RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider each of the following risks, together with all other information set forth in this Offering Circular, including the financial statements and the related notes, before making a decision to buy our common stock. If any of the following risks actually occurs, our business could be harmed. In that case, the trading price of our common stock could decline, and you may lose part or all of your investment.

Risks Relating to Our Business

There is no guarantee that the FDA will grant 510(k) or de novo clearance or PMA approval of our future products and failure to obtain necessary clearances or approvals for our future products would adversely affect our ability to grow our business.

Our lead product candidate, as well as some of our future products will require FDA clearance of a 510(k) or de novo application or may require FDA approval of a PMA. The FDA may not approve or clear these products for the indications that are necessary or desirable for successful commercialization. Indeed, the FDA may refuse our requests for premarket clearance or premarket approval of new products, new intended uses or modifications to existing products. Failure to receive clearance or approval for our products would have an adverse effect on our ability to continue or expand our business.

If we fail to obtain and maintain regulatory approvals and clearances, or are unable to obtain, or experience significant delays in obtaining, FDA clearances or approvals for our RAP device, our future products or product enhancements, our ability to commercially distribute and market these products could suffer.

Our products are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time consuming, and we may not be able to obtain these clearances or approvals on a timely basis, if at all. In particular, the FDA permits commercial distribution of a new medical device only after the device has received clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act, or is the subject of an approved premarket approval application, or PMA, unless the device is specifically exempt from those requirements. The FDA will clear marketing of a lower risk medical device through the 510(k) process if the manufacturer demonstrates that the new product is substantially equivalent to other 510(k)-cleared products or through a de novo process if substantial equivalence is not available. High risk devices deemed to pose the greatest risk, such as life-sustaining, life-supporting, or implantable devices, or devices not deemed substantially equivalent to a previously cleared device, require the approval of a PMA. The PMA process is more costly, lengthy and uncertain than the 510(k) or de novo clearance processes. A PMA application must be supported by extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data, to demonstrate to the FDA's satisfaction the safety and efficacy of the device for its intended use. We believe our current product candidate will require clearance through the 510(k) or de novo process.

We expect to submit our request for premarket clearance to the FDA in the first quarter of 2019. Although we believe that the RAP device is not a Class III device and that substantially equivalent devices are currently legally marketed that are not subject to PMA, we cannot be certain that the FDA will agree. Furthermore, the FDA may determine that our request for 510(k) is inadequate and require additional testing or other information. If the FDA determines that our arguments of substantial equivalence are inadequate, we may be required to submit a de novo application, which will require substantial additional time for approval. If the FDA determines that the RAP device should be considered a Class III device, we may be required to pursue a PMA, which could consume several years of additional approval time and considerable unanticipated expense. If we are required to pursue a PMA, the proceeds from this Offering will likely not be sufficient to fund our company through the PMA process, and we will require additional financing, which may not be available.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not so available, may require us to delay, limit, reduce or cease our operations.

We intend to use the proceeds from this Offering to advance our Generation 1 RAP device through the FDA clearance process and commercial development in preparation for an initial launch with a Generation 2 device to a limited group of dermatologists and then to a Generation 3 device for nationwide launch. The Generation 3 RAP device we expect to offer in our nationwide launch will have significant changes from the Generation 2 device that we intend offer in our initial market launch, which in turn will have significant changes from the Generation 1 device we intend to submit for FDA review and clearance. We expect the changes made to our device from Generation 1 to Generation 2 will necessitate the filing of an additional 510(k) before being launched. We cannot be certain that the changes we deem appropriate to make to the Generation 3 RAP device prior to the nationwide launch will not require another 510(k) filing. Commercializing and launching medical device products can be expensive. Even if we complete the maximum offering hereunder we will require substantial additional future capital in order to launch and market the device nationwide, build out a sales force and manufacture the device. We will continue to require substantial additional capital to continue commercialization activities.

We have a limited operating history and we expect a number of factors to cause our operating results to fluctuate on an annual basis, which may make it difficult to predict our future performance.

We formed our corporation in 2012 without a working RAP prototype. During the first 4 years of operations we have focused on research and development of a fully-integrated working prototype of the RAP device to remove tattoos. During the past 2 years we have focused our efforts on developing a commercial device that would receive FDA clearance to sell. We intend to apply for FDA clearance in the third quarter of 2018; after such application our efforts will be focused on refining our commercial device to improve ease of use features necessary for adoption in dermatological settings. Developing this commercial device for our limited market launch is anticipated to cost at least $2.6 million and take at least nine months of additional work. Further refinement to the device in advance of our national commercial launch is anticipated to cost at least an additional $2.5 million and take another eleven months of additional work. Additionally, a high percentage of our expenses will be associated with pre-launch marketing activities as well as fixed costs. We have not yet sold any products, and we may never achieve commercial success with RAP technology. We have limited historical financial data upon which we may base our projected revenue and operating expenses. Our limited operating history makes it difficult for potential investors to evaluate our technology or prospective operations and business prospects. As a pre-commercialization stage company, we are subject to all the risks inherent in business development, financing, unexpected expenditures, and complications and delays that often occur in a new business. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

RAP utilizes potentially dangerous energy levels and we could face liability for claims related to the RAP device that would be costly and would damage our reputation.

The acoustic shockwaves generated by our RAP device are the result of producing and directing electrical energy within the device's hand piece approaching 3,000 volts at 3,000 amps of current. Although the RAP device has been designed in accordance, and has been independently tested and found to comply, with the electrical and other safety requirements for comparable medical devices, we cannot be certain that such design and testing measures have identified every possible mode of failure. An unanticipated failure mode or misuse of the RAP device could potentially expose the operator or patient to hazardous and potentially lethal electrical shock and we could face liability for claims of injury or death and our ability to commercialize the RAP device could be materially harmed. In addition, such claims would damage our reputation and hinder our ability to commercialize the RAP device.

The use of lasers to remove tattoos has inherent dangers.

Recognized and published (see "Complications of Tattoos and Tattoo Removal: Stop and Think Before you ink;" Khunger, Molpariya, & Khunger, 2015) adverse events of Q-switched laser tattoo removal include: pain; blistering; crusting; pinpoint hemorrhage; urticarial reaction; hypopigmentation; hyperpigmentation; leukotrichia; local-papule; plaques; darkening of tattoos; photoallergic reactions; systemic reactions; residual pigmentation; ghost images; scarring; and textural changes. These adverse events may be increased when multiple laser passes are used to remove a tattoo in a single session.

Modifications to our products may require new regulatory clearances or approvals or may require us to recall or cease marketing our products until clearances or approvals are obtained.

Modifications to our products may require new regulatory approvals or clearances, including 510(k) clearances or premarket approvals, or require us to recall or cease marketing the modified devices until these clearances or approvals are obtained. The FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance. A manufacturer may determine that a modification could not significantly affect safety or efficacy and does not represent a major change in its intended use, so that no new 510(k) clearance is necessary. However, the FDA can review a manufacturer's decision and may disagree. The FDA may also on its own initiative determine that a new clearance or approval is required. Once we have a commercialized product, we may make modifications in the future that we believe do not or will not require additional clearances or approvals. If the FDA disagrees and requires new clearances or approvals for these modifications, we may be required to recall and to stop marketing our products as modified, which could require us to redesign our products and harm our operating results. In these circumstances, we may be subject to significant enforcement actions.

Where we determine that modifications to our products require a new 510(k) clearance or premarket approval application, we may not be able to obtain those additional clearances or approvals for the modifications or additional indications in a timely manner, or at all. Obtaining clearances and approvals can be a time-consuming process, and delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth.

Our Generation 1 device is not ready for commercial launch, and even if our device is cleared by the FDA, we will need to modify this device prior to commercial launch, which modifications may be unsuccessful or costly.

We conducted our clinical trials with and will apply for premarket clearance based on a device that is not optimized for commercial launch. Modifications we expect to make to this Generation 1 device include improvements in user interface, improvements to extend the life and ease of replacement of the consumable treatment head cartridges and general aesthetics and will be made via a Generation 2 and Generation 3 device intended for initial market launch and nationwide market launch, respectively. We expect the changes made to our device from Generation 1 to Generation 2 will necessitate the filing of an additional 510(k) before being launched. We cannot be certain that the changes we deem appropriate to make to the Generation 3 RAP device prior to the nationwide launch will not require another 510(k) filing. While we believe these changes will not affect the therapy delivered by our RAP device, we may be unsuccessful or experience delays in making these changes and/or the FDA may require additional 510(k) submissions to properly document these changes.

Because we have not yet launched the RAP device, we have been using our available capital resources for development of the commercial units and have not yet generated any revenues; therefore, we may not be able to continue as a going concern.

We are a pre-approval stage medical device company, and do not expect to generate any revenues until our commercial RAP units are cleared by the FDA and sold. Our ability to continue as a going concern is dependent upon our generating cash flow from sales that are sufficient to fund operations or finding adequate financing to support our operations. To date, we have had no revenues and have relied on equity-based financing from the sale of securities in private placements and the issuance of convertible notes. Our sales plan may not be successful in achieving a sustainable business and revenues. Although we are engaged in the Offering described in this Offering Circular, we have no arrangements in place for all the anticipated required financing to be able to fully implement our business plan. If we are unable to continue as planned currently, we may have to curtail some or all of our business plan and operations. In such case, investors may lose some or all of their investment.

Our clinical experience with the RAP device is limited to black tattoos with one type of laser, and future trials may not result in similar results.

To date, our clinical trial data is limited to the use of the RAP device in conjunction with Q-Switched lasers treating primarily black tattoos. We do not have clinical data indicating the efficacy of the RAP device in conjunction with shorter pulse “Pico-Switched” lasers or in treating tattoo ink colors other than black. Although, based on animal and theoretical models, we believe RAP has the potential to be similarly effective in such instances, we cannot be certain. If it is not as effective in such instances, our ability to successfully commercialize the RAP device could be materially harmed.

Clinical trials may be necessary to support future product submissions to FDA. These clinical trials will be expensive and will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Delays or failures in our clinical trials will prevent us from commercializing any modified or new products and will adversely affect our business, operating results and prospects.

Initiating and completing clinical trials necessary to support any future PMA applications, and additional safety and efficacy data beyond that typically required for a 510(k) clearance, for our possible future product candidates, will be time consuming and expensive and the outcome uncertain. Moreover, the results of early clinical trials are not necessarily predictive of future results, and any product we advance into clinical trials may not have favorable results in later clinical trials.

Conducting successful clinical studies will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Patient enrollment in clinical trials and completion of patient participation and follow-up depends on many factors, including the size of the patient population, the nature of the trial protocol, the attractiveness of, or the discomforts and risks associated with, the treatments received by enrolled subjects, the availability of appropriate clinical trial investigators, support staff, and proximity of patients to clinical sites and able to comply with the eligibility and exclusion criteria for participation in the clinical trial and patient compliance. For example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and effectiveness of our products or if they determine that the treatments received under the trial protocols are not attractive or involve unacceptable risks or discomforts.

Development of sufficient and appropriate clinical protocols to demonstrate safety and efficacy are required and we may not adequately develop such protocols to support clearance and approval. Further, the FDA may require us to submit data on a greater number of patients than we originally anticipated and/or for a longer follow-up period or change the data collection requirements or data analysis applicable to our clinical trials. Delays in patient enrollment or failure of patients to continue to participate in a clinical

trial may cause an increase in costs and delays in the approval and attempted commercialization of our products or result in the failure of the clinical trial. In addition, despite considerable time and expense invested in our clinical trials, FDA may not consider our data adequate to demonstrate safety and efficacy. Such increased costs and delays or failures could adversely affect our business, operating results and prospects.

If the third parties on which we rely to conduct our clinical trials and to assist us with pre-clinical development do not perform as contractually required or expected, we may not be able to obtain regulatory clearance or approval for or commercialize our products.

We do not have the ability to independently conduct our pre-clinical and clinical trials for our product candidates and future products and we must rely on third parties, such as contract research organizations, medical institutions, clinical investigators and contract laboratories to conduct such trials. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if these third parties need to be replaced, or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our pre-clinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize, our products on a timely basis, if at all, and our business, operating results and prospects may be adversely affected. Furthermore, our third-party clinical trial investigators may be delayed in conducting our clinical trials for reasons outside of their control.

The results of our clinical trials may not support our product candidate claims or may result in the discovery of adverse side effects.

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

Even if our products are cleared or approved by the FDA, if we or our suppliers fail to comply with ongoing FDA requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market.

Any product for which we obtain clearance or approval, and the manufacturing processes, reporting requirements, post-approval clinical data and promotional activities for such product, will be subject to continued regulatory review, oversight and periodic inspections by the FDA and other domestic and foreign regulatory bodies. In particular, we and our suppliers are required to comply with FDA's Quality System Regulations, or QSR, which covers the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, storage and shipping of any product for which we obtain clearance or approval. FDA enforces the QSR and other regulations through periodic inspections. The failure by us or one of our suppliers to comply with applicable statutes and regulations administered by the FDA, or the failure to timely and adequately respond to any adverse inspectional observations or product safety issues, could result in, among other things, any of the following enforcement actions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;

- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, refunds;
- recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for premarket clearance or premarket approval of new products or modified products;
- operating restrictions;
- withdrawing premarket clearances on PMA approvals that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

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

Even if regulatory clearance or approval of a product is granted, such clearance or approval may be subject to limitations on the intended uses for which the product may be marketed and reduce our potential to successfully commercialize the product and generate revenue from the product. If the FDA determines that our promotional materials, labeling, training or other marketing or educational activities constitute promotion of an unapproved use, it could request that we cease or modify our training or promotional materials or subject us to regulatory enforcement actions. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our training or other promotional materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement.

In addition, we may be required to conduct costly post-market testing and surveillance to monitor the safety or effectiveness of our products, and we must comply with medical device reporting requirements, including the reporting of adverse events and malfunctions related to our products. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturing problems, or failure to comply with regulatory requirements such as QSR, may result in changes to labeling, restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recalls, a requirement to repair, replace or refund the cost of any medical device we manufacture or distribute, fines, suspension of regulatory approvals, product seizures, injunctions or the imposition of civil or criminal penalties which would adversely affect our business, operating results and prospects.

We utilize a single manufacturer, Sanmina Corporation, for the manufacture of the RAP device and expect to continue to do so for commercial devices. Risks associated with the manufacturing of our products could reduce our gross margins and negatively affect our operating results.

We do not have any manufacturing facilities or direct manufacturing personnel. We currently rely, and expect to continue to rely, on Sanmina Corporation for the manufacture of the RAP device for commercial manufacture. Although Sanmina is a large contract manufacturer of medical devices, we are subject to numerous risks relating to our reliance on their manufacturing capabilities. If they encounter problems in

manufacturing the RAP device then our business could be significantly impacted. These problems include:

- inability to secure product components in a timely manner, in sufficient quantities or on commercially reasonable terms;
- failure to increase production of the RAP device to meet demand;
- inability to modify production lines to enable us to efficiently produce future products or implement changes in current products in response to regulatory requirements;
- difficulty identifying and qualifying alternative manufacturers in a timely manner;
- inability to establish agreements with future third-party manufacturers or to do so on acceptable terms; or
- potential damage to or destruction of our manufacturers' equipment or facilities.

As demand for our products increases, our manufacturer will need to invest additional resources to purchase components, hire and train employees, and enhance their manufacturing processes. If they fail to increase production capacity efficiently, our sales may not increase in line with our expectations and our operating margins could fluctuate or decline. The RAP device has many parts that are specialized high-voltage components and many of these components are only produced by one supplier and the loss of any of these suppliers, or their inability to provide Sanmina with an adequate supply of materials, could harm our business. For our business strategy to be successful, Sanmina must be able to provide us with components in sufficient quantities, in compliance with regulatory requirements and quality control standards, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Future increases in sales of the RAP device could strain the ability of Sanmina to deliver an increasingly large supply of components and RAP systems in a manner that meets these various requirements. We do not have a long-term agreement with Sanmina and contract with Sanmina on a project-to-project basis utilizing a separate purchase order for each project. As such, there is no assurance that Sanmina will continue to provide us with manufacturing services in the future.

Our products may in the future be subject to product recalls that could harm our reputation, business and financial results.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by us or one of our distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our financial condition and results of operations. The FDA requires that certain classifications of recalls be reported to FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. We may initiate voluntary recalls involving our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, they could require us to report those actions as recalls. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA could take enforcement action for failing to report the recalls when they were conducted.

If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under the FDA medical device reporting regulations, medical device manufacturers are required to report to the FDA information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or one of our similar devices were to recur. If we fail to report these events to the FDA within the required timeframes, or at all, FDA could take enforcement action against us. Any such adverse event involving our products also could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection or enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results.

We have limited experience in assembling and testing our products and may encounter problems or delays in the assembly of our products or fail to meet certain regulatory requirements which could result in an adverse effect on our business and financial results.

We have limited experience in assembling and testing our RAP device, and no experience in doing so on a commercial scale. To become profitable, we must assemble and test the RAP device in commercial quantities in compliance with regulatory requirements and at an acceptable cost. Increasing our capacity to assemble and test our products on a commercial scale will require us to improve internal efficiencies. We may encounter a number of difficulties in increasing our assembly and testing capacity, including:

- managing production yields;
- maintaining quality control and assurance;
- providing component and service availability;
- maintaining adequate control policies and procedures;
- hiring and retaining qualified personnel; and
- complying with state, federal and foreign regulations.

If we are unable to satisfy commercial demand for our RAP device due to our inability to assemble and test our RAP device, our ability to generate revenue would be impaired, market acceptance of our products could be adversely affected and customers may instead purchase or use, our competitors' products.

Certain parts used in the manufacturing of our equipment may experience shortages in global supply which could impact our ability to manufacture our device for customers or maintain research and development timelines.

There are a number of component parts used in the manufacture of our device that are used by many manufacturers in a variety of products. We will compete with other manufacturers for the supply of these components. Additionally, certain parts that are currently in our design may be discontinued by our supplier requiring us to find alternative parts. This issue may require us to change the design of our device or purchase significant inventories of these parts in order to protect against manufacturing delays. We may not be able to procure alternative components or adequate raw material inventories which would result in an inability to produce our device.

U.S. legislative or FDA regulatory reforms may make it more difficult and costly for us to obtain regulatory approval of our product candidates and to manufacture, market and distribute our products after approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory 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. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of future products. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether legislative changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be.

For example, the policies of the new administration and their impact on the regulation of our products in the United States remain uncertain. The outcome of the 2016 election and the forthcoming 2018 mid-term elections could result in significant legislative and regulatory reforms impacting the FDA's regulation of our products. Any change in the laws or regulations that govern the clearance and approval processes relating to our current and future products could make it more difficult and costly to obtain clearance or approval for new products, or to produce, market and distribute existing products. Significant delays in receiving clearance or approval, or the failure to receive clearance or approval for our new products would have an adverse effect on our ability to expand our business.

We cannot assure you that we will generate revenue or become profitable in the future.

Our products may never be cleared by the FDA or become commercially viable or accepted for use. We have incurred significant losses since our inception and expect to experience operating losses and negative cash flow for the foreseeable future. We expect to expend significant resources on hiring of personnel, continued scientific and product research and development, product testing and preclinical and clinical investigation, intellectual property development and prosecution, marketing and promotion, capital expenditures, working capital, general and administrative expenses, and fees and expenses associated with our capital raising efforts. We expect to incur costs and expenses related to consulting costs, hiring of scientists, engineers, science and other operational personnel, and the continued development of relationships with strategic partners.

We anticipate needing additional financing over the longer term to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all.

As of June 30, 2018, we had total assets of $2.0 million, including cash of $1.4 million. We have an accumulated deficit as of June 30, 2018, of $36.1 million. The proceeds from this Offering are expected to provide capital for the next 15 months, if we complete the minimum offering, or 12 months, if we complete the maximum offering, that will fund a limited market launch of the RAP device and associated sales and marketing activities. However, we believe that we will require additional capital to mount a major sales and marketing effort and execute our business plan. We cannot give any assurance that we will be able to obtain all the necessary funding that we may need. We may pursue additional funding through various financing sources, including additional public offerings, the issuance of debt securities, fees associated with licensing some or all of our technology, joint ventures with capital partners and project type financing. There can be no assurance that funds will be available on commercially reasonable terms, if at all. If financing is not available on satisfactory terms, we may be unable to further pursue our business plan and we may be unable to continue operations, in which case you may lose some or all of your investment. Alternatively, we may consider changes in our business plan that might enable us to achieve aspects of our business objectives and lead to some commercial success with a smaller amount of capital, but we cannot assure that changes in our business plan will result in revenues or maintain any value in your investment.

We do not have any sales, marketing, and distribution capabilities or arrangements, and will need to create these as we move towards commercialization of our products.

We do not yet have sales, marketing, and distribution capabilities or arrangements. To be able to commercialize our potential products, we will need to develop all of the foregoing. We have limited experience in establishing these capabilities, and therefore, we may be unsuccessful in achieving commercialization and earning revenues. We believe that setting up the commercialization parts of the company will take substantial capital and commitment of time and effort. We may seek development and marketing partners for RAP technology and license technology that is complementary, but not directly associated with RAP technology to others in order to avoid our having to provide the marketing, manufacturing and distribution capabilities within our organization. There can be no assurance that we will find any development and marketing partners or companies that are interested in licensing our technology. If we are unable to establish and maintain adequate sales, marketing, manufacturing and distribution capabilities, independently or with others, we will not be able to generate product revenue, and may not become profitable.

Even if the RAP device is cleared by the FDA, achieving and maintaining market acceptance of the RAP device for tattoo removal could be negatively impacted by many factors, which may prevent us from successfully commercializing the RAP device.

Even if the RAP device is cleared by the FDA, we may not be successful achieving market acceptance of the RAP device for tattoo removal. Many factors could negatively impact our ability to achieve or maintain market acceptance, including:

- the failure of the RAP device to achieve wide acceptance among people who regret having one or more tattoos or have a tattoo they would like to modify (prospective clients), dermatologists, and key opinion leaders in the tattoo removal community;
- possible reluctance by dermatologists to change their current practices because of perceived liability risks arising from the use of new products
- perceived risks associated with the use of the RAP device or similar products or technologies generally;
- the introduction of competitive products and the rate of acceptance of those products as compared to the RAP device;
- adverse results of future clinical trials relating to the RAP device or similar competitive products; and
- adverse publicity or other adverse events including any product liability lawsuits.

If we are not successful in convincing prospective clients and dermatologists of the benefits of the RAP device then our sales potential, strategic objectives and profitability could be negatively impacted, which would adversely affect our business, financial condition and operating results.

If important assumptions we have made about what prospective clients want and are willing to purchase are inaccurate, our business and operating results may be adversely affected.

Our business strategy was developed based on a number of important assumptions about prospective clients, including their desire to have one or more tattoos removed, their reasons for not taking action to remove those tattoos to date and their willingness to pay for an improved method of removing their tattoos. These assumptions were based on published secondary research, as well as primary research commissioned by us. This research may be flawed and/or any of the resulting

assumptions may prove to be inaccurate. If so, our efforts to commercialize the RAP device, even if cleared by the FDA, may fall short of expectations and you could lose some or all of your investment.

The tattoo removal process is an elective procedure that is not reimbursable and to the extent there is a general reduction in discretionary spending that could result in a reduction in the demand for tattoo removal services.

The decision to undergo a procedure from our systems will be driven by consumer demand. Procedures performed using our systems will be elective procedures, the cost of which must be borne by the patient and are not reimbursable through government or private health insurance. In times of economic uncertainty or recession, individuals often reduce the amount of money that they spend on discretionary items, including aesthetic procedures. The general economic difficulties being experienced and the lack of availability of consumer credit for some of our customers' patients could adversely affect the markets in which we will operate.

We expect to operate in a highly competitive market, we may face competition from large, well-established medical device and product manufacturers with significant resources, and we may not be able to compete effectively.

A method for facilitating multiple laser passes in a single office visit by applying a chemically infused patch (PFD Patch) to the skin was introduced to the market within the last several years. Although we believe, based on currently available published clinical data for the PFD Patch, that the Soliton method is more effective than the PFD Patch, the company that owns the PFD Patch, Merz Pharma, has substantially more resources than Soliton. Furthermore, we have made this assessment based on separate clinical trials with differing protocols, not on a direct head-to-head comparison between the PFD Patch and the Soliton method, so we cannot be certain that the Soliton method is more effective. Also, there are currently a number of laser companies such as Lumenis, Cynosure (Hologic) and Cutera that market their lasers for tattoo removal and all of these companies have substantially more resources than Soliton. Furthermore, our clinical trials have demonstrated clinically significant improvement in tattoo fading over laser alone. Since we are pursuing FDA clearance for the RAP device to treat tattoos in conjunction with lasers, some of these companies may view our product as a competitive threat.

Also, there may be numerous companies of which we are not aware that may be working on separate technology for tattoo fading or removal. As well, the broader market for energy-based devices in the aesthetic market is becoming more competitive. Over time, we believe this field will become subject to more rapid change and new devices and products will emerge. We may find ourselves in competition with companies that have competitive advantages over us, such as:

- greater name recognition;
- established relations with dermatologists;
- established distribution networks;
- additional lines of products, and the ability to offer rebates, higher discounts or incentives to gain a competitive advantage; and
- greater financial and human resources for product development, sales and marketing, and patent litigation.

As a result, we may not be able to compete effectively against these companies or their devices and products.

Rapidly changing technology in life sciences could make the products we are developing obsolete.

The medical device and life-science industry in general is characterized by rapid and significant technological changes, frequent new product introductions and enhancements and evolving industry standards. Our future success will depend on our ability to continually develop and then improve the products that we design and to develop and introduce new products that address the evolving needs of our customers on a timely and cost-effective basis.

If we do not enhance our product offerings through our research and development efforts on a timely basis, we may fail to effectively compete or become profitable.

In order to capture and grow market share in the tattoo removal market, we will need to enhance and broaden our product offerings to meet the evolving demands of patients and dermatologists, as well as compete against new technologies. The success of the RAP device or future versions of the RAP device will depend on numerous factors, including our ability to:

- identify product enhancements that improve performance of tattoo removal and clinicians' ability to use the device and successfully incorporate those features into our products;
- develop and introduce future generations of the RAP device in a timely manner;
- offer products at a price that is competitive with other products then available; and
- adequately protect our intellectual property and avoid infringing upon the intellectual property rights of third-parties.

We have in the past experienced, and we may in the future experience, delays in various phases of product development and commercial launch, including engineering, manufacturing, and marketing. Any delays in our anticipated product launches may significantly impede our ability to successfully compete in our markets. In particular, such delays could cause customers to delay or forego purchases of our products. Even if we are able to successfully develop the RAP device or future versions of the RAP device when anticipated, these products may not produce sales in excess of the costs of development, and they may be quickly rendered obsolete by the changing preferences of dermatologists and patients, or the introduction by our competitors of products embodying new technologies or features.

Potential complications from the RAP device or future versions of the RAP device may not be revealed by our clinical experience or other testing. Undetected errors or defects in the RAP device or future versions of the RAP device could harm our reputation, decrease the market acceptance of the RAP device or expose us to product liability claims.

Our RAP device is a highly complex device with many potential areas for undetected errors, defects or other complications. We cannot be certain that our clinical and other safety and efficacy testing has revealed all such complications. If such complications emerge in the future, we may not have sufficient resources to address them and our commercialization plans could be materially adversely affected.

If we lose key management personnel, or if we fail to recruit additional highly skilled personnel, our ability to expand our operations and increase the size of our company will be impaired, and we may experience loss of markets or market share and we may become less competitive.

As of June 30, 2018, we had six full-time employees and two part-time employees. Because of our small size, growth in accordance with our business plan, will place a significant strain on our financial, technical, operational and management resources. As we advance our product candidates through

commercial development, launch and post-launch activities, we will need to increase our product development, scientific and administrative headcount to manage these programs.

We are highly dependent upon the principal members of our management team, scientific advisory board and consultants. These persons have significant experience not only in development, regulatory, commercialization and business development activities, but also with the RAP system, acoustic energy and the biology of tattoos. If we lose one or more of our executive officers or key employees or consultants, our ability to implement our business strategy successfully could be seriously harmed. Any of our executive officers or key employees or consultants may terminate their employment at any time. Replacing executive officers, key employees and consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain regulatory approval of and commercialize products successfully. Competition to hire and retain employees and consultants from this limited pool is intense, and we may be unable to hire, train, retain or motivate these additional key personnel and consultants. Our failure to retain key personnel or consultants could materially harm our business.

In addition, we have scientific and clinical advisors and consultants who assist us in formulating our regulatory and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us and typically they will not enter into non-compete agreements with us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. In addition, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours.

In addition, to meet our obligations as a public company, we may need to increase our general and administrative capabilities. Our management, personnel and systems currently in place may not be adequate to support this future growth. If we are unable to successfully manage this growth and increased complexity of operations, our business may be adversely affected.

If we are unable to establish good relationships with physicians, our business could be negatively affected.

Our business model will depend on the distribution of our RAP device into the offices of practicing dermatologists and other physicians. This will require us to build and maintain good relationships with physicians who will have a significant source of patients that will generate treatment revenues for both the physician and the Company. If we are unable to establish good relationships with physicians and maintain them, it will jeopardize both device and replaceable component revenues.

Risks Related to our License Agreement and Intellectual Property

We have licensed the intellectual property rights for our technology from MD Anderson, and if our license agreement with MD Anderson is terminated our business will be materially harmed.

We obtained a royalty-bearing, worldwide, exclusive license to intellectual property rights, including patent rights related to RAP technology from the University of Texas on behalf of the MD Anderson Cancer Center. If we become insolvent, cannot meet commercial diligence requirements contained in the licensing agreement, or fail to make annual maintenance fee payments without curing the default, then the technology will revert back to MD Anderson. Furthermore, if we are successful in commercializing and selling the RAP device, we will owe milestone and royalty payments pursuant to this license. If we fail to make those payments in accordance with the license, our license could be terminated.

We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights.

We may from time to time seek to enforce our intellectual property rights against infringers when we determine that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If we choose to enforce our patent rights against a party, then that individual or company has the right to ask the court to rule that such patents are invalid or should not be enforced. Additionally, the validity of our patents and the patents we have licensed may be challenged if a petition for post grant proceedings such as inter-parties review and post grant review is filed within the statutorily applicable time with the U.S. Patent and Trademark Office (USPTO). These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of managerial and scientific personnel even if we were successful in stopping the infringement of such patents. In addition, there is a risk that the court will decide that such patents are not valid and that we do not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe our intellectual property rights. In addition, in recent years the U.S. Supreme Court modified some tests used by the USPTO in granting patents over the past 20 years, which may decrease the likelihood that we will be able to obtain patents and increase the likelihood of a challenge of any patents we obtain or license.

If we are unable to protect the intellectual property used in our products, others may be able to copy our innovations which may impair our ability to compete effectively in our markets.

The strength of our patents involves complex legal and scientific questions and can be uncertain. We have 8 families of patents. As of June 30, 2018, our patent portfolio is comprised of 5 pending U.S. patent applications, 10 granted and 28 pending foreign counterpart patent applications, and 4 pending PCT patent applications, each of which we either own directly or we are the exclusive licensee. These patent applications may be challenged or fail to result in issued patents, or if issued, these patents and our existing patents may be too narrow to prevent third-parties from developing or designing around our intellectual property and in that event, we may lose competitive advantage, which could result in harm to our business.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the medical device industry, we employ individuals who were previously employed at other medical device companies, including our competitors or potential competitors. We may be subject to claims that these employees, or we, have used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

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

In addition to patented technology, we rely upon, among other things, unpatented proprietary technology, processes, trade secrets and know-how. Any involuntary disclosure to or misappropriation by third-parties of our confidential or proprietary information could enable competitors to duplicate or surpass our technological achievements, potentially eroding our competitive position in our market. We seek to protect confidential or proprietary information in part by confidentiality agreements with our employees, consultants and third-parties. While we require all of our employees, consultants, advisors and any third-parties who have access to our proprietary know-how, information and technology to enter into confidentiality agreements, we cannot be certain that this know-how, information and technology will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently

develop substantially equivalent information and techniques. These agreements may be terminated or breached, and we may not have adequate remedies for any such termination or breach. Furthermore, these agreements may not provide meaningful protection for our trade secrets and know-how in the event of unauthorized use or disclosure. To the extent that any of our staff were previously employed by other pharmaceutical, medical technology or biotechnology companies, those employers may allege violations of trade secrets and other similar claims in relation to their medical device development activities for us.

Risks Relating to this Offering of Our Common Stock

There has been no public market for our common stock and an active market may not develop or be sustained, which could limit your ability to sell shares of our common stock.

There currently is no public market for our common stock, and our common stock will not be traded in the open market prior to this Offering. Although we intend to list the common stock on the NASDAQ Capital Market in connection with this Offering, an adequate trading market for the common stock may not develop or be sustained after this Offering. The initial public offering price will be determined by negotiations between the underwriter and our board of directors and may not be representative of the market price at which our shares of common stock will trade after this offering. In particular, we cannot assure you that you will be able to resell your shares at or above the initial public offering price.

The best efforts structure of this Offering may yield insufficient gross proceeds to fully execute on our business plan.

The underwriter is offering shares of our common stock in this Offering on a best efforts basis. The underwriter is not required to sell any specific number or dollar amount of common stock but will use their best efforts to sell the shares offered by us. It is a condition to this Offering that, upon the closing of the Offering, our common stock would qualify for listing on the NASDAQ Capital Market. In order to list, the NASDAQ Capital Market requires that, among other criteria, at least 1,000,000 publicly-held shares of our common stock be outstanding, the shares be held in the aggregate by at least 300 round lot holders, the market value of the publicly-held shares of our common stock be at least $15.0 million, our stockholders' equity after giving effect to the sale of our shares in this Offering be at least $4.0 million, the bid price per share of our common stock be $4.00 or more. As a "best efforts" offering, there can be no assurance that we will successfully raise this minimum amount, that the Offering will satisfy the listing conditions required to trade our common stock on the NASDAQ Capital Market or that the Offering contemplated by this Offering Circular will ultimately be completed or will result in any proceeds being made available to us.

The success of this Offering will impact, in large part, our ability to cover expenses and finance operations over the next 12-15 months. We believe the net proceeds of this Offering, together with our cash and cash equivalents, including the remaining proceeds from our recent private placement of our unsecured promissory notes, will be sufficient to meet our cash, operational and liquidity requirements for at least 15 months if we sell a minimum of 1,500,000 shares and for at least 12 months if we sell all 3,000,000 shares of our common stock in this Offering. Should we raise the maximum, we will commercialize the device at a faster pace and therefore spend at a faster pace. The operating plan that we would enact should we raise the minimum includes a significant reduction in planned staffing, travel, research and development spending, and other overhead to mirror the reduced pace of development. If no shares are sold in this Offering, or if we sell only the minimum number of shares yielding insufficient gross proceeds, we may be unable to cover our expenses, sufficiently fund operations or fully execute on our business plan. This could potentially result in a material adverse effect on our business, Offering Circular, financial condition and results of operations.

If securities or industry analysts do not publish research or reports about us, or if they adversely change their recommendations regarding our common stock, then our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our industry and our market. If no analyst elects to cover us and publish research or reports about us, the market for our common stock could be severely limited and our stock price could be adversely affected. In addition, if one or more analysts ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. If one or more analysts who elect to cover us issue negative reports or adversely change their recommendations regarding our common stock, our stock price could decline.

Purchasers in this Offering will experience immediate and substantial dilution in net tangible book value.

The initial public offering price is substantially higher than the net tangible book value of each outstanding share of our common stock. Purchasers of common stock in this Offering will experience immediate and substantial dilution on a book value basis. The dilution per share in the net tangible book value per share of common stock will be $4.50 per share if the minimum number of shares are sold and $4.08 per share if the maximum number of shares are sold, based on a $5.00 initial public offering price, and assuming, for purposes of the dilution calculations contained in this Offering Circular, the conversion of all of our outstanding preferred stock including accrued dividends into an aggregate of 3,329,418 shares of our common stock contemporaneously with the closing of this Offering and the conversion of all of our outstanding unsecured promissory notes into an aggregate of 6,677,257 shares of our common stock contemporaneously with the closing of this Offering (inclusive of shares issuable for accrued interest through June 30, 2018 under such notes). See “Dilution.”

Your ownership may be diluted if additional capital stock is issued to raise capital, to finance acquisitions or in connection with strategic transactions.

We intend to seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing equity or convertible debt securities in addition to the shares issued in this Offering, which would reduce the percentage ownership of our existing stockholders. Our board of directors has the authority, without action or vote of the stockholders, to issue all or any part of our authorized but unissued shares of common or preferred stock. Prior to this Offering, our certificate of incorporation will be amended to authorize us to issue up to 100,000,000 shares of common stock. Future issuances of common stock would reduce your influence over matters on which stockholders vote and would be dilutive to earnings per share.

The concentration of our common stock ownership by a single shareholder will limit your ability to influence corporate matters.

Upon completion of this Offering, and assuming the conversion of all our outstanding unsecured promissory notes with interest accrued through June 30, 2018 and convertible preferred stock with accrued dividends contemporaneously with the closing of this Offering, a single shareholder, Remeditex Ventures, LLC (Remeditex) will beneficially own and will be able to vote in the aggregate 60.4% of our outstanding common stock if the minimum number of shares are sold and 54.4% of our outstanding common stock if the maximum number of shares offered are sold. As such, Remeditex, will continue to have the ability to exert significant influence over all corporate activities, including the election or removal of directors and the outcome of tender offers, mergers, proxy contests or other purchases of common stock that could give our stockholders the opportunity to realize a premium over the then-prevailing market price for their shares of common stock. This concentrated control will limit your ability to influence corporate matters and, as a result, we may take actions that purchasers in this Offering do not view as

beneficial. In addition, such concentrated control could discourage others from initiating changes of control. In such cases, the perception of our prospects in the market may be adversely affected and the market price of our common stock may decline.

Certain provisions in our organizational documents could enable our board of directors to prevent or delay a change of control.

Our organizational documents at the time of the Offering will contain provisions that may have the effect of discouraging, delaying or preventing a change of control of, or unsolicited acquisition proposals, that a stockholder might consider favorable. These include provisions:

- prohibiting the stockholders from acting by written consent;
- requiring advance notice of director nominations and of business to be brought before a meeting of stockholders;
- requiring a majority vote of the outstanding shares of common stock to amend the bylaws; and
- limiting the persons who may call special stockholders' meetings.

In addition, Delaware law makes it difficult for stockholders that recently have acquired a large interest in a corporation to cause the merger or acquisition of the corporation against the directors' wishes. Under Section 203 of the Delaware General Corporation Law, a Delaware corporation may not engage in any merger or other business combination with an interested stockholder for a period of three years following the date that the stockholder became an interested stockholder except in limited circumstances, including by approval of the corporation's board of directors.

We have no intention of declaring dividends in the foreseeable future.

The decision to pay cash dividends on our common stock rests with our board of directors and will depend on our earnings, unencumbered cash, capital requirements and financial condition. We do not anticipate declaring any dividends in the foreseeable future, as we intend to use any excess cash to fund our operations. Investors in our common stock should not expect to receive dividend income on their investment, and investors will be dependent on the appreciation of our common stock to earn a return on their investment.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our business and our stock price.

Ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our management has concluded that our internal controls over financial reporting are ineffective and has identified a material weakness in our internal controls due to the lack of segregation of duties. While management is working to remediate the material weakness, there is no assurance that such changes, when economically feasible and sustainable, will remediate the identified material weaknesses or that the controls will prevent or detect future material weaknesses. If we are not able to maintain effective internal control over financial reporting, our financial statements, including related disclosures, may be inaccurate, which could have a material adverse effect on our business. We may discover additional material weaknesses in our internal financial and accounting controls and procedures that need improvement from time to time.

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the

preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles. Management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company will have been detected.

Assuming the completion of this Offering, we will be required to comply with Section 404 of the Sarbanes-Oxley Act in connection with our future annual and quarterly reports on Form 10-K and Form 10-Q, commencing with the second Form 10-K we are required to file. We expect to expend significant resources in developing the necessary documentation and testing procedures required by Section 404. We cannot be certain that the actions we will be taking to improve our internal controls over financial reporting will be sufficient, or that we will be able to implement our planned processes and procedures in a timely manner. In addition, if we are unable to produce accurate financial statements on a timely basis, investors could lose confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to finance our operations and growth.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

Once we are a public company, we will incur additional accounting, legal and other expenses that we did not incur as a private company. We will incur costs associated with our public company reporting requirements. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations implemented by the SEC and The NASDAQ Stock Market. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. Furthermore, these rules and regulations could make it more difficult or costlier for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

The protection provided by the federal securities laws relating to forward-looking statements does not apply to us.

The lack of this protection could harm us in the event of an adverse outcome in a legal proceeding relating to forward-looking statements made by us. Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to certain issuers, including issuers that do not have their equity traded on a recognized national securities exchange at the time the statement is made. Our common stock does not currently trade on any recognized national securities exchange. As a result, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. The lack of this protection in a contested proceeding could harm our financial condition.

As an "emerging growth company" under the Jumpstart Our Business Startups Act, or JOBS Act, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements.

As an "emerging growth company" under the JOBS Act, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. We are an emerging growth company until the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of $1.07 billion or more;
- the last day of the fiscal year following the fifth anniversary of this Offering;
- the date on which we have, during the previous 3-year period, issued more than $1 billion in non-convertible debt; or
- the date on which we are deemed a "large accelerated issuer" as defined under the federal securities laws.

For so long as we remain an emerging growth company, we will not be required to:

- have an auditor report on our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis);
- submit certain executive compensation matters to shareholders advisory votes pursuant to the "say on frequency" and "say on pay" provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;
- include detailed compensation discussion and analysis in our filings under the Securities Exchange Act of 1934, as amended, and instead may provide a reduced level of disclosure concerning executive compensation;
- present more than two years of audited financial statements or two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A; and
- immediately adopt new or revised financial accounting standards under §107 of the JOBS Act; instead we are eligible to claim longer phase-in periods.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. The Company has elected to avail itself of this exemption from new or revised accounting standards, and, therefore, will not be subject to the same new or revised accounting standards as public companies that are not emerging growth companies.

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" under SEC rules. For instance, smaller

reporting companies are not required to obtain an auditor attestation and report regarding management's assessment of internal control over financial reporting; are not required to provide a compensation discussion and analysis; are not required to provide a pay-for-performance graph or CEO pay ratio disclosure; and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, or such earlier time that we no longer meet the definition of an emerging growth company. Further, under current SEC rules, we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than $75 million as of the last business day of our most recently completed second fiscal quarter.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions. If investors were to find our common stock less attractive as a result of our election, we may have difficulty raising all of the proceeds we seek in this Offering.

After the completion of this Offering, we may be at an increased risk of securities class action litigation.

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology companies have experienced significant stock price volatility in recent years. If we were to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Investors who subscribe for our securities through the online platform will be subject to different, less favorable terms than Investors who do not subscribe through such platform.

Investors in the Offering have the option to either subscribe through an online platform, maintained by FlashFunders, Inc., or to subscribe by filling out a paper subscription agreement and mailing it to the Underwriter, pursuant to the instructions in the subscription agreement. Investors who decide to invest through the online platform will be subject to different terms than Investors who subscribe offline. Specifically, investors who invest online will be subject to the "terms of use" of the online platform. The terms of use of the online platform may restrict the investors rights to bring an action against the platform through which they invest, including but not limited to the ability to pursue a claim in state or federal court, the ability to request a jury trial, the ability to bring suit in a certain forum or jurisdiction, the ability to seek indemnity against the platform for any loss sustained as a result of your investment, and to otherwise pursue claims against the platform that would otherwise be available to the investor in the absence of agreeing to such terms of use.

The terms of use may apply to potential claims made against the platform under the federal securities laws. The Company believes the enforceability of the terms of use against both investors in this offering, as well as transferees of the shares purchased by the investors in this offering, is unsettled law, and the Company can provide no assurance to either investors in this offering or transferees of the shares purchased by the investors in this offering whether the platform will be able to successfully enforce its terms of use with respect to federal securities laws. Notwithstanding the foregoing, the Company has been advised by FlashFunders, Inc. that to the extent the terms of use on the platform would conflict with and be prohibited under the federal securities laws and the rules and regulations thereunder, the platform would not attempt to enforce such terms against any purchaser of shares on its platform, as well as transferees of such shares. Investors should carefully read and consider the terms of use prior to agreeing to such terms or otherwise making an investment through the platform.