In addition, the patent laws of the U.S. provide procedures for third parties to challenge the validity of issued patents. Patents issued from applications filed after March 15, 2013 may be challenged by third parties using the post-grant review procedure which allows challenges for a number of reasons, including prior art, sufficiency of disclosure, and subject matter eligibility. Under the inter partes review procedure, any third party may challenge the validity of any issued U.S. Patent in the U.S. Patent and Trademark Office (“USPTO”) on the basis of prior art patents or printed publications. Because of a lower evidentiary standard necessary to invalidate a patent claim in USPTO proceedings as compared to the evidentiary standard relied on in U.S. federal court, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. If the breadth or strength of protection provided by the patents and patent applications we hold or pursue with respect to DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates is challenged, then it could threaten our ability to commercialize DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar or any future product candidates, and could threaten our ability to prevent competitive products from being marketed. Further, if we encounter delays in our clinical trials, the period of time during which we could market DaxibotulinumtoxinA for Injection, or any future product candidates under patent protection would be reduced. The results of our REALISE 1 Phase 3 clinical trial may be relevant to our patent strategy for our DaxibotulinumtoxinA Topical program.

Since patent applications in the U.S. and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to either (i) file any patent application related to our product candidates or (ii) invent any of the inventions claimed in our patents or patent applications. Furthermore, for applications filed before March 16, 2013, or patents issuing from such applications, an interference proceeding can be provoked by a third party, or instituted by the USPTO to determine who was the first to invent any of the subject matter covered by the patent claims of our applications and patents. As of March 16, 2013, the U.S. transitioned to a “first-to-file” system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. The change to “first-to-file” from “first-to-invent” is one of the changes to the patent laws of the United States resulting from the Leahy-Smith America Invents Act signed into law on September 16, 2011. Among some of the other changes to the patent laws are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO.

Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. Moreover, any actions we may bring to enforce our intellectual property against our competitors could provoke them to bring counterclaims against us, and some of our competitors have substantially greater intellectual property portfolios and financial resources than we have.

We also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that may not be patentable, processes for which patents may be difficult to obtain or enforce and any other elements of our product development and manufacturing processes that involve proprietary know-how, information or technology that is not covered by patents.

In an effort to protect our trade secrets and other confidential information, we require our employees, consultants, collaborators and advisers to execute confidentiality agreements upon the commencement of their relationships with us. These agreements require that all confidential information developed by the individual or made known to the individual by us during the course of the individual’s relationship with us be kept confidential and not disclosed to third parties. These agreements, however, may not provide us with adequate protection against improper use or disclosure of confidential information, and these agreements may be breached. Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. A breach of confidentiality could significantly affect our competitive position. In addition, in some situations, these agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants, collaborators or advisers have previous employment or consulting relationships. To the extent that

our employees, consultants or contractors use any intellectual property owned by others in their work for us, disputes may arise as to the rights in any related or resulting know-how and inventions. Also, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and other confidential information.

If we infringe or are alleged to infringe intellectual property rights of third parties, our business could be harmed.

Our research, development and commercialization activities may infringe or otherwise violate or be claimed to infringe or otherwise violate patents owned or controlled by other parties. Competitors in the field of cosmetics, pharmaceuticals and botulinum toxin have developed large portfolios of patents and patent applications in fields relating to our business. For example, there are patents held by third parties that relate to the treatment with botulinum toxin-based products for indications we are currently developing. There may also be patent applications that have been filed but not published that, when issued as patents, could be asserted against us. These third parties could bring claims against us that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

As a result of patent infringement claims, or to avoid potential claims, we may choose or be required to seek licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product based on our current or future indications, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical industry. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference, derivation or post-grant proceedings declared or granted by the USPTO and similar proceedings in foreign countries, regarding intellectual property rights with respect to our current or future products. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property or the patents of our licensors, which could be expensive and time-consuming.

Competitors may infringe upon our intellectual property, including our patents or the patents of our licensors. As a result, we may be required to file infringement claims to stop third-party infringement or unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patent claims do not cover its technology or that the factors necessary to grant an injunction against an infringer are not satisfied.

An adverse determination of any litigation or other proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Interference, derivation, inter partes review, post-grant review or other proceedings brought at the USPTO may be necessary to determine the priority or patentability of inventions with respect to our patents or patent applications or those of our licensors or collaborators. Litigation or USPTO proceedings brought by us may fail or may be invoked against us by third parties. Even if we are successful, domestic or foreign litigation or USPTO or foreign patent office proceedings may result in substantial costs and distraction to our management. We may not be able, either alone or with our licensors or collaborators, to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the U.S.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or proceedings. In addition, during the course of this kind of litigation or proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for our common stock could be significantly harmed.

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

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. and in some cases may even force us to grant a compulsory license to competitors or other third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the U.S., or from selling or importing products made using our inventions in and into the U.S. or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but where enforcement is not as strong as that in the U.S. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

In addition, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in domestic and foreign intellectual property laws.

Use of “open source” software for the HintMD payments platform could adversely affect its ability to provide platform and subject us to possible claims.*

The HintMD payments platform incorporates open source software and we expect to continue to use open source software in the future. We may face claims from others claiming ownership of open source software, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software or derivative works thereof, or of our proprietary source code associated with such open source software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change the HintMD payments platform, any of which would have a negative effect on our business and operating results. In addition, if the license terms for the open source software we utilize change, we may be forced to reengineer the HintMD payments platform or incur additional costs. Although we have implemented policies to regulate the use and incorporation of open source software into the HintMD payments platform, we cannot be certain that we have not incorporated open source software in the HintMD payments platform in a manner that is inconsistent with such policies.

Any failure to protect intellectual property rights associated with the HintMD payments platform could impair our ability to protect our proprietary technology and the HintMD brand.*

HintMD currently has three issued patents, one allowed patent and two pending patent applications. However, there is no guarantee that the pending patent applications will result in issued patents, or that the issued patents will ultimately be determined to be valid and enforceable. HintMD also has one registered trademark in the United States and one pending trademark in Canada. We primarily rely on copyright, trade secret and trademark laws, trade secret protection and confidentiality or other protective agreements with our employees, customers, partners and others to protect our intellectual

property rights. However, the steps we take to protect HintMD intellectual property rights may be inadequate to prevent others from competing with the HintMD payments platform.

To protect HintMD's intellectual property rights, we may be required to spend significant resources to monitor, protect and enforce these rights. Litigation brought to protect and enforce HintMD's intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of HintMD's intellectual property. Furthermore, our efforts to enforce the HintMD intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of the HintMD intellectual property rights. Our failure to secure, protect and enforce the HintMD intellectual property rights could adversely affect the HintMD brand and adversely affect our business.

Risks Related to Government and Industry Regulation

Our business and products are subject to extensive government regulation.

We are subject to extensive, complex, costly and evolving regulation by federal and state governmental authorities in the U.S., principally by the FDA, the U.S. Drug Enforcement Administration, the CDC, and foreign regulatory authorities. Failure to comply with all applicable regulatory requirements, including those promulgated under FDCA, the Public Health Service Act, and Controlled Substances Act, may subject us to operating restrictions and criminal prosecution, monetary penalties and other disciplinary actions, including, sanctions, warning letters, product seizures, recalls, fines, injunctions, suspension, revocation of approvals, or exclusion from future participation in the Medicare and Medicaid programs.

After our other products receive regulatory approval, we, and our direct and indirect suppliers, will remain subject to the periodic inspection of our plants and facilities, review of production processes, and testing of our products to confirm that we are in compliance with all applicable regulations. Adverse findings during regulatory inspections may result in the implementation of Risk Evaluation and Mitigation Strategies programs, completion of government mandated clinical trials, and government enforcement action relating to labeling, advertising, marketing and promotion, as well as regulations governing manufacturing controls noted above.

Even if we receive regulatory approval for DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense, may limit or delay regulatory approval and may subject us to penalties if we fail to comply with applicable regulatory requirements.

Once regulatory approval has been granted, DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any approved product will be subject to continual regulatory review by the FDA and/or non-U.S. regulatory authorities. Additionally, any product candidates, if approved, will be subject to extensive and ongoing regulatory requirements, including labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we or our collaborators receive for DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates may also be subject to limitations on the approved indications for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate. In addition, if the applicable regulatory agency approves DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and GCPs for any clinical trials that we conduct post-approval. The RHA® Collection of dermal fillers are currently subject to such extensive and ongoing regulatory requirements, reports, registration and continued compliance. Later discovery of previously unknown problems with DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;

- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications submitted by us or our strategic collaborators, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

Our ongoing regulatory requirements may also change from time to time, potentially harming or making costlier our commercialization efforts. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the U.S. or other countries. 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 lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

If we fail to obtain regulatory approvals in foreign jurisdictions for DaxibotulinumtoxinA for Injection, or any future product candidates including DaxibotulinumtoxinA Topical or biosimilar, we will be unable to market our products outside of the U.S.*

In addition to regulations in the U.S., we will be subject to a variety of foreign regulations governing manufacturing, clinical trials, commercial sales and distribution of our future products. Whether or not we obtain FDA approval for a product candidate, we must obtain approval of the product by the comparable regulatory authorities of foreign countries before commencing clinical trials or marketing in those countries. The approval procedures vary among countries and can involve additional clinical testing, or the time required to obtain approval may differ from that required to obtain FDA approval. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not be able to file for regulatory approvals or to do so on a timely basis, and even if we do file, we may not receive the necessary approvals to commercialize our products in geographies outside of the U.S.

Further, interruption or delays in the operations of applicable foreign regulatory agencies caused by the COVID-19 pandemic may affect the review and approval timelines of such agencies for DaxibotulinumtoxinA for Injection, DaxibotulinumtoxinA Topical, biosimilar, RHA® 1 or any future hyaluronic acid filler products developed pursuant to the Teoxane Agreement or any future product candidates.

The RHA® Collection of dermal fillers, and, if approved, DaxibotulinumtoxinA for Injection or any other products, may cause or contribute to adverse medical events that we are required to report to regulatory agencies and if we fail to do so, we could be subject to sanctions that would materially harm our business.

As we commercialize the RHA® Collection of dermal fillers, and if we are successful in commercializing DaxibotulinumtoxinA for Injection, or any other products including DaxibotulinumtoxinA Topical or biosimilar, the FDA and foreign regulatory agency regulations require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA or a foreign regulatory agency could take action including criminal prosecution, the imposition of civil monetary penalties, seizure of our products, or delay in approval or clearance of future products.

The HintMD payments platform is subject to stringent and changing privacy laws, regulations, standards and contractual obligations related to data privacy and security. Because the HintMD payments platform can be used to collect and store personal information, domestic privacy and data security concerns could result in our incurring additional costs and liabilities or inhibit sales of the HintMD payments platform.*

Our physician customers use the HintMD payments platform to use, collect and store personally identifiable information (“personal information”), including personal information that could be considered “sensitive, regarding their patients. Federal, state and local governments and agencies have adopted laws and regulations concerning the collection, use, maintenance, storage, disclosure, protection, and destruction (collectively the “processing”) of personal information of patients and consumers who reside in the United States. Additionally, laws and regulations at both the Federal and state level require notification of data subjects, as well as federal and state agencies in some circumstances, in the event the company suffers a data security breach that exposes personal information processed by the company (“breach notification laws”).

The costs of compliance with these privacy laws and breach notification laws, as well as the associated burdens imposed by such laws, may limit the use or adoption of the HintMD payments platform, lead to significant fines, penalties or liabilities related to noncompliance, or slow the pace at which we close sales of the HintMD payments platform, any of which could harm our business. Moreover, if our employees fail to adhere to the company’s processes and practices for the protection and/or appropriate use of personal information, or in other ways violate the privacy or breach notification laws, it may damage the HintMD reputation and brand. Finally, any failure by our vendors to comply with the terms of our contractual provisions or the applicable privacy or breach notification laws or where applicable the Payment Card Industry Data Security Standards could result in proceedings against us by governmental entities or others.

We also expect that there will continue to be new federal and state privacy laws passed that directly impact the HintMD payments platform, and we may not be able to predict the full impact that such future laws may have on our business. For instance, if our privacy and data policies and practices with respect to the HintMD payments platform, are, or are perceived to be, insufficient to demonstrate compliance with existing or new privacy laws, our risk and cost of operation could increase and user demand for the HintMD payments platform could decline, and our business could be harmed.

The HintMD payments platform may in certain circumstances, process information that could be defined by HIPAA as “protected health information” (also called “PHI”) and thus such processing may be subject to HIPAA. Additionally, certain states have adopted health information privacy laws and regulations related to the processing of PHI and comparable to HIPAA, some of which may be more stringent than HIPAA. Generally, HIPAA and state health information privacy laws require entities directly regulated by the law and regulations (HIPAA calls these “covered entities” and their service providers “business associates”) to develop and maintain certain administrative, physical, and technical safeguards to protect PHI and ensure the confidentiality, integrity and availability of electronic PHI. In the event of an unauthorized use or disclosure of PHI, the reporting requirements could include notification to affected individuals, state and federal governmental agencies, and in certain instances the media. Depending on the facts and circumstances we could be subject to significant civil and administrative penalties, and in rare circumstances, criminal penalties, if we obtain, use, or disclose PHI through the HintMD payments platform in a manner that is not authorized or permitted by HIPAA or state health information privacy laws. Further, if we are not able to meet our obligations under HIPAA and/or applicable state health information privacy laws relating to the HintMD payments platform, we could be found to have breached our contractual obligations with our customers. Maintaining compliance with applicable privacy laws and our contractual obligations is a complex undertaking and HintMD cannot be certain how these health information privacy laws will be interpreted, enforced or applied to our operations.

Additionally, the HintMD payments platform processes a significant portion of its payments through credit or debit cards and enable users of its payments platform to engage in payments through its service. We are contractually required to maintain compliance with current Payment Card Industry Data Security Standards (“PCI DSS”) as part of our information security program and to undergo periodic PCI DSS audits undertaken by third party auditors (“PCI Audits”). We also may be bound by additional, more stringent contractual obligations relating to our collection, use and disclosure of personal, financial and other data. If we cannot comply with or if we incur a violation of any of these standards or contractual requirements, or if we have findings resulting from a PCI Audit and we fail to undertake timely corrective action, we could incur significant liability through fines and penalties imposed by credit card associations or other organizations or litigation with relevant stakeholders, either of which could have an adverse effect on our reputation, business, financial condition and operating results. In addition, failure to comply with the PCI DSS obligations or our contractual obligations, including timely and sufficient mitigation of any findings from a PCI Audit, could also result in the termination of HintMD’s status as a registered

payment facilitator, thereby dramatically impairing our ability to continue doing business in the payments industry, or we could be liable to the payment card issuing banks for their costs of issuing new cards and related expenses.

We may find it necessary to change our business practices or expend significant resources to modify the HintMD software or payments platform to adapt to audit findings, new laws, regulations and industry standards concerning these matters. We may be unable to make such changes and modifications in a commercially reasonable manner or at all. Any failure to comply with federal, state or local laws and regulations, industry standards or other legal obligations, or any actual or suspected security incident, may result in governmental enforcement actions and prosecutions, private litigation, fines, penalties or adverse publicity and could cause users of the HintMD payments platform to lose trust in it, which could have an adverse effect on our reputation and business.

We may in the future be subject to various U.S. federal and state laws pertaining to healthcare fraud and abuse, including anti-kickback, self-referral, false claims and fraud laws, and any violations by us of such laws could result in fines or other penalties.

While we do not expect that DaxibotulinumtoxinA for Injection, if approved for the treatment of glabellar lines, or the RHA® Collection of dermal fillers to subject us to all of the various U.S. federal and state laws intended to prevent healthcare fraud and abuse, we may be subject to, or in the future become subject to, additional laws in connection with the use of these products for treatment of other indications or any future product candidates. The federal anti-kickback statute prohibits the offer, receipt, or payment of remuneration in exchange for or to induce the referral of patients or the use of products or services that would be paid for in whole or part by Medicare, Medicaid or other federal healthcare programs. Remuneration has been broadly defined to include anything of value, including cash, improper discounts, and free or reduced price items and services. Additionally, the intent standard under the federal Anti-Kickback Statute was amended by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the “ACA”) to a stricter standard such that a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Further, the ACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act (“FCA”). Many states have similar laws that apply to their state healthcare programs as well as private payors.

The federal false claims and civil monetary penalties laws, including the FCA impose liability on persons who, among other things, present or cause to be presented false or fraudulent claims for payment by a federal healthcare program. The FCA has been used to prosecute persons submitting claims for payment that are inaccurate or fraudulent, for services not provided as claimed, or for services that are not medically necessary. The FCA includes a whistleblower provision that allows individuals to bring actions on behalf of the federal government and share a portion of the recovery of successful claims.

HIPAA imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

HIPAA also imposes, among other things, certain standards and obligations on covered entities including certain healthcare providers, health plans and healthcare clearinghouses, as well as their respective business associates that create, receive, maintain, or transmit individually identifiable health information for or on behalf of a covered entity relating to the privacy, security, transmission and breach reporting of individually identifiable health information.

The federal Physician Payments Sunshine Act, and its implementing regulations, require certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program to report annually to Centers for Medicare & Medicaid Services information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members. Beginning in 2022, covered manufacturers will also be required to report annually regarding payments and other transfers of value provided in the previous year to certain other healthcare professionals, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, and certified nurse-midwives and report ownership or investment interests held by such healthcare professionals and their immediate family members.

We may also be subject to analogous state laws and regulations, including: state anti-kickback and false claims laws, state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources, state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities, and state and local laws that require the registration of our pharmaceutical sales representatives.

State and federal authorities have aggressively targeted pharmaceutical manufacturers for alleged violations of these anti-fraud statutes for a range of activities, such as those based on improper research or consulting contracts with physicians and other healthcare professionals, certain marketing arrangements that rely on volume-based pricing, off-label marketing schemes, and other improper promotional practices. Companies targeted in such prosecutions have paid substantial fines in the hundreds of millions of dollars or more, have been forced to implement extensive corrective action plans, and have often become subject to consent decrees severely restricting the manner in which they conduct business. Further, defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. If we become the target of such an investigation or prosecution based on our activities such as contractual relationships with providers or institutions, or our marketing and promotional practices, we could be subject to significant civil, criminal, and administrative sanctions, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, imprisonment, additional reporting requirements, and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, contractual damages, reputational harm, diminished profits and future earnings, and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. Even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

Also, the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We cannot assure you that our internal control policies and procedures will protect us from reckless or negligent acts committed by our employees, future distributors, partners, collaborators or agents. 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.

Legislative or regulatory healthcare reforms in the U.S. may make it more difficult and costly for us to obtain regulatory clearance or approval of DaxibotulinumtoxinA for Injection, topical, or any future product candidates and to produce, market, and distribute the RHA® Collection of dermal fillers and, if clearance or approval is obtained, DaxibotulinumtoxinA for Injection and our other products.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. For example, the ACA was passed in March 2010, and substantially changed the way healthcare is financed by both governmental and private insurers, and continues to significantly impact the U.S. biotechnology industry. There remain judicial and Congressional challenges to certain aspects of the ACA, as well as efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA's individual mandate to carry health insurance. On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act of 2017. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the Supreme Court of the United States granted the petitions for writ of certiorari to review this case. Pending review, the ACA remains in effect, but it is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA and our business.

In addition, there have been several recent U.S. congressional inquiries and proposed and enacted state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing

and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2020 contained further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services has solicited feedback on some of these measures and, at the same, has implemented others under its existing authority. While some of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of, or affect the price that we may charge for, DaxibotulinumtoxinA for Injection, or any future product candidates including DaxibotulinumtoxinA Topical or biosimilar. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs on our commercialization efforts for the RHA® Collection of dermal fillers. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could require, among other things:

- changes to manufacturing methods;
- recall, replacement, or discontinuance of one or more of our products; and
- additional recordkeeping.

Each of these would likely entail substantial time and cost and could materially harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition, and results of operations.

Changes in funding for the FDA, the SEC and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

General Risk Factors

The trading price of our common stock is volatile, and purchasers of our common stock could incur substantial losses.

The trading price of our common stock is highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. The stock markets in general and the markets for pharmaceutical biopharmaceutical and biotechnology stocks in particular have experienced extreme volatility that may have been for reasons that are related or unrelated to the operating performance of the issuer. The market price for our common stock may be influenced by many factors, including:

- regulatory or legal developments in the U.S. and foreign countries;
- our success or lack of success in commercializing the RHA® Collection of dermal fillers;

- results from or delays in clinical trials of our product candidates, including our ongoing ASPEN Phase 3 clinical program in cervical dystonia and our Phase 2 programs in plantar fasciitis, adult upper limb spasticity, forehead lines, and lateral canthal lines all with DaxibotulinumtoxinA for Injection;
- announcements of regulatory approval or disapproval of DaxibotulinumtoxinA for Injection, the RHA® Collection of dermal fillers or any future product candidates;
- FDA or other U.S. or foreign regulatory actions or guidance affecting us or our industry;
- introductions and announcements of new products by us, any commercialization partners or our competitors, and the timing of these introductions and announcements;
- our ability to increase market acceptance and adoption of and generate subscription revenues from the HintMD payments platform;
- the potential impact on our operating margin from the HintMD Acquisition;
- the impact of acquisitions, including the HintMD Acquisition, on our future product offerings;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- announcements by us or our competitors of significant acquisitions, licenses, strategic partnerships, joint ventures or capital commitments;
- market conditions in the pharmaceutical and biotechnology sectors and issuance of securities analysts' reports or recommendations;
- quarterly variations in our results of operations or those of our future competitors;
- changes in financial estimates or guidance, including our ability to meet our future revenue and operating profit or loss estimates or guidance;
- sales of substantial amounts of our stock by insiders and large stockholders, or the expectation that such sales might occur;
- general economic, industry and market conditions;
- additions or departures of key personnel;
- intellectual property, product liability or other litigation against us;
- expiration or termination of our potential relationships with customers and strategic partners;
- the occurrence of trade wars or barriers, or the perception that trade wars or barriers will occur;
- any buying or selling of shares of our common stock or other hedging transactions in our common stock in connection with the 2027 Notes or the capped call transactions;
- widespread public health crises such as the COVID-19 pandemic; and
- other factors described in this "Risk Factors" section.

These broad market fluctuations may adversely affect the trading price or liquidity of our common stock. In addition, in the past, stockholders have initiated class actions against pharmaceutical companies, including us, following

periods of volatility in their stock prices. Such litigation instituted against us could cause us to incur substantial costs and divert management's attention and resources.

If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts may cease to publish research on our company at any time in their discretion. A lack of research coverage may adversely affect the liquidity and market price of our common stock. We will not have any control of the equity research analysts or the content and opinions included in their reports. The price of our stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of our company, or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. In March 2018, we entered into the 2018 At-the-Market Agreement ("2018 ATM Agreement"). Under the 2018 ATM Agreement, we may offer and sell common stock having aggregate proceeds of up to \$125 million from time to time through Cantor Fitzgerald as our sales agent. No sales of our common stock have been sold under the 2018 ATM Agreement for the three and nine months ended September 30, 2020. In January 2019, we completed the 2019 follow-on public offering, pursuant to which we issued 6,764,705 shares of common stock at a public offering price of \$17.00 per share, including the exercise of the underwriters' over-allotment option to purchase 882,352 additional shares of common stock, for aggregate net proceeds of \$107.6 million, after deducting underwriting discounts, commissions and other offering expenses. During December 2019 and January 2020, we completed a follow-on public offering of an aggregate of 7,475,000 shares of common stock at a public offering price of \$17.00 per share, including the exercise of the underwriters' over-allotment option to purchase 975,000 additional shares of common stock, for aggregate net proceeds of \$119.2 million, after deducting underwriting discounts, commissions and other offering expenses.

If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly. For instance, shares of our common stock that were issued to HintMD stockholders as consideration for the HintMD Acquisition, including those shares issued upon the exercise of outstanding stock options, are freely tradable without restrictions or further registration under the Securities Act, in some cases following the expiration of lock-up agreements entered into between Revance and HintMD directors and members of management and certain HintMD stockholders (the "Lock-Up Agreements"). If former HintMD stockholders sell substantial amounts of our common stock in the public market, including following the expiration of the Lock-Up Agreements, the market price per share of our common stock may decline. Any sales of securities by stockholders could have a material adverse effect on the trading price of our common stock.

Provisions in our corporate charter documents and under Delaware law could discourage takeover attempts and lead to management entrenchment, and the market price of our common stock may be lower as a result.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by you and other stockholders. For example, our board of directors has the authority to issue up to 5,000,000 shares of preferred stock. Our board of directors can fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change in control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

Our charter documents also contain other provisions that could have an anti-takeover effect, including:

- only one of our three classes of directors will be elected each year;
- no cumulative voting in the election of directors;

- the ability of our board of directors to issues shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- the exclusive right of our board of directors to elect a director to fill a vacancy or newly created directorship;
- stockholders will not be permitted to take actions by written consent;
- stockholders cannot call a special meeting of stockholders;
- stockholders must give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- the ability of our board of directors, by a majority vote, to amend the bylaws; and
- the requirement for the affirmative vote of at least 66 2/3 percent or more of the outstanding common stock to amend many of the provisions described above.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law (the “DGCL”), which regulates corporate acquisitions. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that certain investors are willing to pay for our stock.

Our amended and restated certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to the Company or the Company’s stockholders;
- any action asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim against us governed by the internal affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act of 1933, as amended (the “Securities Act”), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. The exclusive forum provision contained in our amended and restated certificate of incorporation may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find the exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our business.

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

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

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

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

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gains.

We have not declared or paid cash dividends on our common stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of any existing or future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	8-K	001-36297	3.1	February 11, 2014	—
3.2	Amended and Restated Bylaws	S-1	333-193154	3.4	December 31, 2013	—
4.1	Form of Common Stock Certificate	S-1/A	333-193154	4.4	February 3, 2014	—
4.2	Indenture, dated as of February 14, 2020, by and between Revance Therapeutics, Inc. and U.S. Bank National Association, as Trustee	8-K	001-36297	4.1	February 14, 2020	—
4.3	Form of Global Note, representing Revance Therapeutics, Inc.'s 1.75% Convertible Senior Notes due 2027 (included as Exhibit A to the Indenture filed as Exhibit 4.2)	8-K	001-36297	4.2	February 14, 2020	—
10.1*	Executive Employment Agreement effective July 23, 2020 by and between Revance Therapeutics, Inc. and Aubrey Rankin	—	—	—	—	X
10.2*	Revance Therapeutics, Inc. Amended and Restated 2014 Inducement Plan	—	—	—	—	X
10.3*	Form of Restricted Stock Agreement and Grant Notice under Amended and Restated Revance Therapeutics, Inc. 2014 Inducement Plan	10-K	001-36297	10.31	March 4, 2016	—
10.4*	Hint, Inc. 2017 Equity Incentive Plan	S-8	333-240061	99.2	July 24, 2020	—
10.5+	First Amendment to Exclusive Distribution Agreement, effective as of September 1, 2020, by and between Revance Therapeutics, Inc. and Teoxane SA	—	—	—	—	X
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) promulgated under the Exchange Act	—	—	—	—	X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) promulgated under the Exchange Act	—	—	—	—	X
32.1†	Certification of the 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 the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
101.INS	XBRL Instance Document - 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	XBRL Taxonomy Extension Schema Document	—	—	—	—	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document	—	—	—	—	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)	—	—	—	—	X

* Indicates a management contract or compensatory plan or arrangement.

+ Portions of this exhibit (indicated by asterisks) have been omitted as the registrant has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm to the registrant if publicly disclosed.

† The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, and shall not be deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Exchange Act. Such certifications shall not be deemed incorporated by reference into any filing of Revance Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REVANCE THERAPEUTICS, INC.

Date: November 9, 2020

By: /s/ Mark J. Foley
Mark J. Foley
President and Chief Executive Officer
(Duly Authorized Principal Executive Officer)

By: /s/ Tobin C. Schilke
Tobin C. Schilke
Chief Financial Officer
(Duly Authorized Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT
for
Aubrey Rankin

This Employment Agreement (the “**Agreement**”), is made between Revance Therapeutics, Inc. (the “**Company**”) and Aubrey Rankin (“**Employee**”) (collectively, the “**Parties**”).

The effective date of this Agreement and Employee’s start date of employment with the Company (the “**Start Date**”) will be the Closing Date as defined in that certain Agreement and Plan of Merger, by and between the Company, Hint, Inc. (“**HintMD**”) and the other parties thereto (as amended, modified, or supplemented from time to time in accordance with its terms, the “**Merger Agreement**”). If the anticipated transactions contemplated in the Merger Agreement do not close, this Agreement will have no effect, will not be binding on the Company (or any of its affiliates) or on Employee, shall terminate as of the termination of the Merger Agreement, and neither Employee nor the Company (or any of its affiliates) shall have rights or obligations hereunder.

WHEREAS, the Company desires for Employee to provide services to the Company; and

WHEREAS, Employee is willing to engage in employment by the Company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Employment by the Company.

1.1 Position. Employee shall serve as the Company’s President of Innovation & Technology and will be appointed as a member of the Company’s Board of Directors (the “**Board**”), subject to the Company’s nominating committee and Board procedures. During the term of Employee’s employment with the Company, Employee will devote Employee’s best efforts and substantially all of Employee’s business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company’s general employment policies.

1.2 Duties and Location. Employee shall perform such duties as are required by the Company’s President & Chief Executive Officer, to whom Employee will report. Employee’s primary office location will be HintMD’s offices, currently located in Pleasanton, California. The Company reserves the right to reasonably require Employee to perform Employee’s duties at the Company’s offices and/or places other than Employee’s primary office location from time to time, and to require reasonable business travel. The Company may modify Employee’s job title and duties as it deems necessary and appropriate in light of the Company’s needs and interests from time to time.

1.3 Policies and Procedures. The employment relationship between the Parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Salary. For services to be rendered hereunder, Employee shall receive a base salary at the rate of \$395,000 per year (the "**Base Salary**"), subject to standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule. Employee's base salary shall be reviewed by the Board for possible adjustment annually.

2.2 Bonus. Employee will be eligible for a discretionary annual bonus, with Employee's target bonus to be equal to 45% of Employee's Base Salary. Employee's target bonus shall be reviewed by the Board for possible adjustment annually. Whether Employee receives an annual bonus for any given year, and the amount of any such annual bonus, will be determined by the Board in its sole discretion based upon the Company's and Employee's achievement of objectives and milestones to be determined on an annual basis by the Board in consultation with Employee. Bonuses are generally paid by March 15 following the applicable bonus year, and Employee must be an active employee on the date any annual bonus is paid in order to earn any such annual bonus. Employee will not be eligible for, and will not earn, any annual bonus (including a prorated bonus) if Employee's employment terminates for any reason before the date annual bonuses are paid.

2.3 Standard Company Benefits. Employee shall be entitled to participate in all employee benefit programs for which Employee is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees. Employee will receive up to twenty (20) days vacation per calendar year. The Company reserves the right to cancel or change the benefit plans or programs it offers to its employees at any time.

2.4 Expenses. The Company will reimburse Employee for reasonable travel, entertainment, or other expenses incurred by Employee in furtherance or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy and requirements of the Internal Revenue Service as in effect from time to time.

2.5 Equity/Inducement Grants. As a material inducement to Employee's acceptance of the Company's offer of employment, and subject to approval by the Board or Compensation Committee of the Board, the Company will grant Employee a restricted common stock award ("**RSA**") with a share amount equal to 1,345,400 divided by the closing sales price of the Company's common stock on the Nasdaq Global Market on the Start Date. The RSA will be granted pursuant to the Company's 2014 Inducement Plan, as amended, which is a non-shareholder approved stock plan approved by the Board pursuant to the "inducement exception" provided under NASDAQ Listing Rule 5635(c)(4) (the "**Inducement Plan**"). Subject to

Employee's continuing service with the Company, the RSA will vest over a period of three years commencing on the 15th day of the calendar month immediately following the month of the Start Date (the "**Vesting Commencement Date**"), with 25% vesting on the first anniversary of the Vesting Commencement Date, 25% vesting on the second anniversary of the Vesting Commencement Date and 50% vesting on the third anniversary of the Vesting Commencement Date. For example, if the Start Date is August 1, 2020, then the Vesting Commencement Date will be September 15, 2020. The RSA will be governed in all respects by the terms of the Inducement Plan and the restricted stock award agreement thereunder, which Employee will be required to sign as a condition of receiving the RSA.

3. Termination of Employment; Severance. Employee's employment relationship is at-will. Either Employee or the Company may terminate the employment relationship at any time, with or without cause or advance notice. Employee will be eligible for severance under the Company's Employee Severance Benefit Plan (the "**Severance Plan**"), adopted by the Board, as it may be amended from time to time.

4. Lock-Up Agreement. Employee further agrees that for purposes of the Lock-Up Agreement entered into by Employee on or about May 18, 2020, the terms "Cause" and "Good Reason" shall have the definitions ascribed to "Cause" and "Resignation for Good Reason" in the Severance Plan. The parties hereto also agree and acknowledge that upon a change in control (as defined in the Lock-Up Agreement) of Revance, the Lock-Up Agreement shall terminate.

5. Proprietary Information Obligations. As a condition of employment, Employee shall be required to execute and abide by the Company's standard form of Employee Proprietary Information and Invention Assignment and Arbitration Agreement (the "**Confidentiality Agreement**").

6. Conflicts. Employee represents that Employee has full authority to accept this position and perform the duties of the position without conflict with any other obligations and that Employee is not involved in any situation that might create, or appear to create, a conflict of interest with respect to Employee's loyalty to or duties for the Company. Employee specifically warrants that Employee is not subject to an employment agreement or restrictive covenant preventing full performance of Employee's duties for the Company. Other than with respect to documents and materials of HintMD, Employee agrees not to bring to the Company or use in the performance of Employee's responsibilities any materials or documents of a former employer that are not generally available to the public unless Employee has obtained express written authorization from the former employer. Employee further agrees to honor all obligations to former employers during the course of Employee's employment with the Company.

7. Outside Activities During Employment.

7.1 Non-Company Business. Except with the prior written consent of the Board, Employee will not during the term of Employee's employment with the Company undertake or engage in any other employment, occupation or business enterprise, other than ones in which Employee is a passive investor; *provided, however,* that Employee may (i) engage in

activities that do not interfere with his duties and obligations under this Agreement or create an actual or potential conflict of interest with the Company as reasonably determined by the Board, and (ii) serve as a member of the board of directors of a maximum of one (1) other entity subject to the approval of the Board with such approval not to be unreasonably withheld. Employee may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Employee's duties hereunder.

7.2 No Adverse Interests. Employee agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise.

8. General Provisions.

8.1 Contingencies. The Company reserves the right to conduct a background investigation, security risk assessment and/or reference check on Employee. This job offer is contingent upon a satisfactory background investigation, securities risk assessment and/or reference check. In accordance with federal immigration law, Employee will also be required to provide to the Company documentary evidence of Employee's identity and eligibility for employment in the United States. This employment offer is contingent upon such documentation being provided to the Company within three (3) business days after Employee's hire date.

8.2 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Employee at the address as listed on the Company payroll.

8.3 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

8.4 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

8.5 Complete Agreement. This Agreement and the Confidentiality Agreement constitute the entire agreement between Employee and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations, including, without limitation, any prior agreement with HintMD or any of its affiliates or predecessors (the "**Prior Agreements**"), and you agree and understand that you are not eligible for, and will not receive, any compensation or

benefits pursuant to the Prior Agreements. This Agreement cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

8.6 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

8.7 Headings. The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

8.8 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Employee and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Employee may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the written consent of the Company, which shall not be withheld unreasonably.

8.9 Tax Withholding and Indemnification. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Employee acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Employee has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to the Agreement.

8.10 Section 280G. If any of the payments or benefits received or to be received by Employee (including, without limitation, any payment or benefits received in connection with a change in control or Employee's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement, or otherwise) (all such payments collectively referred to herein as the "**280G Payments**") constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986 as amended (the "**Code**") and would, but for this Section 8.10, be subject to the excise tax imposed under Section 4999 of the Code (the "**Excise Tax**"), then such 280G Payments shall be reduced in a manner determined by the Company (by the minimum possible amounts) that is consistent with the requirements of Section 409A of the Code until no amount payable to the Employee will be subject to the Excise Tax.

8.11 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

Signature Page Follows.

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

REVANCE THERAPEUTICS, INC

By: /s/ Justin Ford

Justin Ford

Senior Vice President, Human Resources and
Head of People

EMPLOYEE

By: /s/ Aubrey Rankin

Aubrey Rankin

Revance Therapeutics, Inc.
Amended and Restated 2014 Inducement Plan

Adopted By Board on: August 29, 2014
As Amended On: September 17, 2014, December 11, 2015, July 19, 2020
Termination Date: August 29, 2024

1. General.

- (a) Purpose.** Awards under the Plan are intended to provide (1) an inducement material for certain individuals to enter into employment with the Company within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules, (2) incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and (3) a means by which such persons shall have an opportunity to share in the financial success of the Company.
- (b) Eligible Award Recipients.** Only Eligible Employees may be granted Awards under the Plan. A person who previously served as an Employee or Director of the Company shall not be eligible to become an Eligible Employee or receive Awards under the Plan, other than following a *bona fide* period of non-employment.
- (c) Available Awards.** The Plan provides for the grant of the following Awards: (i) Options, (ii) Stock Appreciation Rights (iii) Restricted Stock Awards, (iv) Restricted Stock Unit Awards, (v) Performance Stock Awards, (vi) Performance Cash Awards, and (vii) Other Stock Awards. All Options shall be designated as Nonstatutory Stock Options.

2. Administration.

- (a) Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c), provided that the grant of Awards to Eligible Employees shall be approved by the Company's independent compensation committee or a majority of the Company's independent directors (as defined in Rule 5605(a)(2) of the NASDAQ Listing Rules) in order to comply with the exemption from the stockholder approval requirement for "inducement grants" provided under Rule 5635(c)(4) of the NASDAQ Listing Rules.
- (b) Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:
 - (i)** To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock

subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

- (ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.
- (iii) To settle all controversies regarding the Plan and Awards granted under it.
- (iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).
- (v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under the Participant's then-outstanding Award without the Participant's written consent, except as provided in subsection (vii) below.
- (vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating certain nonqualified deferred compensation under Section 409A of the Code and/or ensuring that the Plan or Awards granted under the Plan are exempt from, or compliant with, the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan, but only to the extent required by law or applicable listing standards. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Award without the Participant's written consent.
- (vii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to,

amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided, however*, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (B) to comply with other applicable laws or listing requirements.

- (viii) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.
 - (ix) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).
 - (x) To effect, with the consent of any adversely affected Participant, (A) the reduction of the exercise, purchase or strike price of any outstanding Stock Award; (B) the cancellation of any outstanding Stock Award and the grant in substitution therefor of a new (1) Option or SAR, (2) Restricted Stock Award, (3) Restricted Stock Unit Award, (4) Other Stock Award, (5) cash and/or (6) other valuable consideration determined by the Board, in its sole discretion, with any such substituted award (x) covering the same or a different number of shares of Common Stock as the cancelled Stock Award and (y) granted under the Plan or another equity or compensatory plan of the Company; or (C) any other action that is treated as a repricing under generally accepted accounting principles.
- (c) **Delegation to Committee.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter

be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

- (d) Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. Shares Subject to the Plan.

- (a) Share Reserve.** Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards after the Effective Date shall not exceed 1,914,400 shares (the “*Share Reserve*”). For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.
- (b) Reversion of Shares to the Share Reserve.** If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.
- (c) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. Eligibility; Approval Requirements.

- (a) Eligibility.** Awards may only be granted to persons who are Eligible Employees as of the date of grant, where the Award is an inducement material to the

individual's entering into employment with the Company or an Affiliate within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules. For clarity, Awards may not be granted to (1) Consultants or Directors, for service in such capacities, or (2) any individual who was previously an Employee or Director of the Company, other than following a *bona fide* period of non-employment.

- (b) Approval Requirements.** All Awards must be granted either by a majority of the Company's independent directors or by the Company's compensation committee comprised of independent directors within the meaning of Rule 5605(a)(2) of the NASDAQ Listing Rules.

5. Provisions Relating to Options and Stock Appreciation Rights.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be designated Nonstatutory Stock Options at the time of grant. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

- (a) Term.** No Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.
- (b) Exercise Price.** The exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.
- (c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:
 - (i)** by cash, check, bank draft or money order payable to the Company;

- (ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;
 - (iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;
 - (iv) by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or
 - (v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.
- (d) **Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.
- (e) **Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

- (i) **Restrictions on Transfer.** An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided in the Plan, neither an Option nor a SAR may be transferred for consideration.
 - (ii) **Domestic Relations Orders.** Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2).
 - (iii) **Beneficiary Designation.** Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.
- (f) **Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.
- (g) **Termination of Continuous Service.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), and (ii) the expiration of the

term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

- (h) Extension of Termination Date.** If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.
- (i) Disability of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.
- (j) Death of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the

date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

- (k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date of such termination of Continuous Service.
- (l) Non-Exempt Employees.** If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

6. Provisions of Stock Awards other than Options and SARs.

- (a) Restricted Stock Awards.** Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to

the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

- (i) **Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.
 - (ii) **Vesting.** Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.
 - (iii) **Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.
 - (iv) **Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.
 - (v) **Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.
- (b) **Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

- (i) **Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.
- (ii) **Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.
- (iii) **Payment.** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.
- (iv) **Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.
- (v) **Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.
- (vi) **Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards.

- (i) **Performance Stock Awards.** A Performance Stock Award is a Stock Award that is payable (including that may be granted, may vest or may be exercised) contingent upon the attainment during a Performance Period of

certain Performance Goals. A Performance Stock Award may, but need not require the Participant's completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee or the Board, in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

- (ii) **Performance Cash Awards.** A Performance Cash Award is a cash award that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee or the Board, in its sole discretion. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.
 - (iii) **Board Discretion.** The Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.
- (d) **Other Stock Awards.** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. Covenants of the Company.

- (a) **Availability of Shares.** The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.
- (b) **Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.
- (c) **No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

8. Miscellaneous.

- (a) **Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.
- (b) **Corporate Action Constituting Grant of Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

- (c) **Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.
- (d) **No Employment or Other Service Rights.** Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate the employment of an Employee with or without notice and with or without cause.
- (e) **Change in Time Commitment.** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.
- (f) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that such Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock

certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

- (g) Withholding Obligations.** Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however,* that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.
- (h) Electronic Delivery.** Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).
- (i) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.
- (j) Compliance with Section 409A of the Code.** Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an

Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant’s “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

- (k) Clawback/Recovery.** All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company.

9. Adjustments upon Changes in Common Stock; Other Corporate Events.

- (a) Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), and (ii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.
- (b) Dissolution or Liquidation.** Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition

may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

- (i)** arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);
- (ii)** arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);
- (iii)** accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;
- (iv)** arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;
- (v)** cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and
- (vi)** make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would

have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

10. Termination or Suspension of the Plan.

The Board may suspend or terminate the Plan at any time, and no Awards may be granted under the Plan while the Plan is suspended or after it is terminated. The suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan was in effect except with the consent of the affected Participant.

11. Effective Date of the Plan.

The Plan will become effective on the Effective Date.

12. Choice of Law.

The law of the State of California will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. Definitions. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

- (a) “Affiliate”** means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.
- (b) “Award”** means a Stock Award or a Performance Cash Award.
- (c) “Award Agreement”** means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.
- (d) “Board”** means the Board of Directors of the Company.
- (e) “Capital Stock”** means each and every class of common stock of the Company, regardless of the number of votes per share.

- (f) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.
- (g) “**Cause**” will have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.
- (h) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:
- (i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, (C) on account of the acquisition of securities of the Company by any individual who was, on the IPO Date, either an executive officer or a Director (either, an “**IPO Investor**”) and/or any entity in which an IPO Investor has a direct or indirect interest (whether in the form of voting rights or participation in profits or capital contributions) of more than 50% (collectively, the “**IPO Entities**”) or on account of the IPO Entities

continuing to hold shares that come to represent more than 50% of the combined voting power of the Company's then outstanding securities as a result of the conversion of any class of the Company's securities into another class of the Company's securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company's Amended and Restated Certificate of Incorporation; or (D) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

- (ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; *provided, however*, that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the IPO Entities;
- (iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; *provided, however*, that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting

securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the IPO Entities; or

- (iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

- (i) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

- (j) “**Committee**” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c) and which is comprised of a majority of independent directors within the meaning of Rule 5606(a)(2) of the NASDAQ Listing Rules.

- (k) “**Common Stock**” means the common stock of the Company, having one vote per share.

- (l) “**Company**” means Revance Therapeutics, Inc., a Delaware corporation.

- (m) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. Consultants are not eligible to receive Awards under this Plan with respect to their service in such capacity.

- (n) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an

Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(o) “Corporate Transaction” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

- i. a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;
- ii. a sale or other disposition of at least 90% of the outstanding securities of the Company;
- iii. a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or
- iv. a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(p) “Director” means a member of the Board. Directors are not eligible to receive Awards under this Plan with respect to their service in such capacity.

(q) “Disability” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c) (i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(r) “Effective Date” means the date this Plan is approved by the Board.

(s) “Employee” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(t) “Entity” means a corporation, partnership, limited liability company or other entity.

(u) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(v) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(w) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

i. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

ii. In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Section 409A of the Code.

(x) “**Incentive Stock Option**” means an option intended to be an “incentive stock option” within the meaning of Section 422 of the Code. Incentive Stock Options are not permissible Awards under the Plan.

(y) “**IPO Date**” means February 5, 2014, the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock was priced for the initial public offering.

(z) “**Non-Employee Director**” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be

required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(aa) “Nonstatutory Stock Option” means any Option granted pursuant to Section 5 of the Plan that is not intended to qualify as an Incentive Stock Option.

(bb) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(cc) “Option” means a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan. Incentive Stock Options are not eligible Awards under the Plan.

(dd) “Option Agreement” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(ee) “Optionholder” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ff) “Other Stock Award” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(gg) “Other Stock Award Agreement” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(hh) “Outside Director” means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an “affiliated corporation,” and does not receive remuneration from the Company or an “affiliated corporation,” either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(ii) “Own,” “Owned,” “Owner,” “Ownership” means a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(jj) “Participant” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(kk) “Performance Cash Award” means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(ll) “Performance Criteria” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholder’s equity; (x) return on assets, investment, or capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction; (xxviii) implementation or completion of projects or processes; (xxix) user satisfaction; (xxx) stockholders’ equity; (xxxi) capital expenditures; (xxxii) debt levels; (xxxiii) operating profit or net operating profit; (xxxiv) workforce diversity; (xxxv) growth of net income or operating income; (xxxvi) billings; (xxxvii) bookings; (xxxviii) the number of users, including but not limited to unique users; (xxxix) employee retention; (xxxx) and other measures of performance selected by the Board.

(mm) “Performance Goals” means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(nn) “Performance Period” means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(oo) “**Performance Stock Award**” means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(pp) “**Plan**” means this Revance Therapeutics, Inc. Amended and Restated 2014 Inducement Plan.

(qq) “**Restricted Stock Award**” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(rr) “**Restricted Stock Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ss) “**Restricted Stock Unit Award**” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(tt) “**Restricted Stock Unit Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(uu) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(vv) “**Securities Act**” means the Securities Act of 1933, as amended.

(ww) “**Stock Appreciation Right**” or “**SAR**” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(xx) “**Stock Appreciation Right Agreement**” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(yy) “**Stock Award**” means any right to receive Common Stock granted under the Plan, including a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(zz) “**Stock Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(aaa) “**Subsidiary**” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the

happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(bbb) “*Ten Percent Stockholder*” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE REVANCE THERAPEUTICS, INC. HAS DETERMINED THAT THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO REVANCE THERAPEUTICS, INC. IF PUBLICLY DISCLOSED.

First Amendment to the Exclusive Distribution

Agreement dated January 10, 2020

dated September 1, 2020

by and among

Teoxane SA (the Supplier)

Rue de Lyon 105, CH-1203 Geneva, Switzerland

and

Revance Therapeutics Inc. (the Distributor)

7555 Gateway Boulevard Newark, California, USA

(the Supplier and the Distributor, together the **Parties**, and each a **Party**)

Preamble

- A. On January 10, 2020, the Parties entered into an Exclusive Distribution Agreement (the Original Exclusive Distribution Agreement) to distribute certain products in the Territory.
- B. Unless otherwise defined herein, capitalized terms used in this preamble and in this first amendment agreement to the exclusive distribution agreement dated January 10, 2020 (this First Amendment Agreement) shall have the meaning assigned to them in the Original Exclusive Distribution Agreement.
- C. Under the Original Exclusive Distribution Agreement, the Parties agreed to set the Launch Date for April 1st, 2020.
- D. As a result of the COVID-19 pandemic, the Parties wish to postpone the Launch Date.
- E. This First Amendment Agreement hereby serves to formally amend the Original Exclusive Distribution Agreement in accordance with its Section 19.7 in order to reflect the Parties agreement on the new Launch Date.

Now therefore the Parties agree to modify the Original Exclusive Distribution Agreement as follows:

1. Amendments

The Parties hereby agree that the Original Exclusive Distribution Agreement shall be amended as set out in this Section 1.

1.1 Amendment to Section 1 - Definitions

The Section 1(aaa) of the Original Exclusive Distribution Agreement shall be deleted and replaced in its entirety by the below Section 1(aaa):

“Section 1 Definitions

[...]

(aaa) ***Launch Date*** shall mean the date of the first commercialisation of the Initial Products in the Territory, which shall be the 1st September 2020, unless the Supplier notifies the Distributor at least sixty (60) calendar days in advance of another Launch Date; being clarified that the Launch Date shall be the first Business Day of a month.”

2. No Other Amendments

Other than as set for in this First Amendment Agreement, the Original Exclusive Distribution Agreement and its annexes shall not be amended, changed, modified or varied any way.

3. Effective Date

The amendments set forth in this First Amendment Agreement shall become effective upon its execution by both Parties with effect as from such date of execution.

4. One Agreement

This First Amendment Agreement and the Original Exclusive Distribution Agreement including its Annexes, taken together, shall constitute one and the same agreement for all purposes to be designated as the Exclusive Distribution Agreement.

5. Expenses

Each Party shall bear its own taxes, costs and expenses related to the preparation, execution and performance of this First Amendment Agreement.

6. Applicable Law and Dispute Resolution

- a. This First Amendment Agreement shall for all purposes be governed by and interpreted in accordance with the laws of [*], without giving effect to conflicts of laws principles. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this First Amendment Agreement.
- b. Any dispute arising from or relating to this First Amendment Agreement shall be submitted to final and binding arbitration in accordance with Clause 19.10(b) to Clause 19.10(e) of the Original Exclusive Distribution Agreement.

7. Counterparts

This First Amendment Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this First Amendment Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement, including counterparts transmitted via facsimile or by PDF file (portable document format file).

[SIGNATURES ON NEXT PAGE]

Signatures - First Amendment Exclusive Distribution Agreement

The Supplier	Teoxane SA
	/s/ Valerie Taupin
<hr/>	<hr/>
Place, date	By: Valerie Taupin
	Title: Founder, CEO and Chairwoman of the Board of directors
The Distributor	Revance Therapeutics Inc.
	/s/ Mark Foley
<hr/>	<hr/>
September 30, 2020	By: Mark Foley
Place, date	Title: Chief Executive Officer
	/s/ Tobin Schilke
<hr/>	<hr/>
September 30, 2020	By: Tobin Schilke
Place, date	Title: Chief Financial Officer

CERTIFICATIONS

I, Mark J. Foley, certify that:

1. I have reviewed this Form 10-Q of Revance Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Mark J. Foley

Mark J. Foley
President and Chief Executive Officer
(Duly Authorized Principal Executive Officer)

CERTIFICATIONS

I, Tobin C. Schilke, certify that:

1. I have reviewed this Form 10-Q of Revance Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Tobin C. Schilke

Tobin C. Schilke

Chief Financial Officer

***(Duly Authorized Principal Financial Officer and
Principal Accounting Officer)***

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Mark J. Foley, Chief Executive Officer of Revance Therapeutics, Inc. (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2020, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2020

IN WITNESS WHEREOF, the undersigned has set his hands hereto as of the 9th day of November, 2020.

/s/ Mark J. Foley

Mark J. Foley
President and Chief Executive Officer
(Duly Authorized Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Revance Therapeutics, 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 the Form 10-Q), irrespective of any general incorporation language contained in such filing.

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Tobin C. Schilke, Chief Financial Officer of Revance Therapeutics, Inc. (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2020, to which this Certification is attached as Exhibit 32.2 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2020

IN WITNESS WHEREOF, the undersigned has set his hands hereto as of the 9th day of November, 2020.

/s/ Tobin C. Schilke

Tobin C. Schilke

Chief Financial Officer

***(Duly Authorized Principal Financial Officer and
Principal Accounting Officer)***

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Revance Therapeutics, 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 the Form 10-Q), irrespective of any general incorporation language contained in such filing.