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, 2019

OR

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

For the transition period from _____to _____

Commission file number: 001-36709

SIENTRA, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-5551000**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
420 South Fairview Avenue, Suite 200 Santa Barbara, California	**93117**
(Address of Principal Executive Offices)	(Zip Code)

(805) 562-3500
(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 $0.01 per share	SIEN	The Nasdaq Stock Market LLC

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of November 1, 2019, the number of outstanding shares of the registrant's common stock, par value $0.01 per share, was 49,481,559.

SIENTRA, INC.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 120,915	$ 86,899
Accounts receivable, net of allowances of $3,302 and $2,428 at September 30, 2019 and December 31, 2018, respectively	24,791	22,527
Inventories, net	30,374	24,085
Prepaid expenses and other current assets	3,144	2,612
Total current assets	179,224	136,123
Property and equipment, net	3,980	2,536
Goodwill	4,878	12,507
Other intangible assets, net	9,779	16,495
Other assets	22,021	698
Total assets	$ 219,882	$ 168,359
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 7,352	$ 6,866
Accounts payable	8,738	13,184
Accrued and other current liabilities	28,741	27,697
Legal settlement payable	—	410
Customer deposits	11,686	9,936
Sales return liability	7,563	6,048
Total current liabilities	64,080	64,141
Long-term debt	38,117	27,883
Deferred and contingent consideration	364	6,481
Warranty reserve and other long-term liabilities	21,054	2,976
Total liabilities	123,615	101,481
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.01 par value – Authorized 10,000,000 shares; none issued or outstanding	—	—
Common stock, $0.01 par value — Authorized 200,000,000 shares; issued 49,534,414 and 28,701,494 and outstanding 49,461,687 and 28,628,767 shares at September 30, 2019 and December 31, 2018 respectively	495	286
Additional paid-in capital	544,700	428,949
Treasury stock, at cost (72,727 shares at September 30, 2019 and December 31, 2018)	(260)	(260)
Accumulated deficit	(448,668)	(362,097)
Total stockholders' equity	96,267	66,878
Total liabilities and stockholders' equity	$ 219,882	$ 168,359

See accompanying notes to condensed consolidated financial statements.

SIENTRA, INC.
Condensed Consolidated Statements of Operations
(In thousands, except per share and share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net sales	$ 22,412	$ 16,875	60,489	49,104
Cost of goods sold	9,754	6,398	24,041	19,154
Gross profit	12,658	10,477	36,448	29,950
Operating expenses:				
Sales and marketing	18,668	15,254	60,987	45,990
Research and development	3,201	2,881	9,526	7,930
General and administrative	12,249	11,904	37,538	31,419
Goodwill and other intangible impairment	—	—	12,674	—
Total operating expenses	34,118	30,039	120,725	85,339
Loss from operations	(21,460)	(19,562)	(84,277)	(55,389)
Other income (expense), net:				
Interest income	510	133	1,083	214
Interest expense	(1,344)	(953)	(3,276)	(2,474)
Other income (expense), net	(139)	(163)	(101)	(347)
Total other income (expense), net	(973)	(983)	(2,294)	(2,607)
Loss before income taxes	(22,433)	(20,545)	(86,571)	(57,996)
Income tax (benefit) expense	—	—	—	—
Net loss	$ (22,433)	$ (20,545)	(86,571)	(57,996)
Basic and diluted net loss per share attributable to common stockholders	$ (0.45)	$ (0.72)	(2.30)	(2.39)
Weighted average outstanding common shares used for net loss per share attributable to common stockholders:				
Basic and diluted	49,401,094	28,462,975	37,671,215	24,312,300

See accompanying notes to condensed consolidated financial statements.

SIENTRA, INC.
Condensed Consolidated Statement of Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Preferred stock		Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2017	—	$ —	19,474,702	$ 194	72,727	$ (260)	$ 307,159	$ (279,470)	$ 27,623
Stock-based compensation	—	—	—	—	—	—	2,548	—	2,548
Employee stock purchase program (ESPP)	—	—	62,491	1	—	—	390	—	391
Vested restricted stock	—	—	271,936	3	—	—	(3)	—	—
Shares withheld for tax obligations on vested RSUs	—	—	(92,760)	(1)	—	—	(1,295)	—	(1,296)
Net loss	—	—	—	—	—	—	—	$ (19,423)	(19,423)
Balances at March 31, 2018	—	—	19,716,369	$ 197	72,727	$ (260)	$ 308,799	$ (298,893)	$ 9,843
Proceeds from follow-on offering, net of costs	—	—	8,518,519	85	—	—	107,466	—	107,551
Stock-based compensation	—	—	—	—	—	—	3,138	—	3,138
Stock option exercises	—	—	61,203	1	—	—	409	—	410
Vested restricted stock	—	—	94,180	1	—	—	(1)	—	—
Net loss	—	—	—	—	—	—	—	(18,028)	(18,028)
Balances at June 30, 2018	—	$ —	28,390,271	$ 284	72,727	$ (260)	$ 419,811	$ (316,921)	$ 102,914
Stock-based compensation	—	—	—	—	—	—	4,391	—	4,391
Stock option exercises	—	—	86,260	—	—	—	738	—	738
Employee stock purchase program (ESPP)	—	—	83,125	—	—	—	601	—	602
Vested restricted stock	—	—	98,391	1	—	—	(1)	—	—
Shares withheld for tax obligations on vested RSUs	—	—	(7,103)	—	—	—	(123)	—	(123)
Net loss	—	—	—	—	—	—	—	(20,545)	(20,545)
Balances at September 30, 2018	—	$ —	28,650,944	285	72,727	(260)	425,417	(337,466)	87,976

	Preferred stock		Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2018	—	$ —	28,701,494	$ 286	72,727	$ (260)	$ 428,949	$ (362,097)	$ 66,878
Stock-based compensation	—	—	—	—	—	—	3,772	—	3,772
Stock option exercises	—	—	45,453	—	—	—	106	—	106
Employee stock purchase program (ESPP)	—	—	68,899	1	—	—	682	—	683
Vested restricted stock	—	—	671,245	7	—	—	(7)	—	—
Shares withheld for tax obligations on vested RSUs	—	—	(212,714)	(2)	—	—	(2,723)	—	(2,725)
Net loss	—	—	—	—	—	—	—	(26,484)	(26,484)
Balances at March 31, 2019	—	—	29,274,377	$ 292	72,727	$ (260)	$ 430,779	$ (388,581)	$ 42,230
Proceeds from follow-on offering, net of costs	—	—	20,000,000	200	—	—	107,534	—	107,734
Stock-based compensation	—	—	—	—	—	—	2,963	—	2,963
Vested restricted stock	—	—	88,454	1	—	—	(1)	—	—
Shares withheld for tax obligations on vested RSUs	—	—	(12,565)	—	—	—	(100)	—	(100)
Net loss	—	—	—	—	—	—	—	(37,654)	(37,654)
Balances at June 30, 2019	—	$ —	49,350,266	$ 493	72,727	$ (260)	$ 541,175	$ (426,235)	$ 115,173
Stock-based compensation	—	—	—	—	—	—	3,115	—	3,115
Stock option exercises	—	—	3,271	—	—	—	9	—	9
Employee stock purchase program (ESPP)	—	—	106,725	1	—	—	533	—	534
Vested restricted stock	—	—	92,676	1	—	—	(1)	—	—
Shares withheld for tax obligations on vested RSUs	—	—	(18,524)	—	—	—	(131)	—	(131)
Net loss	—	—	—	—	—	—	—	(22,433)	(22,433)
Balances at September 30, 2019	—	$ —	49,534,414	$ 495	72,727	$ (260)	$ 544,700	$ (448,668)	$ 96,267

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (86,571)	$ (57,996)
Adjustments to reconcile net loss to net cash used in operating activities:		
Goodwill impairment	7,629	—
Intangible asset impairment	5,045	—
Depreciation and amortization	2,538	2,500
Provision for doubtful accounts	1,804	996
Provision for warranties	843	2
Provision for inventory	2,209	708
Amortization of acquired inventory step-up	—	106
Amortization of right-of-use assets	3,546	—
Lease liability accretion	1,385	—
Change in fair value of warrants	(110)	333
Change in fair value of deferred consideration	9	18
Change in fair value of contingent consideration	590	2,178
Change in deferred revenue	504	275
Non-cash portion of debt extinguishment loss	53	—
Amortization of debt discount and issuance costs	223	132
Stock-based compensation expense	9,681	10,077
Loss on disposal of property and equipment	119	—
Payments of contingent consideration liability in excess of acquisition-date fair value	(1,968)	—
Changes in assets and liabilities:		
Accounts receivable	(4,068)	(9,476)
Inventories	(8,329)	(2,827)
Prepaid expenses, other current assets and other assets	(811)	(2,168)
Insurance recovery receivable	—	33
Accounts payable	(2,797)	6,780
Accrued and other liabilities	(7,882)	3,789
Legal settlement payable	(410)	(590)
Customer deposits	1,750	2,283
Sales return liability	1,515	1,429
Net cash used in operating activities	(73,503)	(41,418)
Cash flows from investing activities:		
Purchase of property and equipment	(3,180)	(414)
Net cash used in investing activities	(3,180)	(414)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	107,734	107,551
Proceeds from exercise of stock options	115	1,149
Proceeds from issuance of common stock under ESPP	1,217	993
Tax payments related to shares withheld for vested restricted stock units (RSUs)	(2,956)	(1,419)
Gross borrowings under the Term Loan	5,000	10,000
Gross borrowings under the Revolving Loan	15,788	12,109
Repayment of the Revolving Loan	(8,436)	(12,109)
Payments of contingent consideration up to acquisition-date fair value	(5,766)	—
Deferred financing costs	(1,997)	(22)
Net cash provided by financing activities	110,699	118,252
Net increase in cash, cash equivalents and restricted cash	34,016	76,420
Cash, cash equivalents and restricted cash at:		
Beginning of period	87,242	26,931
End of period	$ 121,258	$ 103,351
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	$ 120,915	$ 103,008
Restricted cash included in other assets	343	343
Total cash, cash equivalents and restricted cash	$ 121,258	$ 103,351
Supplemental disclosure of cash flow information:		
Interest paid	$ 3,015	$ 2,526
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment in accounts payable and accrued liabilities	$ 1,113	$ 1,900
Non-cash deferred consideration settlement	—	1,000
Non-cash settlement of assets held for sale in accounts payable	—	2,674

See accompanying notes to condensed consolidated financial statements.

1. Formation and Business of the Company

a. Formation

Sientra, Inc. ("Sientra", the "Company," "we," "our" or "us"), was incorporated in the State of Delaware on August 29, 2003 under the name Juliet Medical, Inc. and subsequently changed its name to Sientra, Inc. in April 2007. The Company acquired substantially all the assets of Silimed, Inc. on April 4, 2007. The purpose of the acquisition was to acquire the rights to the silicone breast implant clinical trials, related product specifications and pre-market approval, or PMA, assets. Following this acquisition, the Company focused on completing the clinical trials to gain FDA approval to offer its silicone gel breast implants in the United States.

In March 2012, the Company announced it had received approval from the FDA for its portfolio of silicone gel breast implants, and in the second quarter of 2012 the Company began commercialization efforts to sell its products in the United States. The Company, based in Santa Barbara, California, is a medical aesthetics company that focuses on serving board-certified plastic surgeons and offers a portfolio of silicone shaped and round breast implants, scar management, tissue expanders, and body contouring products.

In November 2014, the Company completed an initial public offering, or IPO, and its common stock is listed on the Nasdaq Stock Exchange under the symbol "SIEN."

b. Regulatory Review of Vesta Manufacturing

The Company has engaged Vesta Intermediate Funding, Inc., or Vesta, a Lubrizol Lifesciences company, for the manufacture and supply of the Company's breast implants. On March 14, 2017, the Company announced it had submitted a site-change pre-market approval, or PMA, supplement to the FDA for the manufacture of the Company's PMA-approved breast implants at the Vesta manufacturing facility. On January 30, 2018, the Company announced the FDA has granted approval of the site-change supplement for the Company's contract manufacturer, Vesta, to manufacture its silicone gel breast implants. In support of the move to the Vesta manufacturing facility, the Company also implemented new manufacturing process improvements which, in consultation with the FDA, required three (3) additional PMA submissions. In addition to approving the manufacturing site-change PMA supplement, the FDA approved the Company's three (3) process enhancement submissions on January 10, 2018, January 19, 2018 and April 17, 2018.

c. Follow-On Offering

On May 7, 2018, the Company completed an underwritten follow-on public offering of 7,407,408 shares of its common stock at $13.50 per share, as well as 1,111,111 additional shares of its common stock pursuant to the full exercise of the over-allotment option granted to the underwriters. Net proceeds to the Company were approximately $107.6 million after deducting underwriting discounts and commissions of $6.9 million and offering expenses of approximately $0.5 million.

On June 7, 2019, the Company completed an underwritten follow-on public offering of 17,391,305 shares of its common stock at $5.75 per share, as well as 2,608,695 additional shares of its common stock pursuant to the full exercise of the over-allotment option granted to the underwriters. Net proceeds to the Company were approximately $107.7 million after deducting underwriting discounts and commissions of $6.9 million and offering expenses of approximately $0.4 million.

2. Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. Accordingly, they do not include certain footnotes and financial presentations normally required under accounting principles generally accepted in the United States of America for complete financial reporting. The interim financial information is unaudited, but reflects all normal adjustments and accruals which are, in the opinion of management, considered necessary to provide a fair presentation for the interim periods presented. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 14, 2019, or the Annual Report. The results for the three and nine months ended September 30, 2019 are not necessarily indicative of results to be expected for the year ending December 31, 2019, any other interim periods, or any future year or period.

b. Liquidity

Since the Company's inception, it has incurred significant net operating losses and the Company anticipates that losses will continue in the near term. The Company expects its operating expenses will continue to grow as they expand operations. The Company will need to generate significant net sales to achieve profitability. To date, the Company has funded operations primarily with proceeds from the sales of preferred stock, borrowings under term loans, sales of products since 2012, and the proceeds from the sale of common stock in public offerings.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2019, the Company had cash and cash equivalents of $120.9 million. Since inception, the Company has incurred recurring losses from operations and cash outflows from operating activities. The continuation of the Company as a going concern is dependent upon many factors including liquidity and the ability to raise capital. The Company received FDA approval of their PMA supplement on April 17, 2018 and was then able to access a $10.0 million term loan pursuant to an amendment to the credit agreement with MidCap Financial Trust, or MidCap. In addition, in February 2018, the Company entered into an At-The-Market Equity Offering Sales Agreement with Stifel, Nicolaus & Company, Incorporated, or Stifel, as sales agent pursuant to which the Company may sell, from time to time, through Stifel, shares of our common stock having an aggregate gross offering price of up to $50.0 million. As of September 30, 2019, the Company has not sold any common stock pursuant to the sales agreement. Further, on May 7, 2018 and June 7, 2019, the Company completed public offerings of its common stock, raising approximately $107.6 million and $107.7 million, respectively, in net proceeds after deducting underwriting discounts and commissions and other offering expenses.

On July 1, 2019, the Company entered into certain credit agreements with Midcap Financial Trust pursuant to which the Company repaid its existing indebtedness under its Loan Agreement and the outstanding commitment fee was cancelled. See Note 10 – Long-Term Debt and Revolving Loan for further discussion.

The Company believes that its cash and cash equivalents will be sufficient to fund its operations for at least the next 12 months. To fund ongoing operating and capital needs, the Company may need to raise additional capital in the future through the sale of equity securities and incremental debt financing.

c. Use of Estimates

The preparation of the condensed consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

d. Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In February 2016, the FASB issued Accounting Standards Update, or ASU, 2016-02, Leases (Topic 842). This ASU requires a company to recognize lease assets and liabilities arising from operating leases in the statement of financial position. This ASU does not significantly change the previous lease guidance for how a lessee should recognize the recognition, measurement, and presentation of expenses and cash flows arising from a lease. Additionally, the criteria for classifying a finance lease versus an operating lease are substantially the same as the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption was permitted. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) Targeted Improvements, amending certain aspects of the new leasing standard. The amendment allowed an additional optional transition method whereby an entity records a cumulative effect adjustment to opening retained earnings in the year of adoption without restating prior periods. The Company adopted Topic 842 on January 1, 2019 electing the package of practical expedients permitted under the transition guidance, which allowed the Company to carry forward the historical lease classification, the assessment on whether a contract is or contains a lease, and the initial direct costs for any leases that exist prior to adoption of the new standard. The Company has not restated prior periods under the optional transition method. The adoption of ASU 2016-02 on January 1, 2019 resulted in the recognition of right-of-use assets of approximately $22.7 million, lease liabilities of approximately $22.9 million and no cumulative-effect adjustment on retained earnings on its Condensed Consolidated Balance Sheets. Refer to Note 9 - Leases for further details.

In February 2018, the FASB issued ASU 2018-02, Income Taxes (Topic 740), which allows for an entity to elect to reclassify the income tax effects on items within accumulated other comprehensive income resulting from U.S. Tax Cuts and Jobs Act to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018 with early adoption permitted, including interim periods within those years. The Company adopted ASC 2018-02 and elected to not reclassify the income tax effects under ASU 2018-02, as it does not have a material impact on the condensed consolidated financial statements.

e. Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

3. Revenue

Revenue Recognition

The Company generates revenue primarily through the sale and delivery of promised goods or services to customers and recognizes revenue when control is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services. Performance obligations typically include the delivery of promised products, such as breast implants, tissue expanders, BIOCORNEUM, miraDry Systems and bioTips, along with service-type warranties and deliverables under certain marketing programs. Other deliverables are sometimes promised, but are ancillary and insignificant in the context of the contract as a whole. Sales prices are documented in the executed sales contract, purchase order or order acknowledgement prior to the transfer of control to the customer. Customers may enter into a separate extended service agreement to purchase an extended warranty for miraDry products from the Company whereby the payment is due at the inception of the agreement. Typical payment terms are 30 days for Breast Products and direct sales of consumable miraDry products, and tend to be longer for capital sales of miraDry Systems and sales to miraDry distributors, but do not extend beyond one year. For delivery of promised products, control transfers and revenue is recognized upon shipment, unless the contractual arrangement requires transfer of control when products reach their destination, for which revenue is recognized once the product arrives at its destination. Revenue for extended service agreements are recognized ratably over the term of the agreements.

For Breast Products, with the exception of the Company's BIOCORNEUM scar management products, the Company allows for the return of products from customers within six months after the original sale, which is accounted for as variable consideration. Reserves are established for anticipated sales returns based on the expected amount calculated with historical experience, recent gross sales and any notification of pending returns. The estimated sales return is recorded as a reduction of revenue and as a sales return liability in the same period revenue is recognized. Actual sales returns in any future period are inherently uncertain and thus may differ from the estimates. If actual sales returns differ significantly from the estimates, an adjustment to revenue in the current or subsequent period would be recorded. The Company has established an allowance for sales returns of $7.6 million and $6.0 million as of September 30, 2019 and December 31, 2018 respectively, recorded as "sales return liability" on the condensed consolidated balance sheets.

The following table provides a rollforward of the sales return liability (in thousands):

	Sales return liability
Balance as of December 31, 2018	$ 6,048
Addition to reserve for sales activity	74,621
Actual returns	(73,815)
Change in estimate of sales returns	709
Balance as of September 30, 2019	$ 7,563

For Breast Products, a portion of the Company's revenue is generated from the sale of consigned inventory of breast implants maintained at doctor, hospital, and clinic locations. For these products, revenue is recognized at the time the Company is notified by the customer that the product has been implanted, not when the consigned products are delivered to the customer's location.

For miraDry, in addition to domestic and international direct sales, the Company leverages a distributor network for selling the miraDry System internationally. The Company recognizes revenue when control of the goods or services is transferred to the distributors. Standard terms in both direct sales agreements (domestic and international), and international distributor agreements do not allow for trial periods, right of return, refunds, payment contingent on obtaining financing or other terms that could impact the customer's payment obligation.

Arrangements with Multiple Performance Obligations

The Company has determined that the delivery of each unit of product in the Company's revenue contracts with customers is a separate performance obligation. The Company's revenue contracts may include multiple products or services, each of which is considered a separate performance obligation. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on observable prices or using an expected cost plus margin approach when an observable price is not available. The Company invoices customers once products are shipped or delivered to customers depending on the negotiated shipping terms.

The Company introduced its Platinum20 Limited Warranty Program, or Platinum20, in May 2018 on all OPUS breast implants implanted in the United States or Puerto Rico on or after May 1, 2018. Platinum20 provides for financial assistance for revision surgeries and no-charge contralateral replacement implants upon the occurrence of certain qualifying events. The Company considers Platinum20 to have an assurance warranty component and a service warranty component. The assurance component is recorded as a warranty liability at the time of sale (as discussed in Note 6). The Company considers the service warranty component as an additional performance obligation and defers revenue at the time of sale based on the relative estimated selling price, by estimating a standalone selling price using the expected cost plus margin approach for the performance obligation. Inputs into the expected cost plus margin approach include historical incidence rates, estimated replacement costs, estimated financial assistance payouts and an estimated margin. The liability for unsatisfied performance obligations under the service warranty as of September 30, 2019 and December 31, 2018 was $0.9 million and $0.4 million respectively. The short-term obligation related to the service warranty was $0.4 million and $0.2 million as of September 30, 2019 and December 31, 2018, respectively, and is included in "accrued and other current liabilities" on the condensed consolidated balance sheets. The long-term obligation related to the service warranty was $0.5 million and $0.3 million as of September 30, 2019 and December 31, 2018, respectively, and is included in "warranty reserve and other long-term liabilities" on the condensed consolidated balance sheets. The performance obligation is satisfied at the time that Platinum20 benefits are provided and are expected to be satisfied over the following 6 to 24 month period for financial assistance and 20 years for product replacement. Revenue recognized for the service warranty performance obligations for the three and nine months ended September 30, 2019 was immaterial.

Practical Expedients and Policy Election

The Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

The Company does not adjust accounts receivable for the effects of any significant financing components as customer payment terms are shorter than one year.

The Company has elected to account for shipping and handling activities performed after a customer obtains control of the products as activities to fulfill the promise to transfer the products to the customer. Shipping and handling activities are largely provided to customers free of charge for the Breast Products segment. The associated costs were $1.4 million and $0.9 million for the nine months ended September 30, 2019 and 2018 respectively. The associated costs were $0.5 million and $0.3 million for the three months ended September 30, 2019 and 2018 respectively. These costs are viewed as part of the Company's sales and marketing programs and are recorded as a component of sales and marketing expense in the condensed consolidated statement of operations as an accounting policy election. For the miraDry segment, shipping and handling charges are typically billed to customers and recorded as revenue. The shipping and handling costs incurred are recorded as a component of cost of goods sold in the condensed consolidated statement of operations. The associated costs were $0.6 million and $0.2 million for the nine months ended September 30, 2019 and 2018 respectively. The associated costs were $0.3 million and $0.1 million for the three months ended September 30, 2019 and 2018 respectively.

4. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, customer deposits and sales return liability are reasonable estimates of their fair value because of the short maturity of these items. The fair value of the common stock warrant liability and contingent consideration are discussed in Note 5. The fair value of the debt is based on the amount of future cash flows associated with the instrument discounted using the Company's estimated market rate. As of September 30, 2019, the carrying value of the long-term debt was not materially different from the fair value.

5. Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's common stock warrant liabilities are carried at fair value determined according to the fair value hierarchy described above. The Company has utilized an option pricing valuation model to determine the fair value of its outstanding common stock warrant liabilities. The inputs to the model include fair value of the common stock related to the warrant, exercise price of the warrant, expected term, expected volatility, risk-free interest rate and dividend yield. The warrants are valued using the fair value of common stock as of the measurement date. The Company estimates its expected stock volatility based on company-specific historical and implied volatility information of its stock. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining contractual term of the warrants. The Company has estimated a 0% dividend yield based on the expected dividend yield and the fact that the Company has never paid or declared dividends. As several significant inputs are not observable, the overall fair value measurement of the warrants is classified as Level 3.

The Company assessed the fair value of the contingent consideration for future royalty payments related to the acquisition of BIOCORNEUM and the contingent consideration for the future milestone payments related to the acquisition of miraDry using a Monte-Carlo simulation model. Significant assumptions used in the measurement include future net sales for a defined term and the risk-adjusted discount rate associated with the business. As the inputs are not observable, the overall fair value measurement of the contingent consideration is classified as Level 3.

The following tables present information about the Company's liabilities that are measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018 and indicate the level of the fair value hierarchy utilized to determine such fair value (in thousands):

	Fair Value Measurements as of September 30, 2019 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Liability for common stock warrants	$ —	—	3	3
Liability for contingent consideration	—	—	6,437	6,437
	$ —	—	6,440	6,440

	Fair Value Measurements as of December 31, 2018 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Liability for common stock warrants	$ —	—	113	113
Liability for contingent consideration	—	—	13,847	13,847
	$ —	—	13,960	13,960

The liability for common stock warrants and the current portion of contingent consideration is included in "accrued and other current liabilities" and the long-term liabilities for the contingent consideration are included in "deferred and contingent consideration" in the condensed consolidated balance sheet. The following table provides a rollforward of the aggregate fair values of the Company's common stock warrants and contingent consideration for which fair value is determined by Level 3 inputs (in thousands):

Warrant Liability	
Balance, December 31, 2018	$ 113
Change in fair value of warrant liability	(110)
Balance, September 30, 2019	$ 3
Contingent Consideration Liability	
Balance, December 31, 2018	$ 13,847
Settlements of contingent consideration	(8,000)
Change in fair value of contingent consideration	590
Balance, September 30, 2019	$ 6,437

The Company recognizes changes in the fair value of the warrants in "other income (expense), net" in the condensed consolidated statement of operations and changes in contingent consideration are recognized in "general and administrative" expense in the condensed consolidated statement of operations.

6. Product Warranties

The Company offers a product replacement and limited warranty program for the Company's silicone gel breast implants, and a product warranty for the Company's miraDry Systems and consumable bioTips. For silicone gel breast implant surgeries occurring prior to May 1, 2018, the Company provides lifetime replacement implants and up to $3,600 in financial assistance for revision surgeries, for covered rupture events that occur within ten years of the surgery date. The Company introduced its Platinum20 Limited Warranty Program in May 2018, covering OPUS silicone gel breast implants implanted in the United States or Puerto Rico on or after May 1, 2018. The Company considers the program to have an assurance warranty component and a service warranty component. The service warranty component is discussed in Note 3 above. The assurance component is related to the lifetime no-charge contralateral replacement implants and up to $5,000 in financial assistance for revision surgeries, for covered rupture events that occur within twenty years of the surgery date. Under the miraDry warranty, the Company provides a standard product warranty for the miraDry System and bioTips, which the Company considers an assurance-type warranty.

The following table provides a rollforward of the accrued warranties (in thousands):

	Nine Months Ended September 30,	
	2019	2018
Balance as of January 1	$ 1,395	$ 1,642
Warranty costs incurred during the period	(492)	(395)
Changes in accrual related to warranties issued during the period	820	639
Changes in accrual related to pre-existing warranties	23	(637)
Balance as of September 30	$ 1,746	$ 1,249

7. Net Loss Per Share

Basic net loss per share attributable to common stockholders is computed by dividing net loss by the weighted average number of common shares outstanding during each period. Diluted net loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares and dilutive potential common share equivalents then outstanding, to the extent they are dilutive. Potential common shares consist of shares issuable upon the exercise of stock options and warrants (using the treasury stock method). Dilutive net loss per share is the same as basic net loss per share for all periods presented because the effects of potentially dilutive items were anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss (in thousands)	$ (22,433)	$ (20,545)	$ (86,571)	$ (57,996)
Weighted average common shares outstanding, basic and diluted	49,401,094	28,462,975	37,671,215	24,312,300
Net loss per share attributable to common stockholders	$ (0.45)	$ (0.72)	$ (2.30)	$ (2.39)

The Company excluded the following potentially dilutive securities, outstanding as of September 30, 2019 and 2018, from the computation of diluted net loss per share attributable to common stockholders for the three and nine months ended September 30, 2019 and 2018 because they had an anti-dilutive impact due to the net loss attributable to common stockholders incurred for the periods.

	September 30,	
	2019	2018
Stock options to purchase common stock	924,097	1,926,835
Warrants for the purchase of common stock	47,710	47,710
	971,807	1,974,545

8. Balance Sheet Components

a. Allowance for Doubtful Accounts

The Company has established an allowance for doubtful accounts of $3.3 million and $2.4 million as of September 30, 2019 and December 31, 2018, respectively, recorded net against accounts receivable in the balance sheet.

b. Inventories

Inventories, net consist of the following (in thousands):

	September 30, 2019	December 31, 2018
Raw materials	$ 3,777	$ 2,147
Work in progress	1,837	2,110
Finished goods	22,869	18,335
Finished goods - right of return	1,891	1,493
	$ 30,374	$ 24,085

c. Property and Equipment

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

	September 30, 2019	December 31, 2018
Leasehold improvements	$ 408	$ 402
Manufacturing equipment and toolings	3,384	1,928
Computer equipment	908	682
Software	1,441	1,039
Office equipment	111	156
Furniture and fixtures	1,031	826
	7,283	5,033
Less accumulated depreciation	(3,303)	(2,497)
	$ 3,980	$ 2,536

Depreciation expense for the three months ended September 30, 2019 and 2018 was $0.3 million and $0.2 million, respectively. Depreciation expense for both the nine months ended September 30, 2019 and 2018 was $0.9 million.

Under the terms of the manufacturing agreement with Vesta, upon the commencement of Contract Year One (as defined in the agreement) which occurred following FDA-approval of all submissions related to the site-change PMA supplement for the Vesta manufacturing facility, Vesta was obligated to purchase the manufacturing equipment and tooling that Sientra had originally purchased for the manufacture of Sientra's breast implant inventory at Vesta's manufacturing facility. Vesta repurchased the equipment with a net book value of $2.7 million in the third quarter of 2018 through a reduction in the Company's accounts payable balance owed to Vesta.

d. Goodwill and Other Intangible Assets, net

The Company has determined that it has two reporting units, Breast Products and miraDry, and evaluates goodwill for impairment at least annually on October 1st and whenever circumstances suggest that goodwill may be impaired. As of September 30, 2019 and December 31, 2018 the miraDry reporting unit had a negative carrying value.

The changes in the carrying amount of goodwill during the nine months ended September 30, 2019 were as follows (in thousands):

	Breast Products	miraDry	Total
Balances as of December 31, 2018			
Goodwill	$ 19,156	$ 7,629	$ 26,785
Accumulated impairment losses	(14,278)	—	(14,278)
Goodwill, net	$ 4,878	$ 7,629	$ 12,507
Balances as of September 30, 2019			
Goodwill	$ 19,156	$ 7,629	$ 26,785
Accumulated impairment losses	(14,278)	(7,629)	(21,907)
Goodwill, net	$ 4,878	$ —	$ 4,878

In the second quarter of 2019, the Company noted a decline in actual and forecasted earnings for the miraDry reporting unit in comparison to forecasted earnings determined in prior periods. Based on this evaluation, the Company determined that the carrying value of the miraDry reporting unit more likely than not exceeded its estimated fair value. As a result, the Company performed a quantitative analysis to compare the fair value of the reporting unit to its carrying amount.

The Company's fair value analysis of goodwill utilizes the income approach, which requires the use of estimates about a reporting unit's future revenues and free cash flows, discount rates, terminal value and enterprise value to determine the estimated fair value. The Company's future revenues and free cash flow assumptions are determined based upon actual results giving effect to management's expected changes in operating results in future years. The enterprise value, discount rates and terminal value are based upon market participant assumptions using a defined peer group.

After performing the impairment test as of June 30, 2019 the Company determined that the carrying value of its miraDry reporting unit exceeded its estimated fair value using the income approach, as described above, by an amount that indicated a full impairment of the carrying value of goodwill. Consequently, the Company recorded a non-cash goodwill impairment charge of $7.6 million during the second quarter ended June 30, 2019, which is reflected in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 2019.

The components of the Company's other intangible assets consist of the following (in thousands):

	Average Amortization Period (in years)	September 30, 2019		
		Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Intangibles with definite lives				
Customer relationships	11	$ 9,540	$ (3,412)	$ 6,128
Trade names - finite life	14	2,000	(257)	1,743
Developed technology	13	1,500	(42)	1,458
Non-compete agreement	2	80	(80)	—
Regulatory approvals	1	670	(670)	—
Acquired FDA non-gel product approval	11	1,713	(1,713)	—
Total definite-lived intangible assets		$ 15,503	$ (6,174)	$ 9,329
Intangibles with indefinite lives				
Trade names - indefinite life	—	450	—	450
Total indefinite-lived intangible assets		$ 450	$ —	$ 450

	Average Amortization Period (in years)	December 31, 2018		
		Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Intangibles with definite lives				
Customer relationships	11	$ 11,240	$ (3,486)	$ 7,754
Trade names - finite life	14	5,800	(541)	5,259
Developed technology	15	3,000	(338)	2,662
Distributor relationships	9	500	(130)	370
Non-compete agreement	2	80	(80)	—
Regulatory approvals	1	670	(670)	—
Acquired FDA non-gel product approval	11	1,713	(1,713)	—
Total definite-lived intangible assets		$ 23,003	$ (6,958)	$ 16,045
Intangibles with indefinite lives				
Trade names - indefinite life	—	450	—	450
Total indefinite-lived intangible assets		$ 450	$ —	$ 450

In connection with the circumstances leading to the impairment of goodwill for the miraDry reporting unit, in the second quarter of 2019 the Company performed a test of recoverability of the intangible assets in the miraDry reporting unit by comparing the carrying amount of the intangible assets to the future undiscounted cash flows the assets are expected to generate. As the future undiscounted cash flows attributable to the intangible assets were less than the carrying value, the Company performed a quantitative analysis to compare the fair value of the intangible assets in the reporting unit to their carrying amount.

The Company's fair value analysis of intangible assets utilizes methods under various income approaches. The Company values its customer relationships using an excess earnings method, which assumes the value of the asset is the discounted cash flow using estimates of future cash flow derived from existing customers. Similarly, distributor relationships are valued using a distributor method, which assumes the value of the asset is the discounted cash flow using estimates of future cash flow derived from existing distributors. Tradenames and developed technology are valued using a relief from royalty method, which assumes the value of the asset is the discounted cash flows of the amount that would be paid by a hypothetical market participant had they not owned the asset and instead licensed the asset from another company.

After performing the impairment test as of June 30, 2019, the Company determined that the carrying values of all of the intangible assets in the miraDry reporting unit exceeded their estimated fair values. Consequently, the Company recorded non-cash impairment charges of $0.4 million for customer relationships, $0.3 million for distributor relationships, $3.3 million for tradenames, and $1.0 million for developed technology within goodwill and other intangible impairment during the second quarter ended June 30, 2019, which is reflected in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 2019.

As of September 30, 2019 the Company assessed qualitative factors in order to determine whether any events or circumstances existed which indicated that it was more likely than not that the fair value of the intangible assets did not exceed their carrying values and concluded no such events or circumstances existed which would require a quantitative impairment analysis to be performed. As such, the Company did not record impairment charges for the three months ended September 30, 2019.

Intangibles amortization expense for the three months ended September 30, 2019 and 2018 were $0.5 million and $0.6 million, respectively. Intangibles amortization expense for both the nine months ended September 30, 2019 and 2018 was $1.7 million. The following table summarizes the estimated amortization expense relating to the Company's definite-lived intangible assets as of September 30, 2019 (in thousands):

Period	Amortization Expense
Remainder of 2019	$ 511
2020	1,554
2021	1,305
2022	1,122
2023	975
Thereafter	3,862
	$ 9,329

e. Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following (in thousands):

	September 30, 2019	December 31, 2018
Payroll and related expenses	$ 5,729	$ 6,466
Accrued commissions	3,750	5,321
Accrued equipment	1,107	18
Deferred and contingent consideration, current portion	6,361	7,645
Audit, consulting and legal fees	585	703
Accrued sales and marketing expenses	1,314	1,374
Operating lease liabilities	5,008	—
Finance lease liabilities	41	—
Other	4,846	6,170
	$ 28,741	$ 27,697

9. Leases

The Company leases certain office space, warehouses, distribution facilities and office equipment. The Company also has embedded leases of manufacturing facilities and equipment associated with the Company's manufacturing contracts. The Company determines if an arrangement contains a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset.

Operating and finance lease right-of-use, or ROU, assets and lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. The Company determines its incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as the Company's leases generally do not provide an implicit rate. The ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. Lease terms may include options to extend or terminate when the Company is reasonably certain that the option will be exercised. During the second quarter of 2019, the Company included a five-year renewal option in the lease term for one operating lease as it was concluded that it is reasonably certain that the Company will exercise the option. The Company elected to apply the short-term lease measurement and recognition exemption in which ROU assets and lease liabilities are not recognized for short-term leases. The Company's lease agreements generally do not contain material residual value guarantees or material restrictive covenants.

The Company's leases of office space, warehouses and distribution facilities are treated as operating leases and often contain lease and non-lease components. The Company has elected to account for these lease and non-lease components separately. Non-lease components for these assets are primarily comprised of common-area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased by the Company, and are recognized in operating expenses in the period in which the obligation for those payments was incurred. Lease cost for these operating leases is recognized on a straight-line basis over the lease term in operating expenses.

The Company's embedded leases of manufacturing facilities and equipment are treated as operating leases and often contain lease and non-lease components. The Company has elected to account for these lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease components is based on the costs of manufacturing and is dependent on the amount and types of units produced. The Company reduces the operating lease liability when the inventory is purchased.

The Company's leases of office equipment are accounted for as finance leases as they meet one or more of the five finance lease classification criteria. Lease cost for these finance leases is comprised of amortization of the ROU asset and interest expense which are recognized in operating expenses and other income (expense), net.

Components of lease expense were as follows:

Lease Cost	Classification	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease cost	Operating expenses	$ 389	$ 1,155
Operating lease cost	Inventory	1,248	3,743
Total operating lease cost		$ 1,637	$ 4,898
Finance lease cost			
Amortization of right-of-use assets	Operating expenses	10	30
Interest on lease liabilities	Other income (expense), net	1	3
Total finance lease cost		$ 11	$ 33
Variable lease cost	Inventory	3,291	7,886
Total lease cost		$ 4,939	$ 12,817

Short-term lease expense for both the three and nine months ended September 30, 2019 was immaterial.

Supplemental cash flow information related to operating and finance leases for the nine months ended September 30, 2019 was as follows (in thousands):

	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	$ 4,605
Operating cash outflows from finance leases	33
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ 24,779
Finance leases	117

Supplemental balance sheet information, as of September 30, 2019, related to operating and finance leases was as follows (in thousands, except lease term and discount rate):

	September 30, 2019
Reported as:	
Other assets	
Operating lease right-of-use assets	$ 21,263
Finance lease right-of-use assets	88
Total right-of use assets	$ 21,351
Accrued and other current liabilities	
Operating lease liabilities	$ 5,008
Finance lease liabilities	41
Warranty reserve and other long-term liabilities	
Operating lease liabilities	16,752
Finance lease liabilities	45
Total lease liabilities	$ 21,846
Weighted average remaining lease term (years)	
Operating leases	4
Finance leases	2
Weighted average discount rate	
Operating leases	8.08%
Finance leases	4.12%

As of September 30, 2019, maturities of the Company's operating and finance lease liabilities are as follows (in thousands):

Period	Operating leases	Finance leases	Total
Remainder of 2019	$ 1,652	$ 11	$ 1,663
2020	6,640	43	6,683
2021	6,672	36	6,708
2022	6,405	—	6,405
2023	3,083	—	3,083
2024 and thereafter	964	—	964
Total lease payments	$ 25,416	$ 90	$ 25,506
Less imputed interest	3,656	4	3,660
Total operating lease liabilities	$ 21,760	$ 86	$ 21,846

As previously reported in our Annual Report on Form 10-K for the year ended December 31, 2018 and under legacy lease accounting (ASC 840), future minimum lease payments under non-cancellable leases as of December 31, 2018 was as follows (in thousands):

Year Ended December 31:	
2019	$ 1,325
2020	1,134
2021	1,060
2022	947
2023 and thereafter	1,557
	$ 6,023

The table above does not include the minimum purchase obligations of approximately $21.6 million over the five years following December 31, 2018 under the Company's contracts with its manufacturers which upon adoption of ASU 2016-02 on January 1, 2019 were accounted for as operating lease ROU assets and lease liabilities.

10. Long-Term Debt and Revolving Loan

On July 25, 2017, the Company entered into a Credit and Security Agreement, or the Existing Term Loan Credit Agreement, and a Credit and Security Agreement, or the Existing Revolving Credit Agreement with MidCap Financial Trust, which replaced the Company's prior Silicon Valley Bank Loan Agreement, or the SVB Loan Agreement. On July 1, 2019 the Company entered into a Restated Term Loan Credit Agreement with MidCap Financial Trust as the agent and lender, and additional lenders thereto from time to time, or the Restated Term Loan Agreement, which restated the Existing Term Loan Agreement. Also on July 1, 2019, the Company entered into an Amended and Restated Credit and Security Agreement (Revolving Loan), by and among the Company, the lenders party thereto from time to time, and MidCap Financial Trust, or the Restated Revolving Credit Agreement and, together with the Restated Term Loan Agreement, the Credit Agreements, which restated the Existing Revolving Credit Agreement.

The Restated Term Loan Agreement provided for (i) a $35 million term loan facility drawn at signing, (ii) a $5 million term loan facility drawn at signing, (iii) at any time after September 30, 2020 to December 31, 2020, a $10.0 million term loan facility (subject to the satisfaction of certain conditions, including evidence that the Company's Net Revenue for the past 12 months was greater than or equal to $100.0 million), and (iv) until December 31, 2020 and upon the consent of Agent and the lenders following a request from the Company, an additional $15.0 million term loan facility, or altogether, the Restated Term Loan. The Restated Term Loan matures on July 1, 2024 and carries an interest rate of LIBOR plus 7.50%. The Company will make monthly payments of accrued interest under the Restated Term Loan from the funding date of the Restated Term Loan, until July 31, 2021, to be followed by monthly installments of principal and interest through the Maturity Date of July 1, 2024. The Company may prepay all of the Restated Term Loan prior to its maturity date provided the Company pays MidCap a prepayment fee. Net proceeds from the Restated Term Loan were used to repay the $35 million outstanding balance related to the Term Loans. As of September 30, 2019, there was $40.0 million outstanding related to the Restated Term Loans. As of September 30, 2019, the long-term portion of the unamortized debt issuance costs on the Restated Term Loans was approximately $1.9 million and are included as a reduction to debt on the condensed consolidated balance sheet. As of September 30, 2019, there was no current portion of unamortized debt issuance costs.

The Restated Revolving Credit Agreement provides for, among other things, a revolving loan of up to $10.0 million (the "Restated Revolving Loan"). The amount of loans available to be drawn under the Revolving Credit Agreement is based on a borrowing base equal to 85% of the net collectible value of eligible accounts receivable plus 40% of eligible finished goods inventory, or the Borrowing Base, provided that availability from eligible finished goods inventory does not exceed 20% of the Borrowing Base. The Restated Revolving Loan carries an interest rate of LIBOR plus 4.50%. The Borrowers may make (subject to the applicable borrowing base at the time) and repay borrowings from time to time under the Restated Revolving Credit Agreement until the maturity of the facility on July 1, 2024. Immediately prior to the effectiveness of the Restated Revolving Credit Agreement, the Company converted the $4.3 million outstanding borrowings under the Revolving Loan into the Restated Revolving Loan. As of September 30, 2019, there were $7.4 million borrowings outstanding under the Revolving Loan. As of September 30, 2019, the unamortized debt issuance costs related to the Revolving Loan was approximately $0.1 million and was included in other long-term assets on the condensed consolidated balance sheet.

The amortization of debt issuance costs for the three months ended September 30, 2019 and 2018 was $0.1 million and $47,000, respectively. The amortization of debt issuance costs for the nine months ended September 30, 2019 and 2018 was $0.2 million and $0.1 million, respectively and was included in interest expense in the condensed consolidated statements of operations.

The Credit Agreements include customary affirmative and restrictive covenants and representations and warranties, including a financial covenant for minimum revenues, a financial covenant for minimum cash requirements, a covenant against the occurrence of a "change in control," financial reporting obligations, and certain limitations on indebtedness, liens, investments, distributions, collateral, mergers or acquisitions, taxes, and deposit accounts. Upon the occurrence of an event of default, a default interest rate of an additional 5.0% may be applied to any outstanding principal balances, and MidCap may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Credit Agreements. The Company's obligations under the Credit Agreements are secured by a security interest in substantially all of The Company's assets.

Future Principal Payments of Debt

The future schedule of principal payments for the outstanding Term Loans as of September 30, 2019 was as follows (in thousands):

Fiscal Year		
Remainder of 2019	$	—
2020		—
2021		5,556
2022		13,333
2023		13,333
Thereafter		7,778
Total	$	40,000

11. Stockholders' Equity

a. Authorized Stock

The Company's Amended and Restated Certificate of Incorporation authorizes the Company to issue 210,000,000 shares of common and preferred stock, consisting of 200,000,000 shares of common stock with $0.01 par value and 10,000,000 shares of preferred stock with $0.01 par value. As of September 30, 2019 and December 31, 2018, the Company had no preferred stock issued or outstanding.

b. Common Stock Warrants

On January 17, 2013, the Company entered into a Loan and Security Agreement, or the Original Term Loan Agreement, with Oxford Finance, LLC, or Oxford. On June 30, 2014, the Company entered into an Amended and Restated Loan and Security Agreement, or the Amended Term Loan Agreement, with Oxford. In connection with the Original Term Loan Agreement and the Amended Term Loan Agreement, the Company issued to Oxford (i) seven-year warrants in January 2013 to purchase shares of the Company's common stock with a value equal to 3.0% of the tranche A, B and C term loans amounts and (ii) seven-year warrants in June 2014 to purchase shares of the Company's common stock with a value equal to 2.5% of the tranche D term loan amount. The warrants have an exercise price per share of $14.671. As of September 30, 2019, there were warrants to purchase an aggregate of 47,710 shares of common stock outstanding.

c. Stock Option Plans

In April 2007, the Company adopted the 2007 Equity Incentive Plan, or the 2007 Plan. The 2007 Plan provides for the granting of stock options to employees, directors and consultants of the Company. Options granted under the 2007 Plan may either be incentive stock options or nonstatutory stock options. Incentive stock options, or ISOs, may be granted only to Company employees. Nonstatutory stock options, or NSOs, may be granted to all eligible recipients. A total of 1,690,448 shares of the Company's common stock were initially reserved for issuance under the 2007 Plan.

The Company's board of directors adopted the 2014 Equity Incentive Plan, or 2014 Plan, in July 2014, and the stockholders approved the 2014 Plan in October 2014. The 2014 Plan became effective upon completion of the IPO on November 3, 2014, at which time the Company ceased granting awards under the 2007 Plan. Under the 2014 Plan, the Company may issue ISOs, NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards and other forms of stock awards, or collectively, stock awards, all of which may be granted to employees, including officers, non-employee directors and consultants of the Company and their affiliates. ISOs may be granted only to employees. A total of 1,027,500 shares of common stock were initially reserved for issuance under the 2014 Plan, subject to certain annual increases. As of September 30, 2019, a total of 541,244 shares of the Company's common stock were available for issuance under the 2014 Plan.

Pursuant to a board-approved Inducement Plan, the Company may issue NSOs and restricted stock unit awards, or collectively, stock awards, all of which may only be granted to new employees of the Company in accordance with NASDAQ Stock Market Rule 5635(c)(4) as an inducement material to such individuals entering into employment with the Company. As of September 30, 2019, inducement grants for 1,201,728 shares of common stock have been awarded, and 266,652 shares of common stock were available for future issuance under the Inducement Plan.

Options under the 2007 Plan and the 2014 Plan may be granted for periods of up to ten years as determined by the Company's board of directors, provided, however, that (i) the exercise price of an ISO shall not be less than 100% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a more than 10% shareholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. An NSO has no such exercise price limitations. NSOs under the Inducement Plan may be granted for periods of up to ten years as determined by the board of directors, provided, the exercise price will not be less than 100% of the estimated fair value of the shares on the date of grant. Options generally vest with 25% of the grant vesting on the first anniversary and the balance vesting monthly on a straight-lined basis over the requisite service period of three additional years for the award. Additionally, options have been granted to certain key executives that vest upon achievement of performance conditions based on performance targets as defined by the board of directors, which have included net sales targets and defined corporate objectives over the performance period with possible payout ranging from 0% to 100% of the target award. Compensation expense is recognized on a straight-lined basis over the vesting term of one year based upon the probable performance target that will be met. The vesting provisions of individual options may vary but provide for vesting of at least 25% per year.

The following summarizes all option activity under the 2007 Plan, 2014 Plan and Inducement Plan:

	Option Shares	Weighted average exercise price	Weighted average remaining contractual term (years)
Balances at December 31, 2018	1,953,334	$ 7.42	6.30
Exercised	(48,724)	2.37	
Forfeited	(10,500)	16.24	
Balances at September 30, 2019	1,894,110	$ 7.50	5.72

For stock-based awards the Company recognizes compensation expense based on the grant date fair value using the Black-Scholes option valuation model. Stock-based compensation expense related to stock options was $0.1 million and $0.5 million for the three months ended September 30, 2019 and 2018, respectively. Stock-based compensation expense related to stock options was $0.4 million and $1.3 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, there was $0.1 million of unrecognized compensation costs related to stock options. The expense is recorded within the operating expense components in the condensed consolidated statement of operations based on the recipients receiving the awards. These costs are expected to be recognized over a weighted average period of less than 1 year.

d. Restricted Stock Units

The Company has issued restricted stock unit awards, or RSUs, under the 2014 Plan and the Inducement Plan. The RSUs issued to employees generally vest on a straight-line basis annually over a 3-year requisite service period. RSUs issued to non-employees generally vest either monthly or annually over the service term.

Activity related to RSUs is set forth below:

	Number of shares	Weighted average grant date fair value
Balances at December 31, 2018	2,141,350	$ 13.27
Granted	1,314,547	8.01
Vested	(852,375)	12.13
Forfeited	(280,399)	14.14
Balances at September 30, 2019	2,323,123	$ 10.60

Stock-based compensation expense for RSUs for the three months ended September 30, 2019 and 2018 was $2.8 million and $3.7 million, respectively. Stock-based compensation expense for RSUs for the nine months ended September 30, 2019 and 2018 was $8.9 million and $8.3 million, respectively. As of September 30, 2019, there was $16.5 million of total unrecognized compensation costs related to non-vested RSU awards. The cost is expected to be recognized over a weighted average period of approximately 2 years.

e. Employee Stock Purchase Plan

The Company's board of directors adopted the 2014 Employee Stock Purchase Plan, or ESPP, in July 2014, and the stockholders approved the ESPP in October 2014. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP provides for offering periods not to exceed 27 months, and each offering period will include purchase periods, which will be the approximately six-month period commencing with one exercise date and ending with the next exercise date. Employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the purchase date. A total of 255,500 shares of common stock were initially reserved for issuance under the ESPP, subject to certain annual increases.

During the nine months ended September 30, 2019, employees purchased 175,624 shares of common stock at a weighted average price of $6.93 per share. As of September 30, 2019, the number of shares of common stock available for future issuance was 654,619.

The Company estimated the fair value of employee stock purchase rights using the Black-Scholes model. Stock-based compensation expense related to the ESPP was $0.2 million for both the three months ended September 30, 2019 and 2018. Stock-based compensation expense related to the ESPP was $0.5 million and $0.4 million for the nine months ended September 30, 2019 and 2018, respectively.

f. Significant Modifications

During the nine months ended September 30, 2019 the Company entered into two consulting agreements with former employees that resulted in modifications of their existing equity awards. During the nine months ended September 30, 2019 the Company recognized $0.6 million in incremental compensation cost resulting from these modifications.

12. Income Taxes

The Company operates in several tax jurisdictions and is subject to taxes in each jurisdiction in which it conducts business. To date, the Company has incurred cumulative net losses and maintains a full valuation allowance on its net deferred tax assets due to the uncertainty surrounding realization of such assets. The Company had no tax expense for the three and nine months ended September 30, 2019 and 2018.

13. Segment Information

Reportable Segments

The Company has two reportable segments: Breast Products and miraDry. The Breast Products segment focuses on sales of silicone gel breast implants, tissue expanders and scar management products under the brands Opus, AlloX2, Dermaspan, Softspan and BIOCORNEUM. The miraDry segment focuses on sales of the miraDry System, consisting of a console and a handheld device which uses consumable single-use bioTips. These segments align with the Company's principal target markets.

The Company's Chief Operating Decision Maker, or CODM, assesses the performance of each segment and allocates resources to those segments based on net sales and operating income (loss). Operating income (loss) by segment includes items that are directly attributable to each segment, including sales and marketing functions, as well as finance, information technology, human resources, legal and related corporate infrastructure costs, along with certain benefit-related expenses. There are no unallocated expenses for the two segments.

The following tables present the net sales, net operating loss and net assets by reportable segment for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net sales				
Breast Products	$ 12,626	$ 8,613	$ 33,570	$ 26,566
miraDry	9,786	8,262	26,919	22,538
Total net sales	$ 22,412	$ 16,875	$ 60,489	$ 49,104

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Loss from operations				
Breast Products	$ (12,319)	$ (13,873)	$ (38,555)	$ (39,111)
miraDry	(9,141)	(5,689)	(45,722)	(16,278)
Total loss from operations	$ (21,460)	$ (19,562)	$ (84,277)	$ (55,389)

	September 30, 2019	December 31, 2018
Assets		
Breast Products	$ 186,298	$ 130,149
miraDry	33,584	38,210
Total assets	$ 219,882	$ 168,359

14. Commitments and Contingencies

The Company is subject to claims and assessment from time to time in the ordinary course of business. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

miraDry Class Action Litigation

On August 3, 2017, a lawsuit styled as a verified class action on the part of the former stockholders of miraDry was filed in the Court of Chancery for the State of Delaware against the former board of directors of miraDry, or the Defendants, alleging breach of their fiduciary duties in connection with the Company's acquisition of miraDry. On August 30, 2017, the Defendants moved to dismiss the verified class action complaint for failure to state a claim upon which relief can be granted. On November 11, 2017 the parties notified the Court that they had reached an agreement to settle the matter pending completion of confirmatory discovery regarding the fairness of the settlement and obtaining approval from the court. Following a hearing, the Delaware Chancery Court approved the proposed settlement terms on January 15, 2019, with a modification to the amount of attorneys' fees awarded to the plaintiffs' attorneys. Under the terms of the settlement, in exchange for a full and final settlement and release of all claims, the Defendants (and/or their indemnitors and/or insurers) paid a settlement consideration of $0.4 million. The miraDry Merger Agreement contained a holdback amount expected to be used for the settlement and associated costs of the miraDry Class Action litigation. The holdback amount has been used to offset $0.6 million of legal fees and $0.4 million was included in "legal settlement payable" on the consolidated balance sheet as of December 31, 2018. The legal settlement of $0.4 million was paid during the first quarter of 2019.

15. Subsequent Events

Vesta Asset Acquisition

On November 7, 2019 (the "Closing Date"), the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with Vesta Intermediate Fundings, Inc. ("Vesta"), pursuant to which the Company purchased certain assets and assumed certain liabilities and obtained a non-exclusive, royalty-free, perpetual, irrevocable, assignable, sublicensable, and worldwide license to certain intellectual property owned by Vesta (the "Vesta Acquisition"). In consideration of the Vesta Acquisition, the Company paid $14.0 million in cash on the Closing Date and will pay an additional $3.2 million and $3.0 million in cash (the "Post-Closing Amounts") on November 7, 2021 and November 7, 2023, respectively. In addition, in the event the closing price of the Company's common stock equals or exceeds a certain agreed upon price target (the "First Milestone Price Target") on any date through November 7, 2023, the Company will issue Vesta 303,721 shares of common stock (the "First Milestone Shares") within five business days of such date and in the event the closing price of the Company's common stock equals or exceeds a certain agreed upon price target (the "Second Milestone Price Target") on any date through November 7, 2023, the Company will issue Vesta 303,721 shares of common stock (the "Second Milestone Shares") within five business days of such date. The Company will use its commercially reasonable efforts to file and maintain a resale registrations statement registering the resale of the First Milestone Shares and the Second Milestone Shares. The Purchase Agreement contains customary representations and warranties and indemnification provisions. The Purchase Agreement also includes a two-year, mutual non-solicitation agreement.

In connection with, and as a condition to the closing of, the Purchase Agreement, on November 7, 2019, the Company entered into a Lease with Vesta (the "Lease") whereby the Company will lease approximately 24,000 square feet in the building where the manufacturing operations acquired in the Vesta Acquisition are located (the "Facility"). The Lease has an initial term of four years (the "Initial Term"). The Company will pay annual rent of $200,000 for each of the first two years and $320,000 for each of the third and fourth years of the Lease payable in equal monthly installments. The Lease includes an option for the Company to extend the term of the Lease one time for an additional four years (the "Extended Term"). The annual rent payable during the Extended Term shall be the annual rent payable during the Initial Term increased by the percentage increase in the Consumer Price Index, as specified in the Lease. The Lease contains customary events of default and, additionally, any failure by the Company to pay the Post-Closing Amounts when due or issue the First Milestone Shares or Second Milestone Shares when required shall be considered an event of default. The Lease also provides that, in the event of a sale of the Facility, the Company will have a right of first offer to purchase the Facility from Vesta.

Sientra is currently evaluating the purchase price allocation following the consummation of the Vesta Acquisition. It is not practicable to disclose the preliminary purchase price allocation, given the short period of time between the acquisition date and the issuance of these consolidated financial statements.

Tissue Expander Manufacturing Agreement

On November 7, 2019, the Company entered into an Amended and Restated Manufacturing and Supply Agreement (the "Manufacturing Agreement") with Vesta Intermediate Funding, Inc. ("Vesta"), providing for the manufacture and supply of the Company's tissue expanders and accessories (the "Expander Products"). The Manufacturing Agreement has a six-year term, which may be extended by written agreement of the parties, and may only be terminated for cause by the non-defaulting party following written notice of default with a reasonable period to cure. The Manufacturing Agreement provides that the Company will purchase fixed percentages of its requirements for Expander Products intended for global distribution from Vesta, with such percentages decreasing over time. In the event that Vesta fails to timely deliver a minimum threshold of the Expander Product orders for a specified period, the purchase requirements shall be adjusted downwards as provided in the Manufacturing Agreement. The Manufacturing Agreement contains customary representations and warranties.

Supply Agreement

On November 7, 2019, the Company entered into a Master Supply Agreement (the "Supply Agreement") with NuSil Technology LLC ("NuSil") which provides that NuSil will serve as the exclusive supplier of the Company's silicone materials for short and long-term implantable products (the "Silicone Products"). The Supply Agreement provides for Set Pricing and Discount Pricing that the Company is able to obtain upon reaching certain minimum purchase requirements in a calendar year. The Supply Agreement has an initial term through December 31, 2026 (the "Initial

Term") which automatically renews for subsequent one year terms (each, a "Renewal Term"), unless a party provides written notice of intent to terminate the Supply Agreement no later than six (6) months prior to expiration of the Initial Term or the then current Renewal Term. The Supply Agreement may be terminated in the event of breach following a 45 day period to cure or in the event of insolvency of a party.

Organizational Efficiency Initiative

On November 6, 2019, the Board of Directors of the Company approved an organizational efficiency initiative (the "Plan") designed to reduce spending and simplify operations, effective immediately. Under the Plan, the Company will implement numerous initiatives to reduce spending, including closing the Santa Clara offices of miraDry, Inc. ("miraDry"), outsourcing miraDry product assembly to a third party, and consolidating a number of business support services via a shared services organization at the Company's Santa Barbara headquarters. Under the Plan, the Company intends to reduce its workforce by terminating approximately 70 employees, which the Company expects to be completed over the next 10 months. As a result, the Company expects to incur charges between $2.7 million and $3.0 million in connection with one-time employee termination costs, retention costs and other benefits. These charges are expected to be incurred over the next 10 months. In addition, the Company expects to incur estimated charges between $1.0 million and $1.5 million related to contract termination, outsourcing miraDry product assembly and duplicate operating costs over the next 10 months. In total, the Plan is estimated to cost between $3.7 million and $4.5 million over the next 10 months, excluding non-cash charges, with related cash payments expected to be substantially paid out by September 30, 2020.

The estimates of costs that the Company expects to incur and the timing thereof are subject to a number of assumptions and actual results may differ.

Huiner Settlement and Consulting Agreement

As previously disclosed, on September 30, 2019 (the "Separation Date"), Charles Huiner, the Company's Chief Operating Officer and Senior Vice President of Corporate Development and Strategy, stepped down from his role to pursue other opportunities. On November 1, 2019, the Company entered into a Confidential Settlement, Release and Consulting Agreement with Mr. Huiner (the "Huiner Agreement"). Pursuant to the Huiner Agreement, in exchange for a general release of all claims, the Company will (1) pay Mr. Huiner, in accordance with the Company's regular payroll cycle, an amount equal to twelve months of his base salary in effect on the Separation Date, or $393,225, (2) make a lump sum payment equal to Mr. Huiner's bonus for 2019 prorated through the Separation Date and based upon the achievement of objectives and the determination of the Board of Directors of the final 2019 corporate bonus payout, payable by check in a lump sum no later than April 1, 2020 and (3) reimburse Mr. Huiner for COBRA premiums until the earlier of (1) thirteen months following the Separation Date (2) the date Mr. Huiner is eligible for group health insurance coverage through a new employer or (3) the date Mr. Huiner ceases to be eligible for COBRA continuation coverage for any reason. In addition, the Huiner Agreement provides that Mr. Huiner will continue to provide consulting services (the "Services") for eight months following the Separation Date. As consideration for the Services, the Company will pay Mr. Huiner a one-time lump sum consulting fee of $32,768.76, continue the vesting of all unvested restricted stock units and performance stock units granted in April 2019 and accelerated the vesting of 33,333 restricted stock units granted in January 2018. In addition, the Huiner Agreement extends the exercise period for any vested stock options until thirteen months from the Separation Date**.**

Product Liability Litigation

On October 7, 2019, a lawsuit was filed in the Superior Court of the State of California against the Company and Silimed Industria de Implantes Ltda. (the Company's former contract manufacturer). The lawsuit alleges that the Company's textured breast implants caused certain of the plaintiffs to develop a condition known as breast implant associated anaplastic large cell lymphoma ("BIA-ALCL"), and that the Company is liable to the Plaintiffs based on claims for strict liability (failure to warn), strict liability (defective manufacture), negligence and loss of consortium. The Company intends to vigorously defend itself in this lawsuit.

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 unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2018 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations are contained in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 14, 2019, or the Annual Report. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Sientra," "the Company," "we," "us" and "our" refer to Sientra, Inc.

Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q and in our other filings with the SEC. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

Overview

We are a medical aesthetics company committed to making a difference in patients' lives by enhancing their body image, growing their self esteem and restoring their confidence. We were founded to provide greater choices to board certified plastic surgeons and patients in need of medical aesthetics products. We have developed a broad portfolio of products with technologically differentiated characteristics, supported by independent laboratory testing and strong clinical trial outcomes. We sell our breast implants and tissue expanders exclusively to board certified and board admissible plastic surgeons and tailor our customer service offerings to their specific needs, which we believe helps secure their loyalty and confidence.

On June 11, 2017, we entered into a Merger Agreement with miraDry (formerly Miramar Labs) pursuant to which we commenced a tender offer to purchase all of the outstanding shares of miraDry's common stock. Pursuant to the transaction, which closed on July 25, 2017 we added the miraDry System, the only FDA cleared device to reduce underarm sweat, odor and hair of all colors to our aesthetics portfolio. Following our acquisition of miraDry in July 2017, we began selling the miraDry System and bioTips. As a result of the miraDry acquisition, we determined that we will conduct our business in two operating segments: Breast Products and miraDry. The Breast Products segment focuses on sales of our breast implants, tissue expanders and scar management products under the brands OPUS, AlloX2, Dermaspan, Softspan and BIOCORNEUM. The miraDry segment focuses on sales of the miraDry System, consisting of a console and a handheld device which uses consumable single-use bioTips.

We sell both our Breast Products and miraDry products in the U.S. through a direct sales organization, which as of September 30, 2019, consisted of 101 employees, including 86 sales representatives and 15 sales managers. Additionally, we also sell our miraDry System in several international markets where we leverage a combination of distributor relationships and direct sales efforts. As of September 30, 2019 our international operations were supported by 7 sales representatives and 4 sales managers, as well as a number of consultants supporting both direct sales efforts and distributer relationships.

Components of Operating Results

Net Sales

Our Breast Products segment net sales include sales of silicone gel breast implants, tissue expanders and BIOCORNEUM. We recognize revenue on breast implants and tissue expanders, net of sales discounts and estimated returns, as the customer has a standard six-month window to return purchased breast implants and tissue expanders. We defer the value of our service warranty revenue and recognize it once all performance obligations have been met.

Our miraDry segment net sales include sales of the miraDry System and consumable bioTips along with service warranties and deliverables under certain marketing programs. We recognize revenue on miraDry Systems and bioTips on delivery to the customer. We defer the value of our service warranty and deliverables under certain marketing programs and recognize it over the term of the service warranty contract for service warranties and once all performance obligations have been met for deliverables under certain marketing programs.

We expect that, in the future, our net sales will fluctuate on a quarterly basis due to a variety of factors, including seasonality of breast augmentation procedures and purchase of miraDry procedures. We believe that aesthetic procedures are subject to seasonal fluctuation due to patients planning their procedures leading up to the summer season and in the period around the winter holiday season.

Cost of Goods Sold and Gross Margin

Cost of goods sold consists primarily of costs of finished products purchased from our third-party manufacturers, reserve for product assurance warranties, royalty costs, excess and obsolete inventory reserves, and warehouse and other related costs. For miraDry, cost of goods sold also consists of raw material, labor, overhead, and variable manufacturing costs associated with the manufacturing of the miraDry Systems and bioTips.

With respect to our supplier contracts, all our products and raw materials are manufactured under contracts with fixed unit costs.

Under our Breast Products segment, we provide an assurance and service warranty on our silicone gel breast implants. Under our miraDry segment, we provide an assurance and service warranty on our miraDry Systems, and an assurance warranty on our handpieces and bioTips. The estimated warranty costs are recorded at the time of sale. Costs related to our service warranty are recorded when expense is incurred related to meeting our performance obligations. In addition, the inventory fair market value associated with purchase accounting adjustments and royalty costs related to both the SSP and miraDry acquisitions were recorded at the time of sale.

We expect our overall gross margin, which is calculated as net sales less cost of goods sold for a given period divided by net sales, to fluctuate in future periods primarily as a result of quantity of units sold, manufacturing price increases, the changing mix of products sold with different gross margins, warranty costs, overhead costs and targeted pricing programs.

Sales and Marketing Expenses

Our sales and marketing expenses primarily consist of salaries, bonuses, benefits, incentive compensation, stock-based compensation and travel for our sales, marketing and customer support personnel. Our sales and marketing expenses also include expenses for trade shows, our no-charge customer shipping program for the Breast Products segment and no-charge product evaluation units for the Breast Products segment, as well as educational, promotional and marketing activities, including direct and online marketing. We expect our sales and marketing expenses to fluctuate in future periods as a result of headcount and timing of our marketing programs. However, we generally expect these costs will increase in absolute dollars.

Research and Development Expenses

Our research and development, or R&D, expenses primarily consist of clinical expenses, product development costs, regulatory expenses, consulting services, outside research activities, quality control and other costs associated with the development of our products and compliance with Good Clinical Practices, or cGCP, requirements. R&D expenses also include related personnel and consultant compensation and stock-based compensation expense. We expense R&D costs as they are incurred.

We expect our R&D expenses to vary as different development projects are initiated, including improvements to our existing products, expansions of our existing product lines, new product acquisitions and our clinical studies. However, we generally expect these costs will increase in absolute terms over time as we continue to expand our product portfolio and add related personnel.

General and Administrative Expenses

Our general and administrative, or G&A, expenses primarily consist of salaries, bonuses, benefits, incentive compensation and stock-based compensation for our executive, financial, legal, business development and administrative functions. Other G&A expenses include contingent consideration fair market value adjustments, outside legal counsel and litigation expenses, independent auditors and other outside consultants, corporate insurance, facilities and information technologies expenses.

We expect future G&A expenses to increase as we continue to build our finance, legal, information technology, human resources and other general administration resources to continue to advance the commercialization of our products. In addition, we expect to continue to incur G&A expenses in connection with operating as a public company.

Other Income (Expense), net

Other income (expense), net primarily consists of interest income, interest expense, changes in the fair value of common stock warrants and amortization of issuance costs associated with our Credit Agreements.

Income Taxes

Income tax expense consists of an estimate for income taxes based on the projected income tax expense for the period. We operate in several tax jurisdictions and are subject to taxes in each jurisdiction in which we conduct business. To date, we have incurred cumulative net losses and maintain a full valuation allowance on our net deferred tax assets due to the uncertainty surrounding realization of such assets.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of our unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the revenues and expenses incurred during the reported periods. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We discussed accounting policies and assumptions that involve a higher degree of judgment and complexity in Note 2 of the “Notes to Financial Statements” in our audited financial statements included in the Annual Report. There have been no material changes to our critical accounting policies and estimates from those disclosed in the Annual Report, other than the implementation of ASU 2016-02 (Topic 842) Leases, as discussed in Note 2 of the unaudited condensed consolidated financial statements included in this Form 10-Q.

Recent Accounting Pronouncements

Please refer to Note 2 - Summary of Significant Accounting Policies in the notes to the unaudited condensed consolidated financial statements included in this Form 10-Q for information on recent accounting pronouncements and the expected impact on our unaudited condensed consolidated financial statements.

Results of Operations

Comparison of the Three Months Ended September 30, 2019 and 2018

The following table sets forth our results of operations for the three months ended September 30, 2019 and 2018:

	Three Months Ended September 30,	
	2019	2018
	(In thousands)	
Statement of operations data		
Net sales	$ 22,412	$ 16,875
Cost of goods sold	9,754	6,398
Gross profit	12,658	10,477
Operating expenses		
Sales and marketing	18,668	15,254
Research and development	3,201	2,881
General and administrative	12,249	11,904
Total operating expenses	34,118	30,039
Loss from operations	(21,460)	(19,562)
Other income (expense), net		
Interest income	510	133
Interest expense	(1,344)	(953)
Other income (expense), net	(139)	(163)
Total other income (expense), net	(973)	(983)
Loss before income taxes	(22,433)	(20,545)
Income tax (benefit) expense	—	—
Net loss	$ (22,433)	$ (20,545)

Net Sales

Net sales increased $5.5 million, or 32.8%, to $22.4 million for the three months ended September 30, 2019 as compared to $16.9 million for the three months ended September 30, 2018. Net sales of our Breast Products segment was $12.6 million, an increase of $4.0 million for the three months ended September 30, 2019, as compared to $8.6 million for the three months ended September 30, 2018, driven primarily by an increase in the volume of sales of silicone gel breast implants and Allox2 and Dermaspan breast tissue expanders. Net sales of our miraDry segment was $9.8 million, an increase of $1.5 million, as compared to $8.3 million for the three months ended September 30, 2018, driven primarily by an increase in the volume of sales of miraDry consoles in the US.

As of September 30, 2019, our U.S. sales organization included 86 sales representatives as compared to 80 sales representatives as of September 30, 2018. The increase is attributed to headcount increases of both miraDry and Sientra sales representatives.

Cost of Goods Sold and Gross Margin

Cost of goods sold increased $3.4 million, or 52.5%, to $9.8 million for the three months ended September 30, 2019, as compared to $6.4 million for the three months ended September 30, 2018. The increase was primarily due to an adjustment in the warranty reserve in Q3 2018 in the Breast Products segment resulting in a reduction of cost of goods sold for the three months ended September 30, 2018 that did not re-occur in 2019, coupled with a general increase in net sales.

The gross margins for the three months ended September 30, 2019 and 2018 were 56.5% and 62.1%, respectively. The decrease was primarily due to an adjustment in the warranty reserve in Q3 2018 in the Breast Products segment resulting in a reduction of cost of goods sold for the three months ended September 30, 2018 that did not re-occur in 2019, and the impact of increased miraDry console sales which carry lower margins.

Sales and Marketing Expenses

Sales and marketing expenses increased $3.4 million, or 22.4%, to $18.7 million for the three months ended September 30, 2019, as compared to $15.3 million for the three months ended September 30, 2018. The increase was primarily due to higher employee-related costs as a result of increased sales headcount, and an increase in marketing expenses and initiatives.

Research and Development Expenses

R&D expenses increased $0.3 million, or 11.1%, to $3.2 million for the three months ended September 30, 2019, as compared to $2.9 million for the three months ended September 30, 2018. The increase was primarily due to higher employee-related costs as a result of additional headcount and an increase in costs related to clinical and regulatory activities.

General and Administrative Expenses

G&A expenses increased $0.3 million, or 2.9%, to $12.2 million for the three months ended September 30, 2019, as compared to $11.9 million for the three months ended September 30, 2018. The increase is primarily related to an increase in consulting expense, payroll related expenses and bad debt expense, offset by a decrease in incentive compensation expense and stock-based compensation expense.

Other Income (Expense), net

Other income (expense), net for the three months ended September 30, 2019 and 2018 was primarily associated with expenses related to interest and amortization of debt issuance costs associated with our Credit Agreements, the change in fair value of warrants, interest income on cash held in a money market account, and foreign exchange gains and losses.

Income Tax Expense

For the three months ended September 30, 2019 and 2018 there was no income tax expense.

Comparison of the Nine Months Ended September 30, 2019 and 2018

The following table sets forth our results of operations for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,	
	2019	2018
	(In thousands)	
Statement of operations data		
Net sales	$ 60,489	$ 49,104
Cost of goods sold	24,041	19,154
Gross profit	36,448	29,950
Operating expenses		
Sales and marketing	60,987	45,990
Research and development	9,526	7,930
General and administrative	37,538	31,419
Goodwill and other intangible impairment	12,674	—
Total operating expenses	120,725	85,339
Loss from operations	(84,277)	(55,389)
Other income (expense), net		
Interest income	1,083	214
Interest expense	(3,276)	(2,474)
Other income (expense), net	(101)	(347)
Total other income (expense), net	(2,294)	(2,607)
Loss before income taxes	(86,571)	(57,996)
Income tax benefit (expense)	—	—
Net loss	$ (86,571)	$ (57,996)

Net Sales

Net sales increased $11.4 million, or 23.2%, to $60.5 million for the nine months ended September 30, 2019 as compared to $49.1 million for the nine months ended September 30, 2018. Net sales of our Breast Products segment was $33.6 million, an increase of $7.0 million for the nine months ended September 30, 2019, as compared to $26.6 million for the nine months ended September 30, 2018, driven primarily by an increase in the volume of sales of silicone gel breast implants and Allox2 and Dermaspan breast tissue expanders. Net sales of our miraDry segment was $26.9 million, an increase of $4.4 million, as compared to $22.5 million for the nine months ended September 30, 2018 driven primarily by an increase in the volume of sales of miraDry consumable bioTips in the US and internationally.

Cost of Goods Sold and Gross Margin

Cost of goods sold increased $4.9 million, or 25.5%, to $24.0 million for the nine months ended September 30, 2019, as compared to $19.2 million for the nine months ended September 30, 2018. The increase was primarily due to an adjustment in the warranty reserve in Q3 2018 in the Breast Products segment resulting in a reduction of cost of goods sold for the nine months ended September 30, 2018 that did not re-occur in 2019.

The gross margins for the nine months ended September 30, 2019 and 2018 were 60.3% and 61.0%, respectively. The slight decrease was primarily due to an adjustment in the warranty reserve in Q3 2018 in the Breast Products segment resulting in a reduction of cost of goods sold for the nine months ended September 30, 2018 that did not re-occur in 2019, offset by increased sales of consumable bioTips in the miraDry reporting unit which carry higher margins.

Sales and Marketing Expenses

Sales and marketing expenses increased $15.0 million, or 32.6%, to $61.0 million for the nine months ended September 30, 2019, as compared to $46.0 million for the nine months ended September 30, 2018. The increase was primarily due to higher employee-related costs as a result of increased sales headcount, and an increase in marketing expenses and initiatives.

Research and Development Expenses

R&D expenses increased $1.6 million, or 20.1%, to $9.5 million for the nine months ended September 30, 2019, as compared to $7.9 million for the nine months ended September 30, 2018. The increase was primarily due to an increase in costs related to clinical and regulatory activities.

General and Administrative Expenses

G&A expenses increased $6.1 million, or 19.5%, to $37.5 million for the nine months ended September 30, 2019, as compared to $31.4 million for the nine months ended September 30, 2018. The increase is primarily related to an increase in consulting expenses, payroll related expenses, legal expenses and bad debt expense, offset by a decrease in contingent consideration fair value adjustments, stock-based compensation, and incentive compensation.

Goodwill and Other Intangible Impairment

Goodwill and other intangible impairment expenses were $12.7 million for the nine months ended September 30, 2019, due to impairments of goodwill and intangible assets in the miraDry reporting unit.

Other Income (Expense), net

Other income (expense), net for the nine months ended September 30, 2019 and 2018 was primarily associated with expenses related to interest and amortization of debt issuance costs associated with our Credit Agreements, the change in fair value of warrants and interest income on cash held in a money market account.

Income Tax Expense

For the nine months ended September 30, 2019 and 2018 there was no income tax expense.

Liquidity and Capital Resources

Since our inception, we have incurred significant net operating losses and anticipate that our losses will continue in the near term. We expect our operating expenses will continue to grow as we expand our operations. We will need to generate significant net sales to achieve profitability. To date, we have funded our operations primarily with proceeds from the sales of preferred stock, borrowings under our term loans, sales of our products since 2012, and the proceeds from the sale of our common stock in public offerings.

On July 25, 2017, we entered into the Existing Credit Agreements with Midcap. On July 1, 2019, we entered into certain credit agreements with Midcap Financial Trust pursuant to which we repaid our existing indebtedness under our Existing Credit Agreements and the outstanding commitment fee was cancelled.

See Note 10 to the condensed consolidated financial statements for a full description of our long-term debt and revolving line of credit.

In February 2018, we entered into an At-The-Market Equity Offering Sales Agreement with Stifel, Nicolaus & Company, Incorporated, or Stifel, as sales agent pursuant to which we may sell, from time to time, through Stifel shares of our common stock having an aggregate gross offering price of up to $50 million. As of September 30, 2019, we have not sold any common stock pursuant to the sales agreement.

On May 7, 2018, we completed an underwritten follow-on public offering in which we sold 7,407,408 shares of common stock at $13.50 per share, as well as 1,111,111 additional shares of common stock pursuant to the full exercise of the over-allotment option granted to the underwriters. Net proceeds were approximately $107.6 million after deducting underwriting discounts and commissions of $6.9 million and offering expenses of approximately $0.5 million.

Further, on June 7, 2019, we completed an underwritten follow-on public offering of 17,391,305 shares of common stock at $5.75 per share, as well as 2,608,695 additional shares of common stock pursuant to the full exercise of the over-allotment option granted to the underwriters. Net proceeds were approximately $107.7 million after deducting underwriting discounts and commissions of $6.9 million and offering expenses of approximately $0.4 million.

As of September 30, 2019, we had $120.9 million in cash and cash equivalents. Our historical cash outflows have primarily been associated with activities relating to commercialization and increases in working capital, including the expansion of our sales force and marketing programs. In addition, we have used cash to fund the acquisitions of miraDry, BIOCORNEUM and our tissue expander portfolio.

To fund our ongoing operating and capital needs, we may need to raise additional equity or debt capital. We believe we have sufficient capital resources to continue as a going concern through the next twelve months.

Cash Flows

The following table shows a summary of our cash flows (used in) provided by operating, investing and financing activities for the periods indicated:

	Nine Months Ended September 30,	
	2019	**2018**
Net cash (used in) provided by:		
Operating activities	$ (73,503)	$ (41,418)
Investing activities	(3,180)	(414)
Financing activities	110,699	118,252
Net change in cash, cash equivalents and restricted cash	$ 34,016	$ 76,420

Cash used in operating activities

Net cash used in operating activities was $73.5 million during the nine months ended September 30, 2019, as compared to $41.4 million during the nine months ended September 30, 2018. The increase in cash used in operating activities between the nine months ended September 30, 2019 and 2018 was primarily associated with higher net loss of $86.6 million for the nine months ended September 30, 2019 as compared to $58.0 million for the nine months ended September 30, 2018, an increase in inventory and decreases in accounts payable and accrued liabilities, partially offset by a smaller decrease in accounts receivable due to the timing of sales and collections, an increase in amortization of right-of-use assets expense, and an increase in goodwill and other intangible impairment.

Cash used in investing activities

Net cash used in investing activities was $3.2 million during the nine months ended September 30, 2019 as compared to $0.4 million during the nine months ended September 30, 2018. The increase in cash used in investing activities between the nine months ended September 30, 2019 and 2018 was due to an increase in property and equipment purchases.

Cash provided by financing activities

Net cash provided by financing activities was $110.7 million during the nine months ended September 30, 2019 as compared to $118.3 million during the nine months ended September 30, 2018. The decrease in cash provided by financing activities was primarily the result of a decrease in proceeds from borrowings under the Term Loan, an increase in tax payments related to shares withheld for vested RSUs, and payment of contingent consideration, offset by an increase in the proceeds from issuance of common stock under ESPP for the nine months ended September 30, 2019.

Our liquidity position and capital requirements are subject to a number of factors. For example, our cash inflow and outflow may be impacted by the following:

- the ability of the Vesta facility to meet capacity to meet customer requirements;
- net sales generated by our Breast Products and miraDry segments, and any other future products that we may develop and commercialize;
- costs associated with expanding our sales force and marketing programs;
- cost associated with developing and commercializing our proposed products or technologies;
- expenses we incur in connection with potential litigation or governmental investigations;
- cost of obtaining and maintaining regulatory clearance or approval for our current or future products;
- cost of ongoing compliance with regulatory requirements, including compliance with Sarbanes-Oxley;
- anticipated or unanticipated capital expenditures; and
- unanticipated G&A expenses.

Our primary short-term capital needs, which are subject to change, include expenditures related to:

- support of our sales and marketing efforts related to our current and future products;
- new product acquisition and development efforts;
- facilities expansion needs; and
- investment in inventory required to meet customer demands.

Although we believe the foregoing items reflect our most likely uses of cash in the short-term, we cannot predict with certainty all of our particular short-term cash uses or the timing or amount of cash used. If cash generated from operations is insufficient to satisfy our working capital and capital expenditure requirements, we may be required to sell additional equity or debt securities or obtain credit facilities. Additional capital, if needed, may not be available on satisfactory terms, if at all. Furthermore, any additional equity financing may be dilutive to stockholders, and debt financing, if available, may include restrictive covenants. For a discussion of other factors that may impact our future liquidity and capital funding requirements, see "Risk Factors — Risks Related to Our Financial Results" in our Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2019, we had $120.9 million in cash and cash equivalents. We generally hold our cash in checking accounts and interest-bearing money market accounts. Our exposure to market risk related to interest rate sensitivity is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents. We have established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting for our Annual Report on Form 10-K for the first year we are no longer an "emerging growth company" under the JOBS Act.

As of September 30, 2019, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings and regulatory proceedings arising out of our operations. We establish reserves for specific liabilities in connection with legal actions that we deem to be probable and estimable. The ability to predict the ultimate outcome of such matters involves judgments, estimates, and inherent uncertainties. The actual outcome of such matters could differ materially from management's estimates. Information regarding certain legal proceedings is provided in this Quarterly Report in Note 14 and Note 15 of the Condensed Consolidated Financial Statements.

Item 1A. RISK FACTORS

Except as set forth below, there have been no material changes from the risk factors disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which are incorporated herein by reference.

We rely on sole suppliers to manufacture some of our products, including our scar management, tissue expander and bioTips products, and any production problems or inability to meet our demand could adversely affect our business prospects.

We rely on sole suppliers to manufacture certain of our products or the components used therein, and the loss of any such supplier or any disruption in operations, production problems or inability to meet our supply demands of any such supplier could have a material adverse and severe effect on our business, financial condition and results of operations. Additionally, there can be no guarantees that we would be able to replace or transition to alternative suppliers on a timely basis or at all, if needed. If we are required to replace any of our sole suppliers, or transition to alternative suppliers, it may adversely impact our operations.

For example, we have entered into a definitive manufacturing agreement with NuSil Technology LLC ("NuSil"), who serves as the sole supplier of our silicone materials for short and long-term implantable products (the "Silicone Products"). If NuSil is unable to scale its manufacturing operations to meet our requirements in any future period, or if there are any delays or disruptions in manufacturing or delivering the implants, we may not be able to achieve our anticipated sales levels and our net sales and business prospects could suffer significantly. In addition, if NuSil were to terminate or otherwise fail to perform under the definitive manufacturing agreement, we would need to identify and qualify another alternate manufacturer, which would require a significant amount of time and resources and result in a supply interruption.

There are numerous risks in relying on sole suppliers to manufacture our products, which, individually or in the aggregate, could have a material adverse and severe effect on our business, financial condition and results of operations.

Disruption in our manufacturing operations may prevent us from meeting customer demand, and our sales and profitability may suffer as a result.

With the Vesta Acquisition, we are now responsible for the manufacturing of our breast implants. A serious disruption, such as an earthquake, flood, fire, to manufacturing facility could damage our inventory levels and manufacturing operations and could materially impair our ability to distribute our breast implant products to customers in a timely manner or at a reasonable cost. We could also incur significantly higher costs and experience longer lead times during the time required to reopen or replace our primary distribution center or manufacturing facility. As a result, any serious disruption could have a material adverse effect on our business, financial condition and results of operations.

Any disruption at our facilities could adversely affect our business and operating results.

Our principal offices are located in Santa Barbara, California. Substantially all of our operations are conducted at this location, including customer service, development and management and administrative functions. Substantially all of our inventory of Breast Products is held at a second location in Santa Barbara, California, we manufacture, distribute, and service our miraDry Systems at a third location in Santa Clara, California, and, with the Vesta Acquisition, we manufacture our breast implants at a fourth location in Minnesota. Despite our efforts to safeguard our facilities, including acquiring insurance, adopting health and safety protocols and utilizing off-site storage of computer data, vandalism, terrorism or a natural or other disaster, such as an earthquake, fire or flood, could damage or destroy our inventory of finished goods, cause substantial delays in our operations, result in the loss of key information and cause us to incur additional expenses. Our insurance may not cover our losses in any particular case. In addition, regardless of the level of insurance coverage, damage to our facilities may have a material adverse effect on our business, financial condition and operating results.

Product liability and warranty claims or other litigation and related negative publicity may adversely affect our business, sales, financial condition and operating results.

As a supplier of medical devices, we are and may be subject to warranty or product liability claims alleging that the use of our products has resulted in adverse health effects or other litigation in the ordinary course of business that may require us to make significant expenditures to defend these claims or pay damage awards. The breast implant industry has a particularly significant history of product liability litigation. The risks of litigation exist even with respect to products that have received or in the future may receive regulatory approval for commercial sale, such as our Breast Products. For example, on October 7, 2019, a lawsuit was filed in the Superior Court of the State of California against us and Silimed Industria de Implantes Ltda. (our former contract manufacturer). The lawsuit alleges that our textured breast implants caused certain of the plaintiffs to develop a condition known as breast implant associated anaplastic large cell lymphoma ("BIA-ALCL"), and that we are liable to the Plaintiffs based on claims for strict liability (failure to warn), strict liability (defective manufacture), negligence and loss of consortium. We intend to vigorously defend ourselves in this lawsuit. Given the recent publicity surrounding BIA-ALCL and the FDA recommendation for a "boxed warning" on labeling materials for breast implants, we may face additional litigation and negative publicity surrounding our breast implants in the future. An increase in product liability claims and the related negative publicity could significantly harm our business, sales, financial condition and results of operations.

In addition, historically our silicone gel breast implants were sold with a warranty providing for no-charge replacement implants in the event of certain ruptures that occur any time during the life of the patient and this warranty also includes cash payments to offset surgical fees if the rupture occurs within ten years of implantation. In April 2018, we announced our Platinum20 product replacement and limited warranty program, which we believe provides an industry-leading program of no-charge replacement implants for covered rupture events that occur during the lifetime of the patient, and no-charge replacement implants for other covered events that occur within twenty years of the implant procedure, as well as financial assistance for certain qualifying events that occur within twenty years of the implant procedure. If we experience an increase in warranty claims following the launch of our Platinum20 warranty in excess of our expectations, or if our replacement costs associated with warranty claims increase significantly, we will incur liabilities for potential warranty claims that may be greater than we expect. An increase in the frequency of warranty claims or amount of warranty costs may harm our reputation and could have a material adverse effect on our business, results of operations and financial condition.

We maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that insurance will be available or adequate to protect against all claims. Our insurance policies are subject to annual renewal and we may not be able to obtain liability insurance in the future on acceptable terms or at all. In addition, our insurance premiums could be subject to increases in the future, which may be material. If the coverage limits are inadequate to cover our liabilities or our insurance costs continue to increase as a result of warranty or product liability claims or other litigation, then our business, financial condition and operating results may be adversely affected.

Failure to comply with the regulatory requirements for the PMA post-approval studies for our Breast Products may result in the suspension or withdrawal of our PMA.

We received pre-market approval, or PMA, for our silicone gel breast implants from the FDA in 2012. As a condition of PMA approval, the FDA imposes certain requirements in order to maintain the PMA. Failure to comply with the applicable regulatory requirements can result in, among other things, warning letters, administrative or judicially imposed sanctions such as injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, the suspension or withdrawal of our PMA, or criminal prosecution. For example, in March 2019, we received a warning letter from the FDA stating that we failed to meet the expected patient follow-up rate in one of our post-approval studies for our silicone gel breast implants. The warning letter stated that failure to promptly correct this deficiency may result in the withdrawal of our PMA. We provided a comprehensive response to the FDA and are working collaboratively with the agency to quickly and fully resolve this matter. If we are unable to timely correct the deficiency included in the warning letter to the satisfaction of the FDA, or if we fail to meet any of the other requirements of our PMA, our PMA may be suspended or withdrawn by the FDA. Any such suspension or withdrawal would have a significant negative impact on our results of operations or financial condition.

The long-term safety of our Breast Products has not fully been established and our breast implants are currently under study in our PMA post-approval studies, which could reveal unanticipated complications.

We have been marketing our silicone gel breast implants in the United States with pre-market approval from the FDA since 2012. However, there could still be unanticipated complications or unforeseen health consequences of being implanted with our silicone gel breast implants over the long-term (defined as 10 years or more). Additionally, we rely on our clinical data to make favorable comparisons of our product to our competitive products, and our longer-term data may change over time. Further, future studies or clinical experience may indicate that treatment with our products is not differentiated to treatment with competitive products. Such results could slow the adoption of our products and significantly reduce our sales, which could prevent us from achieving our forecasted sales targets or achieving or sustaining profitability. Moreover, if long-term results and experience indicate that our products cause unexpected or serious complications, we could be subject to required product labeling revisions, mandatory product recalls, suspension or withdrawal of clearance or approval by the FDA or other applicable regulatory bodies and significant legal liability.

We received a Warning Letter from FDA, dated March 19, 2019, relating to the Company's failure to meet the FDA-approved minimum retention rate for a post-approval study. We responded to this Warning Letter and are in continued dialogue with FDA to fully address our study's participant retention, including patient questionnaire completion and additional follow-up office visits.

On March 25-26, 2019, the FDA convened a meeting of the General and Plastic Surgery Devices Panel at the FDA's Headquarters in Silver Spring, Maryland, to discuss a range of topics concerning the benefit-risk profile of breast implants. In addition to a presentation of data and information about our products and those of other breast implant manufacturers, this two-day public meeting included presentations, recommendations, and discussion on breast implant associated anaplastic large cell lymphoma (BIA-ALCL); systemic symptoms reported in patients receiving breast implants; the use of registries for breast implant surveillance; revision of magnetic resonance imaging (MRI) screening recommendations for silent rupture of silicone gel filled breast implants; the use of surgical mesh in breast procedures such as breast reconstruction and mastopexy; the use of real-world data and patient perspectives in regulatory decision making; product labeling revisions; and recommendations for best practices (including a standardized checklist) for informed consent discussions between patients and clinicians.

We cannot predict future changes that may occur to the regulatory landscape regarding our products based on this Panel Meeting and subsequent developments regarding long-term data. For example, FDA recently issued draft guidance informed by the Panel's recommendations to require a boxed warning and a standardized patient decision checklist as part of the informed consent process, along with other recommendations to update and provide additional labeling information.

Among the long-term health risks of breast implants which are being studied and followed, health regulators believe there is an association between breast implants and a rare form of lymphoma called anaplastic large-cell lymphoma.

In January 2011, the FDA issued a Safety Communication indicating that there was a possible association between saline and silicone gel breast implants and anaplastic large-cell lymphoma, or BIA-ALCL. Since our FDA approval in 2012, Sientra's breast-implant product labeling, which is approved by the FDA, has been required to contain a description of BIA-ALCL as a possible outcome. Since its report in January 2011, the FDA has continued to gather information about BIA-ALCL in women with breast implants through the review of medical device reports, review of medical literature, and collaboration with international regulators, scientific experts, ASPS, ASAPS, ISAPS, and other organizations.

As of August 23, 2017, the FDA updated its recommendations on BIA-ALCL and subsequently requested all breast implant manufacturers to revise their physician and patient labeling with the most up-to-date information. The FDA has continued to monitor these matters, and on February 6, 2019 issued a "Letter to Health Care Providers" and a public statement detailing updated medical device report (MDR) data involving BIA-ALCL, and stating that the data and published information reviewed to date suggest that patients with breast implants have an increased risk of BIA-ALCL. The FDA states: "Over time, we have strengthened our understanding of this condition. In 2016, the World Health Organization designated breast implant-associated anaplastic large cell lymphoma (BIA-ALCL) as a rare T-cell lymphoma that can develop following breast implants. The exact number of cases remains difficult to determine due to significant limitations in world-wide reporting and lack of global implant sales data. At this time, most data suggest that BIA-ALCL occurs more frequently following implantation of breast implants with textured surfaces rather than those with smooth surfaces." The FDA noted it does not recommend prophylactic breast implant removal in a patient without symptoms or other abnormality.

On March 25-26, 2019, the FDA convened a meeting of the General and Plastic Surgery Devices Panel which covered a range of topics concerning the benefit-risk profile of breast implants, including BIA-ALCL. More recently, on October 24, 2019, FDA issued a draft guidance document providing recommendations to breast implant manufacturers regarding the content and format of revised labeling information for saline and silicone gel-filled breast implants. The recommendations included a recommendation for a boxed warning that, among other things, states: "Breast implants have been associated with the risk of developing BIA-ALCL and may be associated with systemic symptoms."

Further studies or clinical experience may indicate that breast implants, including our products, expose individuals to a more substantial risk of developing BIA-ALCL or other unexpected complications than currently anticipated. As a result, we may be exposed to increased regulatory scrutiny, negative publicity and lawsuits from any individual who may develop BIA-ALCL after using our products, any of which could have a significant negative impact on our results of operations or financial condition. Moreover, if long-term results and clinical experience indicate that our products cause unexpected or serious complications, we could be subject to mandatory product recalls, suspension or withdrawal of regulatory clearances and approvals and significant legal liability.

If we are unsuccessful in executing our cost plan, our business and results of operations may be adversely affected.

In November 2019, we announced an organizational efficiency initiative (the "Plan") designed to reduce spending and simplify operations to better align our cost structure to our long-term margin targets. Under the Plan, we will implement numerous initiatives to reduce spending, including closing the Santa Clara offices of miraDry, Inc. ("miraDry"), outsourcing miraDry product assembly to a third party, and consolidating a number of business support services via a shared services organization at our Santa Barbara headquarters. Under the Plan, we also intend to reduce our workforce in a series of targeted reductions, which we expect to be completed by the end of the third quarter of 2020. In total, the Plan is estimated to cost between $3.7 million and $4.5 million through September 30, 2020, excluding non-cash charges.

We cannot provide assurance that our Plan will be successful, that anticipated cost savings will be realized, that our operations, business and financial results will improve and/or that these efforts will not disrupt our operations (beyond what is intended). Our ability to achieve the anticipated cost savings and other benefits within the expected time frames is subject to many estimates and assumptions, which are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. Further, we may experience delays in the timing of these efforts and/or higher than expected or unanticipated costs in implementing them. Moreover, changes in the size, alignment or organization of our workforce could adversely affect employee morale and retention, relations with customers and business partners, our ability to develop and deliver products and services as anticipated and/or impair our ability to realize our current or future business and financial objectives. If we do not succeed in these efforts, if these efforts are more costly or time-consuming than expected, if our estimates and assumptions are not correct, if we experience delays or if other unforeseen events occur, our business and results of operations may be adversely affected.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Huiner Settlement and Consulting Agreement

As previously disclosed, on September 30, 2019 (the "Separation Date"), Charles Huiner, the Company's Chief Operating Officer and Senior Vice President of Corporate Development and Strategy, stepped down from his role to pursue other opportunities. On November 1, 2019, the Company entered into a Confidential Settlement, Release and Consulting Agreement with Mr. Huiner (the "Huiner Agreement"). Pursuant to the Huiner Agreement, in exchange for a general release of all claims, the Company will (1) pay Mr. Huiner, in accordance with the Company's regular payroll cycle, an amount equal to twelve months of his base salary in effect on the Separation Date, or $393,225, (2) make a lump sum payment equal to Mr. Huiner's bonus for 2019 prorated through the Separation Date and based upon the achievement of objectives and the determination of the Board of Directors of the final 2019 corporate bonus payout, payable by check in a lump sum no later than April 1, 2020 and (3) reimburse Mr. Huiner for COBRA premiums until the earlier of (1) thirteen months following the Separation Date (2) the date Mr. Huiner is eligible for group health insurance coverage through a new employer or (3) the date Mr. Huiner ceases to be eligible for COBRA continuation coverage for any reason. In addition, the Huiner Agreement provides that Mr. Huiner will continue to provide consulting services (the "Services") for eight months following the Separation Date. As consideration for the Services, the Company will pay Mr. Huiner a one-time lump sum consulting fee of $32,768.76, continue the vesting of all unvested restricted stock units and performance stock units granted in April 2019 and accelerated the vesting of 33,333 restricted stock units granted in January 2018. In addition, the Huiner Agreement extends the exercise period for any vested stock options until thirteen months from the Separation Date**.**

Tissue Expander Manufacturing Agreement

On November 7, 2019, the Company entered into an Amended and Restated Manufacturing and Supply Agreement (the "Manufacturing Agreement") with Vesta Intermediate Funding, Inc. ("Vesta"), providing for the manufacture and supply of the Company's tissue expanders and accessories (the "Expander Products"). The Manufacturing Agreement has a six-year term, which may be extended by written agreement of the parties, and may only be terminated for cause by the non-defaulting party following written notice of default with a reasonable period to cure. The Manufacturing Agreement provides that the Company will purchase fixed percentages of its requirements for Expander Products intended for global distribution from Vesta, with such percentages decreasing over time. In the event that Vesta fails to timely deliver a minimum threshold of the Expander Product orders for a specified period, the purchase requirements shall be adjusted downwards as provided in the Manufacturing Agreement. The Manufacturing Agreement contains customary representations and warranties.

Supply Agreement

On November 7, 2019, the Company entered into a Master Supply Agreement (the "Supply Agreement") with NuSil Technology LLC ("NuSil") which provides that NuSil will serve as the exclusive supplier of the Company's silicone materials for short and long-term implantable products (the "Silicone Products"). The Supply Agreement provides for Set Pricing and Discount Pricing that the Company is able to obtain upon reaching certain minimum purchase requirements in a calendar year. The Supply Agreement has an initial term through December 31, 2026 (the "Initial Term") which automatically renews for subsequent one year terms (each, a "Renewal Term"), unless a party provides written notice of intent to terminate the Supply Agreement no later than six (6) months prior to expiration of the Initial Term or the then current Renewal Term. The Supply Agreement may be terminated in the event of breach following a 45 day period to cure or in the event of insolvency of a party.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished as part of this report:

Number	Description
10.1#	Confidential Settlement, Release and Consulting Agreement, dated November 4, 2019, by and between Sientra, Inc. and Charles Huiner.
10.2†	Amended and Restated Manufacturing and Supply Agreement, dated November 7, 2019, by and between Sientra, Inc. and Vesta Intermediate Funding, Inc.
10.3†	Master Supply Agreement, dated November 7, 2019, by and between Sientra, Inc. and NuSil Technology LLC.
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

# Indicates management contract or compensatory plan, contract, or agreement.
† Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10).
* This certification is deemed not filed for purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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.

SIENTRA, INC.

November 7, 2019

By: /s/ Jeffrey Nugent
Jeffrey Nugent
Chairman and Chief Executive Officer

November 7, 2019

By: /s/ Paul Little
Paul Little
Chief Financial Officer and Treasurer

CONFIDENTIAL SETTLEMENT, RELEASE AND CONSULTING AGREEMENT

This CONFIDENTIAL SETTLEMENT, RELEASE AND CONSULTING AGREEMENT (the "Agreement") is made effective on November 1, 2019, by and between Sientra, Inc. (the "Company") and Charlie Huiner ("You" or "Your").

1. Separation. As of September 30, 2019 (the "Separation Date"), Your responsibilities as Chief Operating Officer & Senior Vice President of Corporate Development & Strategy ceased, and all payments and benefits from the Company ceased, except as provided in this Agreement. Without limiting the foregoing, all of Your obligations to the Company (and all of the Company's obligations to You) pursuant to Your Amended and Restated Employment Agreement dated as of September 22, 2016 with the Company shall terminate effective as of the Separation Date, other than the obligations set forth in Sections 11, 13, 14 and 15 thereof, which shall survive in accordance with their terms.

2. Accrued Salary and Benefits. On October 4, 2019, the Company provided You with a final check, which included the cash equivalent of all accrued and unused Paid Time Off which equaled $75,617.20 (400 hours). On September 30, 2019, via direct deposit You received Your regularly scheduled semi-monthly pay. All payments are subject to the Company's collection of all applicable federal, state and local income and employment withholding taxes. You will receive these payments, regardless of whether You enter into this Agreement.

3. Separation Benefits. In exchange for Your covenants, agreements and releases provided herein, and provided that this Agreement becomes effective as specified below, the Company will provide You with the following separation benefits (collectively, the "Separation Benefits"):

(a) **Severance.** You shall receive aggregate payments equivalent to twelve (12) months of Your base salary as in effect on the Separation Date, paid in equal installments on the Company's regularly-scheduled payroll dates beginning with the first such payroll date following the Effective Date (as defined below);

(b) **2019 Bonus.** The Company shall pay You a prorated 2019 bonus (calculated from November 1, 2019, the equivalent of 10/12th of the annual 2019 bonus) of 60% of Your annual base salary based upon the achievement of the 2019 Objectives and the determination of the Board of Directors of the final 2019 corporate bonus payout, payable by check in a lump sum no later than April 1, 2020;

(c) **Health Care Coverage**. Provided that You timely elect continued coverage under COBRA, the Company shall reimburse You for Your COBRA premiums to continue coverage (including coverage for eligible dependents, if applicable) ("COBRA Premiums") through the period (the "COBRA Premium Period") starting on the Separation Date and ending on the earliest to occur of: (i) thirteen (13) months following the Separation Date; (ii) the date You become eligible for group health

insurance coverage through a new employer; or (iii) the date You cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Y ou become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, You must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to You a taxable monthly payment in an amount equal to the monthly COBRA premium that You would be required to pay to continue Your group health coverage in effect on the date of Your employment termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall be made on the last day of each month regardless of whether You elect COBRA continuation coverage and shall end on the earlier of (x) the date upon which You obtain other employment or (y) the last day of the 12th calendar month following the Separation date.

4. **Final Expense Report.** You will have ten (10) days from the date of this Agreement to submit a final expense report via Concur for eligible business expenses incurred through the Separation Date, in such form as required by the Company's standard practices and procedures. The Company will reimburse You for these expenses pursuant to its regular business practices. In the event You incur any authorized reimbursable expenses after the date of this Agreement in the performance of the Services during the Consulting Period provided for in Paragraph 12 below, you would be entitled to submit such expenses for reimbursement pursuant to the Company's standard expense reimbursement practices and procedures.

5. **Employee Stock Purchase Plan.** Pursuant to the Company's 2014 Employee Stock Purchase Plan (the "ESPP") You have made contributions to the ESPP and these contributions will be refunded to You in the final check provided to You via FedEx. As of the Separation Date, Your participation on the ESPP will be terminated.

6. **Other Compensation and Benefits.** Except as expressly provided herein, You acknowledge and agree that You are not entitled to and will not receive any additional compensation, wages, reimbursement, severance, or benefits from the Company.

7. **Company Property.** In consideration of Your Consulting Agreement below, You shall be permitted to retain any Company property in Your possession, including Your Company computer and access to Your Company emails up to and including November 1, 2019. Within ten (10) days of November 1, 2019, You will deliver to the Company, all Company property which You have in Your possession, including all equipment and accessories, office equipment, marketing/sales material, home inventory, samples, credit cards, key, and documents, including all paper and electronic copies of documents. The Company property must have been shipped by November 11, 2019 via **FedEx Ground** to Sientra Distribution at the following address: 26

Castilian, Suite D, Goleta, CA 93117. To assist You in complying with this process, the Company previously provided You a packing list (attached hereto as Exhibit A) to be used in returning the Company property.

8. Confidentiality

(a) **Confidential Information and Proprietary Information Obligations.** You acknowledge signing the "Confidentiality, Inventions and Non-Interference Agreement" (the *"*CINA*"*) containing a confidentiality agreement in connection with Your employment with the Company. You represent that you have complied with and will continue to comply with the terms of the CINA. A copy of Your CINA is attached hereto as Exhibit B.

(b) You agree to keep the fact of your termination, and the terms and conditions of this Agreement, confidential until the Company makes the appropriate disclosures (if any) required by the NASDAQ or Securities and Exchange rules. In the event that this confidentiality obligation is broken by You, the benefits set forth in this Agreement that are in addition to those set forth in your Employment Agreement (as amended) shall be forfeited.

9. Inquiries. Unless authorized otherwise in advance in writing by You, the Company will follow its standard neutral reference policy in response to any inquiries regarding You from prospective employers, i.e., only dates of employment and position(s) held will be disclosed.

10. Cooperation. You agree to reasonably cooperate with the Company in the defense of any claim against the Company related to Your work for the Company. The Company shall indemnify and defend You against any potential claims arising from Your work for the Company prior to the Separation Date in accordance with the Company's By-Laws, and shall extend such indemnity and defense obligations to You with respect to any potential claims arising respect to any Services provided by You during the Consulting Period provided, however, any such duty to indemnify and defend shall not pertain to claims of embezzlement, misappropriation or fraud by You.

11. Non-Disparagement. You agree that You will not directly or indirectly publish or disseminate to the media or to any individual or entity information that is critical, derogatory or otherwise intended to disparage the Company, whether such information is acquired during or after Your employment with the Company. The Company agrees it will not directly or indirectly publish or disseminate to the media or to any individual or entity information that is critical, derogatory or otherwise intended to disparage You, whether such information is acquired during or after Your employment with the Company.

12. Consulting

a) **Consulting Agreement**. For the period of eight (8) months from the Separation Date (the "Consulting Period") You agree to consult with the Company on various strategically

important issues relating to the smooth transfer of knowledge and know-how regarding Your role and primary responsibilities, including without limitation, business and financial plans, product development and R&D strategies, and operations (the "Services"). You agree to provide the Services in a timely manner, as required, by providing detailed memoranda, as requested, describing key topics, processes and issues and by participating in meetings, telephone conversations and/or email correspondence. You will be responsible for determining the manner and means by which the Services are to be provided. Notwithstanding anything herein to the contrary, the Company may not reduce or terminate the Consulting Period without Your prior written consent.

b) **Consulting Fees**. As full consideration for the Services, the Company shall: (i) pay you a one-time lump sum consulting fee of $32,768.76 payable on or before November 4, 2019; (ii) accelerate the vesting of the 33,333 unvested Restricted Stock Units ("RSUs") granted to You pursuant to the January 19, 2018 meeting of the Compensation Committee to November 4, 2019; (iii) permit all other unvested RSUs and Performance Stock Units ("PSUs") granted to You pursuant to the April 5, 2019 resolution of the Compensation Committee to continue to vest in accordance with the terms of their grant during the Consulting Period, provided further that all such PSUs shall be subject to the same vesting criteria and treatment as the Company's Executive Officers who were also issued PSU's pursuant to this same April 5, 2019 resolution; and (iv) permit You to exercise all stock options granted to You for a period of thirteen (13) months from the Separation Date. Any unvested equity will forfeit at the conclusion of the Consulting Period, and any vested but unexercised stock options will be forfeited if not exercised within thirteen (13) months of the Separation Date.

13. Release of Claims.

c) **General Release.** In exchange for the consideration provided to You under this Agreement to which You would not otherwise be entitled, including but not limited to the Separation Benefits, You hereby generally and completely release the Company and its current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, investors and assigns (collectively, the "Released Parties") of and from any and all claims, liabilities and obligations, both known and known, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date You sign this Agreement (collectively, the "Released Claims").

d) **Scope of Release.** The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to Your employment with the Company, or the termination of Your employment: (ii) all claims related to Your compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company: (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort

claims, including claims for fraud, defamation, emotional distress, wrongful termination, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act ("ADEA"), the federal Family and Medical Leave Act (as amended) ("FMLA"), the California Family Rights Act ("CFRA"), the California Labor Code (as amended), the California Unruh Act, and the California Fair Employment and Housing Act (as amended), the Missouri Service Letter Statute, the Missouri Equal Pay for Women Act, the Wisconsin Fair Employment Act, the Wisconsin Wage Claim and Payment Law, the Florida Civil Rights Act, the Florida Whistleblower's Act, the Texas Labor Code, the Virginia Payment of Wage Law, the Virginia Minimum Wage Act, and the Virginia Human Rights Act.

e) **Excluded Claims.** Notwithstanding the foregoing, the following are not included in the Released Claims (the "Excluded Claims"): (i) any rights or claims for indemnification You may have pursuant to any written indemnification agreement with the Company to which You are a party, the charter, bylaws, or operating agreements of the Company, or under applicable law; (ii) any rights or claims which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. In addition, nothing in this Agreement prevents You from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, or any other government agency, except that You acknowledge and agree that You hereby waive Your right to any monetary benefits in connection with any such claim, charge or proceeding. You represent and warrant that, other than the Excluded Claims, You are not aware of any claims You have or might have against any of the Released Parties that are not included in the Released Claims.

f) **Acknowledgements.** You acknowledge that (i) the consideration given to You in exchange for the waiver and release in this Agreement is in addition to anything of value to which You were already entitled; (ii) that You have been paid for all time worked, have received all the leave, leaves of absence and leave benefits and protections for which You are eligible, and have not suffered any on-the-job injury for which You have not already filed a claim; (iii) You have been given sufficient time to consider this Agreement and to consult an attorney or advisor of Your choosing; and (iv) You are knowingly and voluntarily executing this Agreement waiving and releasing any claims You may have as of the date You execute it.

14. ADEA Waiver. You knowingly and voluntarily waive and release any rights You may have under the ADEA (defined above). You also acknowledge that the consideration given for Your releases in this Agreement is in addition to anything of value to which You were already entitled. You are advised by this writing that: (a) Your waiver and release do not apply to any claims that may arise after You sign this Agreement; (b) You should consult with an attorney prior to executing this Agreement; (c) You have twenty one (21) days within which to consider this

Agreement (although You may choose to voluntarily execute this Agreement earlier) (the "Consideration Period"); (d) You have seven (7) days following the execution of this Agreement to revoke this Agreement; and (e) this Agreement will not be effective until the eighth day after you sign this Agreement, provided that You have not earlier revoked this Agreement (the "Effective Date"). You will not be entitled to receive any of the benefits specified by this Agreement unless and until it becomes effective.

15. Section 1542 Waiver. In giving the applicable releases set forth herein, which include claims which may be unknown at present, You acknowledge that You have read and understand Section 1542 of the Civil Code of the State of California which reads as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

You expressly waive and relinquish all rights and benefits under this section and any law or legal principle of similar effect in any jurisdiction with respect to claims released hereby.

16. No Admissions. The promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other party, and neither party makes any such admission.

17. Miscellaneous. This Agreement, including Exhibits A and B, constitutes the complete, final and exclusive embodiment of the entire agreement between You and the Company with regard to this subject matter. It 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. This Agreement may not be modified or amended except in a writing signed by both You and the Chief Executive Officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both You and the Company, and inure to the benefit of both You and the Company, their heirs, successors and assigns. The failure to enforce any breach of this Agreement shall not be deemed to be a waiver of any other or subsequent breach. For purposes of construing this Agreement, any ambiguities shall not be construed against either party as the drafter. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California as applied to contracts made and to be performed entirely within California. This Agreement may be executed in counterparts or with facsimile signatures, which shall be deemed equivalent to originals.

If the terms of this Agreement are acceptable to You, please sign below and return one original to me at the Company **no later than 5:00 PM on November 3, 2019.** You have received this letter

on October 3, 2019. Any changes, whether material or immaterial, made to this letter after it was first presented to You on October 3, 2019 shall not change the Consideration Period.

/s/ Jeff Nugent
By: Jeff Nugent
Chairman and Chief Executive Officer

Exhibit A – Packing List
Exhibit B – Confidentiality, Inventions and Non-Interference Agreement

Agreed and Accepted:

/s/ Charlie Huiner 11/1/2019
Charlie Huiner DATE:

EXHIBIT A

PACKING LIST

EXHIBIT B

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed, and has been marked with a "[***]" where the information has been omitted from the filed version of the exhibit.

AMENDED AND RESTATED MANUFACTURING AND SUPPLY AGREEMENT
(LZ# G1651852)

This AMENDED AND RESTATED MANUFACTURING AND SUPPLY AGREEMENT (the "Agreement"), effective as of November 7, 2019 (the "Effective Date"), is made by and between Sientra, Inc., a Delaware corporation with a principal place of business at 420 S. Fairview, Suite 200, Santa Barbara, CA 93117 ("Sientra") and Vesta Intermediate Funding, Inc., a Delaware corporation, with a place of business at 1131 North US Highway 93, Victor, MT 59875 ("Lubrizol" or "Supplier"). Each of Sientra and Lubrizol may be referred to herein individually as a "Party" and collectively as the "Parties".

R E C I T A L S

WHEREAS, Sientra and Lubrizol are parties to a Manufacturing, Supply and Quality Agreement effective November 1, 2011, as amended by Amendment No. 1 effective October 31, 2016, Amendment No. 2 effective October 24, 2017, Amendment No. 3 effective April 23, 2018, Amendment No. 4 effective October 19, 2018, Amendment No. 5 effective January 31, 2019, Amendment No. 6 effective May 6, 2019 and Amendment No. 7 effective June 5, 2019 (the "Prior Manufacturing Agreement");

WHEREAS, Lubrizol has manufactured the Products (defined in Section 1.39) for Sientra in accordance with the terms and conditions of the Prior Manufacturing Agreement; and

WHEREAS, Sientra wishes for Lubrizol to continue manufacturing the Products for it, and Lubrizol wishes to continue manufacturing the Products for Sientra in accordance with the terms and conditions set forth herein; and

WHEREAS, the Parties desire to amend and restate the Prior Manufacturing Agreement in accordance with the terms and conditions set forth herein effective as of the Effective Date.

NOW THEREFORE, in consideration of the mutual covenants and promises hereinafter made, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

As used in this Agreement, the following defined terms shall have the meanings provided herein:

1.1. **"Affiliate"** when used with reference to any Party, means any person or entity controlling, controlled by, or under common control with, such Party. For the purposes of this Agreement, "control" shall refer to: (i) the possession, directly or indirectly, of

the power to direct the management or policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise; or (ii) the ownership, directly or indirectly, of at least fifty percent (50%) of the voting securities or other ownership interest of such person or entity.

1.2. **"Agreement"** has the meaning set forth in the Preamble.

1.3. **"Ammonium Carbonate"** has the meaning set forth in Section 4.9.

1.4. **"Ammonium Carbonate Cost**" has the meaning set forth in Section 4.9.

1.5. **"Applicable Laws"** means all laws, rules and regulations now or hereafter in effect promulgated by any Regulatory Authority applicable to a Party's performance under this Agreement.

1.6. **"Assignee"** has the meaning set forth in Section 12.2.

1.7. **"Confidential Information"** means any information, whether or not designated as confidential, disclosed during or before the Term of this Agreement by one Party to the other Party, by any means, including, without limitation: (a) concepts, ideas, inventions, models, diagrams, designs, data, documents, research, studies, analyses, forecasts, processes, procedures, systems, technology, Intellectual Property Rights, trade secrets, business plans or opportunities, business strategies, marketing plans or opportunities, marketing strategies, product development plans or opportunities, future projects or products, projects or products under consideration, and information relating to finances, costs, prices, suppliers, vendors, customers and employees; and (b) any information that contains, reflects, or is based in whole or in part any of the foregoing furnished from one Party to the other Party including, without limitation, any notes, analyses, compilations, studies, interpretations, memoranda or other documents or tangible things.

1.8. **"Contract Year"** means (a) the twelve (12) month period beginning on the Effective Date and ending on the calendar day immediately prior to the twelve (12) month anniversary thereof; and (b) each such twelve (12) month period thereafter during the Term of the Agreement.

1.9. **"Effective Date"** has the meaning set forth in the Preamble.

1.10. **"Equipment"** shall mean the equipment and tooling used by Lubrizol in the manufacture of the Products but which are owned by Sientra (including, but not limited to mandrels purchased by or on behalf of Sientra).

1.11. **"Exclusivity Percentages"** has the meaning set forth in Section 3.1.

1.12. **"Failure to Supply Event"** has the meaning set forth in Section 4.5.
1.13. **"Failure to Supply Notice"** has the meaning set forth in Section 4.5.
1.14. **"FCA"** shall have the meaning of "Free Carrier" given to it by INCOTERMS 2010 as published by the International Chamber of Commerce or any superseding definitions of the INCOTERMS published by the International Chamber of Commerce.
1.15. **"FDA"** means the United States Food and Drug Administration.
1.16. **"Field Action"** means activities outlining the steps for management and/or communication regarding the performance of distributed Products currently in use by Sientra's customers. These activities may include, but are not limited, recall or retrieval of Product(s) and consumer or trade notifications.
1.17. **"Field Action Costs"** means Sientra's actual out-of-pocket costs incurred as a result of any Field Action, to the extent such costs are caused by Supplier's breach of the Limited Warranty.
1.18. **"Forecast"** has the meaning set forth in Section 3.2.
1.19. **"Force Majeure"** has the meaning set forth in Section 12.5.
1.20. **"Increased Capacity Determination Period"** has the meaning set forth in Section 3.6.
1.21. **"Indemnified Party"** has the meaning set forth in Section 11.1(c)(i).
1.22. **"Indemnifying Party"** has the meaning set forth in Section 11.1(c)(i).
1.23. **"Indemnity Claim"** has the meaning set forth in Section 11.1(c)(i).
1.24. **"Intellectual Property Rights"** means any and all of the following: (a) inventions and patents and patent applications for the same; (b) trademarks, trade names, service marks and logos; (c) internet domain names registered by any authorized private registrar or governmental authority, web addresses, web pages, websites, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, data, data files, and databases and other specifications and documentation; (e) Confidential Information, proprietary information, know-how and trade secrets; and (f) all other intellectual property rights or industrial property rights of any kind or nature (whether or not protectable under patent, copyright, trade secrecy or similar laws) that are conceived, discovered, developed, created or reduced to practice or tangible medium of expression by a Party, their employees, consultants or agents, and all rights, interests, and

protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing subsections (a)-(f), however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, such rights or forms of protection pursuant to the laws of any jurisdiction throughout in any part of the world

1.25. **"Limited Warranty"** has the meaning set forth in Section 7.2.
1.26. **"Line Information"** has the meaning set forth in Section 8.1.
1.27. **"Lubrizol"** has the meaning set forth in the Preamble.
1.28. **"Lubrizol Capacity Notice"** has the meaning set forth in Section 3.6.
1.29. **"Manufacture"** or **"Manufactured"** or **"Manufacturing"** means Supplier's engineering, manufacturing, quality control testing and storage of Product in accordance with the terms and conditions of this Agreement and the Quality Agreement.
1.30. **"Maximum Capacity"** has the meaning set forth in Section 3.6.
1.31. **"Maximum Capacity Notice"** has the meaning set forth in Section 3.6.
1.32. **"Modified Exclusivity Percentage"** has the meaning set forth in Section 4.5(a).
1.33. **"New Products"** has the meaning set forth in Section 3.1.
1.34. **"Nonconforming"** or " **Nonconformity"** means that the components, materials or Products fail to conform in all material respects with the applicable Specifications.
1.35. **"Party"** and **"Parties"** has the meaning set forth in the Preamble.
1.36. **"Price Increase Notice"** has the meaning set forth in Section 3.8.
1.37. **"Prior Manufacturing Agreement"** has the meaning set forth in the Recitals.
1.38. **"Product Change"** has the meaning set forth in Section 4.6.
1.39. **"Products"** means the Sientra-brand Allox2®, Dermaspan™ and Softspan™ tissue expanders and tissue expander accessories listed in Appendix A of this Agreement and any line extensions, modifications or improvements thereof as may be mutually agreed to in writing by the Parties from time to time pursuant to this Agreement and/or the Quality Agreement.
1.40. **"Purchase Orders"** has the meaning set forth in Section 3.3.

1.41. **"Purchaser"** has the meaning set forth in Section 12.2.
1.42. **"Quality Agreement"** has the meaning set forth in Section 5.5.
1.43. **"Ramp-Up Period"** has the meaning set forth in Section 3.5.
1.44. **"Ramp-Up Quantities"** has the meaning set forth in Section 3.5.
1.45. **"Regulatory Authority"** means the FDA, Health Canada and any other regulatory agency or body whose permission is required for importation, promotion, pricing, marketing or sale of the Products.
1.46. **"Regulatory Filings"** means (a) all applications, filings, dossiers and similar materials submitted by a Party or their agents or representatives to any Regulatory Authority anywhere in the world, including any annual reports, amendments or adverse event reports, and (b) any correspondence or communications between a Party or their agents or representatives and any Regulatory Authority.
1.47. **"Root Cause Analysis"** has the meaning set forth in Section 5.6.
1.48. **"Sientra**" has the meaning set forth in the Preamble.
1.49. **"Sientra Indemnified Parties"** has the meaning set forth in Section 11.1(b).
1.50. **"Specifications"** shall mean all drawings and specifications for the design, engineering, materials of construction, process and quality levels associated with the Manufacture of the Products approved and in use as of the Effective Date (as the same may be amended from time to time by mutual written agreement of the Parties).
1.51. **"Supplier"** has the meaning set forth in the Preamble.
1.52. **"Supplier Indemnified Parties"** has the meaning set forth in Section 11.1(a).
1.53. **"Term"** has the meaning set forth in Section 9.1.
1.54. **"Third Party Breach of Limited Warranty Claim"** has the meaning set forth in Section 11.1(b)(i).
1.55. **"Timely Deliver"** means delivery on or before the delivery date specified in the applicable Purchase Order (so long as such delivery date is consistent with the delivery schedule for such Products agreed to by the Parties for the delivery of Products prior to the date of this Agreement, or as otherwise may be agreed to in writing by the Parties), including an additional ten (10) day grace period with respect to the delivery date, and excluding any delays caused by (i) Sientra (including, without limitation, failure to

deliver the Ammonium Carbonate in accordance with Section 4.9 of this Agreement), (ii) Force Majeure or (iii) any sterilization issues which occur prior to the Parties executing the Quality Agreement.

1.56. **"Transfer"** has the meaning set forth in Section 12.2.

2. APPOINTMENT OF MANUFACTURER

2.1. **Appointment of Lubrizol.** Subject to the terms and conditions of this Agreement, Sientra hereby appoints Lubrizol, and Lubrizol accepts such appointment, as the non-exclusive (except as otherwise expressly set forth in Sections 3.1, 3.5 and 4.5 of this Agreement), contract manufacturer of the Products for Sientra during the Term of this Agreement. Subject to the terms and conditions of this Agreement, Lubrizol shall use its commercially reasonable efforts to supply the Products to Sientra consistent with Sientra's Forecasts.

3. TERMS AND CONDITIONS OF PURCHASE

3.1. **Purchase and Supply Commitments.** During the Term of this Agreement, and subject to Sientra's rights in Sections 3.5 and 4.5 below, Sientra shall purchase from Lubrizol, and, subject to the terms of this Agreement, Lubrizol shall manufacture and supply for Sientra, the following percentages of Sientra's requirements for Products intended for distribution anywhere in the world (a) during the first three (3) years of the Term, [***]% of such requirements; (b) during the fourth (4th) year of the Term, [***]% of such requirements and (c) during the fifth (5th) and sixth (6th) years of the Term, [***]% of Sientra's requirements for Products (collectively the "Exclusivity Percentages"). The Exclusivity Percentages shall not apply to any products which were then being manufactured by a third-party company which products Sientra acquires after the date of this Agreement, and, subject to the terms of this Section 3.1, any modifications or improvements of such then existing products (collectively, "New Products"). For purposes of clarification, and relating to the Products and any New Products, Sientra shall not use an alternate, different or substitute product to replace, or in any way to reduce Sientra's purchase obligations or to reduce the quantity of Products Sientra requires. Lubrizol has the right to periodically audit and review Sientra's books and records and interview Sientra's personnel to determine if the obligations in this Section 3.1 have been fulfilled.

3.2. **Forecasts**. Subject to Section 3.5 below, Sientra shall, on a quarterly basis, provide Lubrizol with a binding three (3) month order commitment, and a non-binding, rolling twelve (12) month forecast of its worldwide volume for each Product, which forecast shall be broken down by the specific SKUs for each Product and shall indicate the volumes and mix of mandrels needed to execute the applicable forecast (each a

"Forecast"). Lubrizol shall provide written notice within ten (10) business days after receipt of a Forecast if Lubrizol does not in good faith believe it can manufacture sufficient Product to meet the Exclusivity Percentages of the Products set forth in Section 3.1 above. In addition, Sientra shall give Lubrizol at least six (6) months prior written notice if Sientra expects to sustain a level of business from Lubrizol: (a) in excess of [***] units per month for any month in the applicable Forecast; or (b) less than [***] units per month for any month in the applicable Forecast.

3.3. **Purchase Orders.** Sientra shall submit orders for the Products to Lubrizol in a manner and form agreed to by the Parties which shall, at a minimum, set forth the Products (by specific SKUs), quantities, price, delivery dates (so long as such delivery date is consistent with the delivery schedule for such Products agreed to by the Parties for the delivery of Products prior to the date of this Agreement, or as otherwise may be agreed to in writing by the Parties), shipping address and shipping instructions for all Products ordered, in accordance with any applicable terms relating thereto set forth on Appendix A or as may be agreed to in writing by the Parties ("Purchase Orders"). Purchase Orders may be issued on an open-end "blanket" basis, reasonably acceptable to, and approved (which approval shall not be unreasonably withheld, conditioned or delayed) in writing by, Supplier, with periodic drawdowns (which drawdowns shall also be deemed to be a "Purchase Order" under this Agreement). Purchase Orders may be submitted electronically. Lubrizol shall accept or reject each Purchase Order submitted by Sientra within ten (10) days of receipt. Each Purchase Order accepted by Lubrizol shall give rise to a binding contract between the Parties for the manufacture and sale of the Products ordered and shall be subject to the terms and conditions of this Agreement which shall govern and supersede any additional or contrary terms set forth by Sientra or Lubrizol in a Purchase Order, draw down, acceptance, confirmation, invoice or other document. Unless agreed to in writing signed by both Parties, any terms and conditions additional to or different from this Agreement shall be null and void.

3.4. **Modification, Amendment and Cancellation of Purchase Orders.** Except as set forth in this Section 3.4, Purchase Orders may be rescheduled, modified or cancelled only by mutual written agreement of the Parties. All Purchase Orders submitted by Sientra and accepted by Lubrizol shall remain binding on the Parties notwithstanding the expiration or earlier termination of this Agreement, which obligations shall survive any such expiration or termination. Prior to Lubrizol commencing shell manufacturing for an applicable Purchase Order, Sientra may modify such Purchase Order to change the mix of SKUs within a particular family of Products covered by such Purchase Order (with such families referring to the Allox2® Classic, Allox2® Pro, Dermaspan™ and Softspan™ as of the date of this Agreement), but not between the families of Products covered by such Purchase Order, provided that such modification does not alter the total amount of Products ordered within such family for such Purchase Order.

3.5. **Supply Ramp-Up Period.** Subject to the satisfaction and performance of subsections (a) through (e) of this Section 3.5, for the period from the Effective Date through September 30, 2020 (the "Ramp-Up Period"), Sientra shall order from Lubrizol, and, subject to the terms of this Agreement, Lubrizol shall manufacture and deliver to Sientra, the following quantities of Products (the "Ramp-Up Quantities"):

(i) [***]– [***] units
(ii) [***]– [***] units
(iii) [***]– [***] units
(iv) [***]– [***] units
(v) [***]– [***] units
(vi) [***]– [***] units
(vii) [***]– [***] units
(viii) [***]– [***] units
(ix) [***]– [***] units

[***]– [***] units

(x)[***]– [***] units

(xi) [***]– [***] units

(a) During the Ramp-Up Period, Sientra shall not submit Purchase Orders, or deliver a Forecast, that sets forth quantities of Products in excess of the Ramp-Up Quantities. Any Purchase Order or Forecast submitted during the Ramp-Up Period setting forth Products in excess of the Ramp-Up Quantities shall not be binding upon Lubrizol, and shall not form the basis for any Failure to Supply Event under Section 4.5.

(b) Sientra shall either (1) provide Lubrizol with a binding Purchase Order for Lubrizol to purchase all needed mandrels or (2) Sientra shall obtain such needed mandrels and deliver the same to Lubrizol, in each case (A) on or before the date(s) reasonably required by Lubrizol based on Lubrizol's need for such mandrels as part of its planning and manufacturing process relating to such increased volumes and (B) in amounts necessary to fulfill the volumes set forth in the first six (6) months of the applicable Forecast.

(c) All of the Franklin-supplied molded components relating to the Products set forth below shall have been validated and approved by Sientra by the following corresponding dates:
(1) Allox2 Classic: [***]
(2) Allox2 PRO: [***]
(3) Dermaspan: [***]

(d) The time periods set forth in this Section 3.5 shall be subject to extension for Force Majeure in accordance with the terms of Section 12.5 of this Agreement,

including, but not limited to, any raw material supply related issues (e.g. non-delivery/late-delivery) or any regulatory related issues (e.g. non-approvals/approval delays).

(e) In the event that the conditions set forth in subclauses (b)-(c) above are not timely satisfied and/or performed, then the maximum quantity of Products that Lubrizol shall be obligated to manufacture and deliver to Sientra during the Ramp-Up Period shall be the following amount of units for the following respective months unless otherwise agreed to in writing by Lubrizol:

(1) [***]- [***] units
(2) [***]– [***] units
(3) [***]– [***] units
(4) [***]– [***] units
(5) [***]– [***] units
(6) [***]– [***] units
(7) [***]– [***] units
(8) [***]– [***] units
(9) [***]– [***] units
(10) [***]– [***] units
(11) [***]– [***] units

3.6. **Maximum Orders; Increased Supply Option.** Following the expiration of the Ramp-Up Period, unless otherwise agreed to in writing signed by both Parties, in no event shall Lubrizol be obligated to manufacture quantities of Products in amounts that exceed [***] units per month (the "Maximum Capacity"). In the event that Sientra desires to order more than the Maximum Capacity, then Sientra shall be required to deliver at least six (6) months advance written notice of the same to Lubrizol (the "Maximum Capacity Notice") in accordance with the terms of Section 3.2 of this Agreement (which notice may not be delivered until after [***]), which Maximum Capacity Notice shall include the amount of such increased capacity in excess of the Maximum Capacity. Upon Lubrizol's receipt of the Maximum Capacity Notice, the Parties shall engage in good faith discussions and reasonably cooperate with each other for a period of thirty (30) days (the "Increased Capacity Determination Period") in order to determine if Lubrizol can increase capacity to meet Sientra's increased capacity needs. On or before the expiration of the Increased Capacity Determination Period, Lubrizol shall notify Sientra in writing (the "Lubrizol Capacity Notice") if Lubrizol can supply the requested increased capacity in excess of the Maximum Capacity. If the Lubrizol Capacity Notice indicates that Lubrizol cannot meet the increased capacity beyond the Maximum Capacity, then the Exclusivity Percentages set forth in Section 3.1 shall thereafter become null and void upon the expiration of the Increased Capacity Determination

Period, and the following provisions shall apply for the balance of the Term of this Agreement:

(a) In the event that Sientra's increased world-wide volume of the Products is greater than [***] units per month, then, subject to the terms of this Agreement, Sientra shall be required to purchase and Lubrizol shall be obligated to manufacture and deliver, [***] units of the Products per month; or

(b) In the event that Sientra's increased world-wide volume of the Products is less than [***] units per month, then, subject to the terms of this Agreement, Sientra shall be required to purchase and Lubrizol shall be obligated to manufacturer and deliver, [***] percent ([***]%) of Sientra's actual world-wide volume of the Products.

3.7. **Pricing and Payment Terms.** During the term of this Agreement, Sientra agrees to pay Lubrizol the unit prices listed in Appendix A, as the same may be adjusted pursuant to Section 3.8 of this Agreement. Payment terms shall be net thirty (30) days from the invoice date. If any amount owing to Lubrizol is not paid within ten (10) days when due under this Agreement, each unpaid amount shall bear interest at the rate of [***] percent ([***]%) of the amount due per month, or the highest rate permitted under applicable law, whichever is less. Sientra shall be responsible for Supplier's collection costs and attorneys' fees in collecting any past due amounts.

3.8. **Price Adjustments.** Except as set forth in this Section 3.8, the prices for the Products shall be fixed as set forth in Appendix A for the Term of the Agreement. On an annual basis (no later than each anniversary of the Effective Date), the Parties shall meet and discuss reasonably and in good faith appropriate decreases to the price for Products due to, for example, manufacturing volume increases, manufacturing yield, efficiency increases and other reasons. In addition, upon sixty (60) days prior written notice to Sientra [***]. Subject to any confidentiality obligations, upon Sientra's request, Lubrizol shall use commercially reasonably efforts to cause [***]. Any such price increase shall become effective with respect to any applicable Products shipped after the expiration of such sixty (60) period, including any Products which were part of a Purchase Order issued prior the price increase becoming effective. In addition, in connection with the Parties' negotiation of the Quality Agreement pursuant to Section 5.5 of this Agreement, in the event that the Parties' resolution of [***].

3.9. **Taxes.** Unless otherwise mutually agreed to in writing by the Parties, Sientra shall pay all sales, use, excise, medical device excise tax or similar taxes applicable to the Products. In lieu of certain tax payments, Sientra may provide Lubrizol with a tax exemption certificate acceptable to the taxing authorities. Sientra agrees to reimburse Lubrizol for any such amounts which Lubrizol pays on behalf of Sientra.

3.10. **Freight Costs.** All freight, shipping, delivery and related insurance costs associated with the procurement of components and materials associated with the manufacture of the Products shall be the responsibility of Lubrizol. All freight, shipping, delivery and related insurance costs associated with the shipment of the finished Products to Sientra or its customers shall be the responsibility of Sientra.

3.11. **Title and Risk of Loss.** Unless otherwise mutually agreed to in writing by the Parties, all sales and deliveries are FCA (Lubrizol's Facility), except that Sientra shall have the obligation to obtain any export license or authorization required if the Products are to be exported. Products shall be packaged and labelled as set forth in the Specifications or otherwise as agreed to in writing by the Parties. Title to, and all risk of loss or damage concerning, the Products shall pass to Sientra immediately upon the delivery of the Products to Sientra as set forth above. Sientra's rejection of any Products purchased hereunder shall not shift any risk for those Products until they are returned to and received by Lubrizol, freight prepaid, pursuant to Lubrizol's written instructions.

4. MANUFACTURING OBLIGATIONS

4.1. **Manufacturing Location.** Lubrizol shall manufacture the Products for Sientra at its facility located at [***]or its facility located at [***], or such other location as may be agreed to in writing signed by both Parties.

4.2. **Vendors**. Except as Sientra may otherwise expressly direct in the Specifications, and subject to any applicable terms of the Quality Agreement, Lubrizol shall be responsible for identifying and qualifying all vendors of materials, components and parts necessary to manufacture the Products, and for procuring at its own expense all such materials, components and parts.

4.3. **Inspection; Records.** Lubrizol shall comply with all pre-delivery inspection and quality assurance requirements in accordance with and subject to the terms and conditions of the Quality Agreement. Lubrizol shall keep documentation and supply copies of such documentation in accordance with and subject to the terms and conditions of the Quality Agreement. Sientra shall be permitted to conduct inspections and testing in accordance with and subject to the terms and conditions or the Quality Agreement.

4.4. **Timely Delivery.** Since assurance of adequate supply at all times is essential to the operation of Sientra's business, Lubrizol shall use commercially reasonable efforts to meet delivery schedules in accordance with the lead times set forth in this Agreement or as otherwise agreed to in writing by the Parties. Any delays in delivery due to: (a) engineering changes outstanding with Sientra; or (b) temporary deviation notices pending with Sientra, shall not count against the timely delivery requirements of this Section 4.4. Lubrizol shall promptly notify Sientra of any actual or prospective delay in

delivery, and Lubrizol shall obtain Sientra's, or its authorized third parties, approval before making partial deliveries (which approval shall not be unreasonably withheld, conditioned or delayed). If the delivery of Products is delayed by more than seven (7) days through no fault of Sientra or not due to a Force Majeure event, Sientra may, at its option, require Lubrizol to deliver Products by means of commercially reasonable premium transport identified by Sientra, at Lubrizol's sole cost, as its sole and exclusive remedy as a result of any such delay (provided, however, that Sientra shall maintain any rights if and to the extent set forth in Section 4.5 below as well). Unless otherwise agreed to in writing by the parties, a [***] percent ([***]%) overage or underage of Product delivered shall be accepted by Sientra.

4.5. **Supply Failure.** In the event that Lubrizol fails to Timely Deliver at least [***] percent ([***]%) of Sientra's Product Orders that were submitted in compliance with the terms and conditions of this Agreement (including, without limitation, being consistent with the applicable Forecast), and accepted by Lubrizol, for any [***] (collectively, a "Failure to Supply Event"), and Sientra gives Lubrizol written notice of such Failure to Supply Event within thirty (30) days after the occurrence thereof ("Failure to Supply Notice"), then, subject to the terms of Section 4.5(b) below, the Exclusivity Percentages set forth in Section 3.1 shall thereafter become null and void upon Lubrizol's receipt of the Failure to Supply Notice, and the following provisions shall apply for the balance of the Term of this Agreement:

(a) Subject to subsections (b) and (c) below, Sientra's purchase obligations in Section 3.1 shall be reduced to an amount equal to the percentage of the applicable Product Orders that Lubrizol Timely Delivered relating to the Failure to Supply Event multiplied by the Exclusivity Percentage (the "Modified Exclusivity Percentage"). For example, if such Failure to Supply Event occurred during the first year of the Term of this Agreement and if Lubrizol Timely Delivered [***] percent ([***]%) of the applicable Product Orders relating to such Failure to Supply Event, the Modified Exclusivity Percentage would be [***]% ([***]% x Exclusivity Percentage ([***]%)) for the balance of the first three (3) years of the Term, [***]% ([***]% x Exclusivity Percentage ([***]%)) for the fourth year of the Term, and [***]% ([***]% x Exclusivity Percentage ([***]%)) for the fifth and sixth years of the Term.

(b) In the event that Lubrizol can demonstrate to Sientra's good faith, reasonable satisfaction that Lubrizol can Timely Deliver the quantities that it failed to Timely Deliver with respect to the applicable Failure to Supply Event (i.e. the [***]% shortfall with respect to the [***]% example cited above in Section 4.5(a)) within six (6) months after receipt of a Failure to Supply Notice, then the Exclusivity Percentages shall be reinstated to the full amounts otherwise set forth in this Agreement for the balance of the Term of this Agreement.

(c) In the event that there are three or more Failure to Supply Events during any [***] period during the Term that are not remedied in accordance subsection (b) above, then Sientra may at its option, terminate the Agreement upon ninety (90) days written notice to Lubrizol, which notice shall be given within thirty (30) days after the expiration of the six (6) month cure period set forth in Section 4.5(b) above relating to such third or more Failure to Supply Event.

4.6. **Changes to Specifications.** Sientra shall have the right at any time to designate changes to the specifications, procedures, validated processes, equipment, components, materials or the suppliers of components of materials for any Product ("Product Change"). Any Product Change shall be made as permitted in, and in compliance with, the Quality Agreement. Any increase or decrease in cost to Lubrizol to manufacture the Products which is caused by a Product Change shall be adjusted in accordance with Section 4.7.

4.7. **Cost Of Product Changes.** The full, incremental cost of any Product Change shall be borne by Sientra by way of an immediate change in pricing of any units of such Product in which such Product Change has been incorporated. In addition, Sientra shall be required to pay Lubrizol for any inventory rendered obsolete by any such Product Change, including any reasonable and customary handling or administrative fees in connection with such obsolete inventory. If the cost to Lubrizol to manufacture the Products changes as a result of any requested Product Change by Sientra, Sientra and Lubrizol shall review the incremental cost of such change and shall jointly confer and negotiate in good faith to agree on the impact to Product pricing. If the Parties fail to agree on changes to Product pricing within thirty (30) days after Sientra's requested Product Change, then any increases in cost to Lubrizol to manufacture the Product pursuant to the Product Change shall be added to the pricing of such Product, including retroactively with respect to any Products manufactured during such thirty (30) day period in which such Product Change has been incorporated.

4.8. **Equipment.** Lubrizol represents and warrants that the Equipment shall be used solely for the purpose of performing Lubrizol's obligations hereunder. Lubrizol shall maintain preventative maintenance and calibration schedules and actions in compliance with ISO 13485 quality system requirements and FDA regulatory requirement 21 CFR 820. Lubrizol shall provide to Sientra, upon request, an inventory report of the Equipment in Lubrizol's possession. If Equipment is lost, damaged or otherwise found to be unsuitable for use, Lubrizol shall report this to Sientra and maintain records. Sientra represents and warrants that any Equipment shall be suitable for the operations intended to be performed by Lubrizol, free of defects in design, workmanship and material. If found defective during processing, Sientra shall promptly deliver suitable replacements at no charge to Lubrizol. If any Equipment is damaged by Lubrizol (as opposed to normal wear and

tear), this will be reported to Sientra and (i) with respect to any Equipment supplied by Sientra, Sientra shall replace the same and Lubrizol shall credit Sientra with the reasonable cost thereof, (ii) with respect to Equipment which Lubrizol obtained directly from third parties, Lubrizol shall obtain the same at its sole cost and expense, and (iii) with respect to any Equipment which Lubrizol makes itself, Lubrizol shall remake the same itself at its sole cost and expense, as all of the foregoing (i)-(iii) shall be reasonably agreed to by the parties. If any Equipment needs to be replaced due to normal wear and tear or causes beyond damage caused by Lubrizol (including, without limitation, any Equipment which cannot be reconditioned by the manufacturer of such Equipment), the same shall be replaced by Sientra at its sole cost and expense.

4.9 **Ammonium Carbonate**. Sientra shall obtain, process and deliver to Lubrizol's designated manufacturing location set forth in Section 4.1 of this Agreement ammonium carbonate in accordance with the Specifications ("Ammonium Carbonate") and in accordance with a delivery schedule to be reasonably agreed to by the Parties from time to time based on the Forecasts. In the event that it is discovered than any such Ammonium Carbonate does not meet the Specifications, Sientra shall deliver to Lubrizol replacement Ammonium Carbonate in accordance with the Specifications as soon as reasonably possible. From time to time, Sientra shall provide Lubrizol with evidence reasonably satisfactory to Lubrizol of Sientra's actual cost of obtaining, processing and delivering such Ammonium Carbonate in accordance with the requirements of this Section 4.9 (the "Ammonium Carbonate Cost"). Upon Lubrizol's approval thereof, which approval shall not be unreasonably withheld, conditioned or delayed, Lubrizol shall credit such Ammonium Carbonate Cost against amounts otherwise due under this Agreement, as shall be reasonably agreed to by the Parties.

5. REGULATORY MATTERS.

5.1. **Regulatory Approvals.** Lubrizol shall be solely responsible for obtaining and maintaining all regulatory approvals and clearances required in order for Lubrizol to manufacture the Products for Sientra. Sientra shall be responsible for obtaining and maintaining all regulatory approvals and clearances required for the purchase, marketing, sale and distribution of the Products. Each Party shall be responsible for submitting reports to the other Party, the FDA and all other Regulatory Authorities as appropriate. Each Party shall provide all reasonable cooperation to the other in these efforts.

5.2. **Manufacturing Regulatory Compliance.** The Parties understand and acknowledge that the Products referenced in this Agreement are covered by regulation 510(k) submissions owned and maintained by Sientra. Lubrizol shall be solely responsible for complying with all applicable manufacturing regulatory requirements, including lot control and device history records. Lubrizol agrees to establish and maintain good records and

relations with regards to local, state and federal agencies. Additionally, Lubrizol agrees to maintain records as required by Quality System Regulations for Unclassified Medical Devices. Sientra shall have the right to audit upon reasonable notice Lubrizol records and practices related to the Products. Sientra will receive and investigate all field complaints related to subject Products manufactured by Lubrizol. Lubrizol agrees to maintain the appropriate records required to support field complaint investigation, and as required by Quality System Regulations for Unclassified Medical Devices.

5.3. **Quality Documents.** Lubrizol may not destroy any quality documents associated with the Products without prior written consent from Sientra.

5.4. **Design Control.** Sientra shall retain design control files and responsibility for compliance to regulatory provisions associated with such files.

5.5. **Quality Agreement**. Within ninety (90) days after the Effective Date, the Parties shall use good faith, commercially reasonable efforts to agree upon a Quality Agreement with respect to the Products (the "Quality Agreement"); whereupon the Quality Agreement and the terms and conditions thereof shall automatically be deemed to be incorporated herein. In the event of any conflict or inconsistency between the quality or technical terms in the Quality Agreement and this Agreement, the applicable quality or technical terms in the Quality Agreement shall control.

5.6. **Root Cause Analysis.** When a Nonconformity is identified during any inspection or quality control tests, Lubrizol shall, at its sole expense; (a) replace or reinspect (if appropriate) the Nonconforming material, component or Products; and (b) perform and complete a process to identify the cause of the Nonconformity (a "Root Cause Analysis") within thirty (30) days after such Nonconformity is identified; provided, however, in the event that any such Nonconformity is determined to have been caused by any Ammonium Carbonate supplied by Sientra to Lubrizol under Section 4.9 of this Agreement), any such costs and expenses in this Section 5.6 shall be at Sientra's sole expense. Upon completion of each Root Cause Analysis, Lubrizol shall promptly implement a corrective action preventive action ("CAPA") plan to prevent further Nonconformities, and communicate to Sientra, in writing, the results of the Root Cause Analysis and CAPA plan.

5.7. **Customer Complaints.** Sientra shall be responsible for monitoring complaints from customers and will promptly advise Lubrizol of any such complaints it receives. Sientra shall be responsible for receipt of, and response to, customer complaints, as well as determination of whether customer complaints are reportable under the applicable regulations.

5.8. **Field Actions**. If any Product defect, breach of Lubrizol's Limited Warranty in Section 7.2, or any action by the Regulatory Authorities necessitates or requires a Field Action with respect to any Product, Sientra shall promptly notify Lubrizol (in any event, within five (5) business days) after becoming aware, before making any Field Action. The Parties shall endeavor to reach an agreement before taking any Field Action regarding the manner, text and timing of any publicity to be given such matter in time to comply with any requirements of the Regulatory Authorities. The Parties agree to provide reasonable cooperation to one another in the event of any Field Action. Supplier is responsible to reimburse Sientra for Field Action Costs subject to any applicable limitations in Section 11.4.

6. CONTRACT MANAGEMENT

6.1. **Quarterly Review Meetings.** The Parties shall, per a written request by either Party, meet in a mutually agreed to location to review and discuss, among others, the following points of performance under this Agreement:

(a) ongoing manufacturing and operation planning process, including inventory levels;

(b) cost improvement and reduction efforts and initiatives;

(c) Product quality;

(d) potential or existing disputes between Lubrizol and Sientra, or between Lubrizol and any other third party, or between Sientra and any other third party;

(e) any need for working groups and the defined scope of responsibilities; and

(f) any need for standards and/or metrics by which to evaluate operation and/or performance of the Parties under this Agreement, including performance related to delivery, quality and the need for potential performance improvements.

7. REPRESENTATIONS AND WARRANTIES

7.1. **Mutual Representations, Warranties and Covenants.** Each Party represents, warrants and covenants to the other Party that the following statements are true and correct as of the Effective Date and shall continue to be true and correct for the duration of the term of this Agreement: (a) such Party has the requisite expertise and ability to perform its obligations hereunder; (b) such Party has full power, authority and right to enter into the Agreement, and perform its obligations thereunder, without the consent, approval or

authorization of any third party; (c) such Party is it Delaware corporation duly organized, validly existing and in good standing under the laws of Delaware and all other jurisdictions in which its conduct of business requires it to be qualified, and possesses all requisite authority to perform its obligations hereunder; and (d) the execution, delivery and performance of this Agreement by such Party does not constitute a breach of any contract, obligation or duty to which such Party is subject.

7.2. **Limited Product Warranty**. Supplier warrants to Sientra that each Product shall be Manufactured in accordance with the Specifications and shall conform to the Specifications for a period of one (1) year after the date of delivery of such Product ("Limited Warranty"), provided that this Limited Warranty shall not apply in instances where the failure of Products to meet the Specifications is not due to acts or omissions of Supplier or its Affiliate or subcontractors. By way of example, but without limitation, the Limited Warranty shall not apply to defects or Nonconformities caused in whole or in part by: (a) use, handling, shipment, operation, alteration, maintenance, assembly, or storage occurring after delivery of such Product pursuant to Section 3.10 of this Agreement; (b) negligence or willful misconduct by any party other than Supplier or its Affiliate or subcontractors; (c) repair or modifications performed by anyone other than Supplier, its Affiliate or a party authorized in writing by Supplier; (d) use in any manner or procedure other than that for which the Product is labeled; (e) use by any person other than trained medical personnel under order of a physician; (f) sterilization services performed on the Product by a party other than Supplier or its Affiliate or subcontractors; (f) purchased components or materials specified by Sientra; (g) Sientra's design; (h) use of components or materials that Sientra furnished to the Supplier or directed the Supplier to use (including, without limitation, the Ammonium Carbonate); or (i) Product that has been subjected by a party other than the Supplier or its Affiliate, after delivery of such Product pursuant to Section 3.10 of this Agreement, to environmental conditions beyond those normally expected for the Product. An alleged breach of this Limited Warranty must be reported to Supplier within thirty (30) days of Sientra's knowledge of the alleged breach, but in no event later than one (1) year after the date of after delivery of such Product pursuant to Section 3.10 of this Agreement, or such claim under the Limited Warranty shall be forever waived. **OTHER THAN AS EXPRESSLY SET FORTH IN THIS SECTION 7.2, SUPPLIER MAKES AND GIVES NO OTHER PRODUCT WARRANTIES WHATSOEVER, AND EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WARRANTIES OF NONINFRINGEMENT AND WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.**

7.3. **Non-Waiver.** Acceptance of delivery of Products by Sientra, inspection and testing of Lubrizol's manufacturing operations in accordance with Section 4.3 or otherwise, and payment by Sientra for Products shall not constitute a waiver of any Sientra right set forth in this Agreement with respect to any Nonconformity (provided, however, that nothing in this Section shall affect any of the terms and provisions of Section 7.2 above or Section 7.4 below).

7.4. **Sientra Remedies**. If any Product does not conform to the Limited Warranty stated in Section 7.2 above, Sientra's sole and exclusive remedy for such breach of warranty shall be to ship such defective Products to Supplier, at Supplier's cost, and Supplier shall, at Supplier's option, repair or replace such Product at Supplier's own expense, and ship such repaired or replacement Product back to either Sientra or the applicable customer of Sientra at Supplier's own expense, or to credit Sientra the purchase price for the Product. Sientra shall not return any Product prior to obtaining written return authorization from Supplier. For clarity, the foregoing provisions of this Section 7.4 apply to direct claims by Sientra and do not preclude Sientra's assertion of its termination rights under Section 9.2 of this Agreement or its indemnification rights under Section 11.1(b) of this Agreement.

7.5. **Sientra Representations and Warranties**. Sientra represents and warrants that:

(a) any and all information and materials disclosed to, and which may be disclosed during the term of this Agreement to, Supplier, or used for the benefit of Supplier by Sientra (excluding information and materials provided to Sientra by Supplier) do not and shall not include any confidential, trade secret or proprietary information of Third Parties, except where Sientra has the full and exclusive right and authority to disclose and use such information and materials upon the terms and conditions stated herein, all without any payment or other obligation to the Third Party;

(b) no part of any item that Sientra recommends for inclusion in the process for Manufacturing the Products requires a Third Party consent or license of Third Party information or rights that Sientra could not sublicense or otherwise provide to enable Supplier's use in performing under this Agreement or for Manufacturing the Products;

(c) it owns the Product Specifications;

(d) the Product Specifications do not and will not infringe the IP rights of any Third Party (whether in patent, trademark, copyright, trade secret or otherwise);

(e) it has conducted and/or caused to be conducted such testing as is necessary and prudent to ensure that the Products to be Manufactured will fulfill their intended purpose;

(f) all Product Specifications and the design of all Products are and will be free from any defect.

7.6. **Sientra Covenants.** Sientra shall: (a) comply with all Applicable Laws relating to its business and its performance under this Agreement (including, without limitation, the regulations and reporting requirements of the Regulatory Authorities), and has obtained all known governmental permits and licenses required for it to perform its obligations under this Agreement; (b) regularly share with Supplier information about Product claims and any Sientra performed or sponsored studies, trials and assessments relating to the Products; (c) notify Supplier of any facts, circumstances or events that may result in the loss of Class III medical device status (e.g., a change in material supplier); and (d) not infringe or misappropriate any intellectual property right of any Third Party.

7.7. **Lubrizol Representations, Warranties and Covenants.** Lubrizol represents, warrants and covenants that:

(a) the manufacture, sale and delivery of the Products by Lubrizol shall conform in all material respects with all then Applicable Laws, all known governmental permits and licenses required for Lubrizol to perform its obligations under this Agreement, the Quality Agreement, cGMP and ISO 13485 standards;

(b) Lubrizol is not, and shall not at any time during the Term, be a debarred entity or use in any capacity the services of any individual or entity known to Lubrizol to be debarred under 21 U.S.C. 335(a) or (b) of the U.S. Food, Drug and Cosmetic Act in connection with its obligations hereunder;

(c) Lubrizol shall not make any material changes to the Specifications used to manufacture any Product sold to Sientra under this Agreement without Sientra's prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned);

(d) Lubrizol shall use commercially reasonable efforts to notify Sientra of any facts, circumstances or events that may reasonably be expected to result in (a) a breach of the Limited Warranty in Section 7.2; or (b) a Field Action, within a reasonable period of time under the circumstances after Lubrizol has actual knowledge of the same.

7.8. **Disclaimer**. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES, NOR RECEIVES ANY REPRESENTATION, WARRANTY OR

COVENANT OF ANY KIND, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO REPRESENTATIONS, WARRANTIES OR COVENANTS OF DESIGN, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE PRACTICE, WITH REGARD TO ANY PRODUCT DELIVERED HEREUNDER, WHETHER USED ALONE OR IN COMBINATION WITH OTHER SUBSTANCES.

8. INTELLECTUAL PROPERTY

8.1. **Ownership of Sientra Line Information.** Lubrizol acknowledges that Sientra retains ownership and control of all regulatory and technical information related to the Products, including without limitation ownership of all Regulatory Filings relating to the Products, and all Specifications, and drawings related to the Products (collectively the "Line Information").

8.2. **Sientra's Intellectual Property Rights.** The Parties acknowledge and agree that Sientra has, and shall have, all rights, title and interest in and to: (a) all Intellectual Property Rights owned by Sientra and/or reduced to practice prior to the Effective Date; (b) all Intellectual Property Rights conceived and/or reduced to practice independently by Sientra without reliance on any Confidential Information provided by Lubrizol; and (c) all Intellectual Property Rights developed during the course and conduct of this Agreement, whether solely by Sientra, or jointly by Sientra and Vesta, that relates to the design of the Products, the Specifications, or the use of the Products.

8.3. **Lubrizol Limited License**. Sientra hereby grants Lubrizol for the Term of this Agreement a limited, non-exclusive, nontransferable license to use Sientra's Intellectual Property Rights and Line Information solely for the purpose of fulfilling Lubrizol's obligations under this Agreement. Upon termination of this Agreement, Lubrizol's rights and license to Sientra's Intellectual Property Rights and Line Information shall immediately terminate and Lubrizol shall immediately cease to use any such Intellectual Property Rights and Line Information. Vesta further agrees that during the term of this Agreement, and after termination or expiration of this Agreement, Lubrizol will not use any of Sientra's Intellectual Property Rights or Line Information in developing or manufacturing any products for Lubrizol or any third party, except as otherwise agreed by Parties.

8.4. **No Implied License.** Except as expressly set forth in this Agreement, no license or other right is granted by Sientra to Lubrizol hereunder, directly or by implication, estoppel or otherwise, and no such license or other right will arise from the consummation of this Agreement or from any acts, statements or dealings leading to such consummation.

Lubrizol shall have no right to, and shall not attempt or purport to, grant any license or sublicense to any Intellectual Property Rights or Line Information provided by Sientra to Lubrizol.

8.5. **Lubrizol's Intellectual Property Rights**. The Parties acknowledge and agree that Lubrizol has, and shall have, all rights, title and interest in and to: (a) all Intellectual Property Rights owned by Lubrizol and/or reduced to practice prior to the Effective Date; (b) all Intellectual Property Rights conceived and/or reduced to practice independently by Lubrizol without reliance on any Confidential Information provided by Sientra. Sientra further acknowledges and agrees that Lubrizol is in the business of manufacturing, prototyping and assembling components for specialized medical devices, and that Lubrizol may manufacture, prototype and assemble products, devices, instruments or other items for other persons which are similar in functionality to the Products. Lubrizol retains the right and Sientra agrees that Lubrizol, its employees and agents shall be free to use and employ their general skills, know-how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, processes or skills gained or learned during the course of performing the services for Sientra. Sientra understands and agrees that Lubrizol may perform similar services for third parties using the same personnel that Lubrizol may utilize for rendering services for Sientra hereunder.

9. TERM AND TERMINATION

9.1. **Term.** Unless terminated earlier as provided for in Section 9.2 below, the term of this Agreement shall be for a period of six (6) years from the Effective Date (the "Term"). The Parties may, by written agreement signed by both Parties, extend the Term of this Agreement for additional time periods.

9.2. **Termination for Cause.** This Agreement may be terminated by the non-defaulting Party for cause in the event of a material breach by the other Party which remains uncured after: (a) ten (10) business days after written notice thereof has been delivered to the defaulting party with respect to any monetary obligations hereunder; or (b) thirty (30) days after written notice thereof has been delivered to the defaulting Party with respect to non-monetary obligations (unless the same cannot reasonably be cured under the circumstances within such thirty (30) days, then after a reasonable period of time under the circumstances so long as the defaulting Party promptly commenced and diligently pursues the same to completion). For purposes of clarification, any monetary failure by any Party shall be deemed to be a material default. Certain rights, liabilities or obligations of the Parties may expressly survive any such termination in accordance with the terms of Section 12.12 of this Agreement.

10. CONFIDENTIALITY

10.1. **Treatment of Confidential Information.** During the Term of this Agreement, and for a period of five (5) years after this Agreement expires or terminates, a Party receiving Confidential Information of the other Party will (A) maintain in confidence such Confidential Information to the same extent such Party maintains its own proprietary information (but at a minimum each Party shall use reasonable efforts); (B) not disclose such Confidential Information to any third party without the prior written consent of the other Party; and (C) not use such Confidential Information for any purpose except those permitted by this Agreement. A Party shall have no such obligation with respect to any portion of such Confidential information of the other Party that:

(a) is publicly disclosed by the disclosing Party, or is otherwise publicly disclosed without the fault of the receiving Party, either before or after it becomes known to the receiving Party; or

(b) was known to the receiving Party prior to when it was received from the disclosing Party; or

(c) is subsequently disclosed to the receiving Party in good faith by a third party who has a right to make such a disclosure, or

(d) has been published by a third party as a matter of right, or

(e) has been independently developed by the receiving Party without the aid, application or use of Confidential Information from the disclosing Party.

10.2. **Legally Required Disclosure.** In addition, notwithstanding the above obligations, a Party may disclose Confidential Information of the other Party to the extent such disclosure is required by law or court order to be disclosed, but then only to the limited extent of such legally required disclosure, and in the case of such requirement and shall reasonably cooperate (at the other Party's expense) in any effort of such Party to seek a protective order limiting the extent of such disclosure.

Termination. Upon the expiration or termination of this Agreement, whichever is earlier, each Party will immediately cease using the other Party's Confidential Information and, upon written request will return or destroy all of the other Party's Confidential Information.

10.3.**Termination**. Upon the expiration or termination of this Agreement, whichever is earlier, each Party will immediately cease using the other Party's Confidential Information and, upon written request will return or destroy all of the other Party's Confidential Information.

11. INDEMNIFICATION; INSURANCE; LIMITATION OF LIABILITY

11.1. Indemnification.

(a) By Sientra. **SUPPLIER AND THE SUPPLIER INDEMNIFIED PARTIES (AS DEFINED BELOW) SHALL NOT BE LIABLE TO SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES (AS DEFINED BELOW) FOR, AND SIENTRA SHALL DEFEND, INDEMNIFY AND SAVE SUPPLIER, SUPPLIER'S SHAREHOLDERS (INCLUDING, WITHOUT LIMITATION, THE LUBRIZOL CORPORATION, INC. AND BERKSHIRE HATHAWAY, INC.), AFFILIATES AND SUBSIDIARIES, ALL OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS, AND ALL OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "SUPPLIER INDEMNIFIED PARTIES"), HARMLESS FROM AND AGAINST ANY AND ALL CAUSES OF ACTION OR CLAIMS OF ANY KIND FOR LOSSES, COSTS, DAMAGES OR EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) THAT ARE ALLEGED TO ARISE OUT OF, BE INCURRED IN CONNECTION WITH, BE RELATED TO OR RESULT FROM: (A) THE PRODUCTS AND THE PRODUCT SPECIFICATIONS (AS SUCH TERMS ARE DEFINED IN SECTION 1 OF THIS AGREEMENT) (INCLUDING, WITHOUT LIMITATION, DESIGN DEFECTS, FAILURE TO WARN CLAIMS AND ENFORCEMENT CLAIMS BY ANY GOVERNMENT REGULATORY AUTHORITIES), BUT EXCLUDING ANY LOSSES, COSTS, DAMAGES OR EXPENSES TO THE EXTENT CAUSED BY SUPPLIER'S NEGLIGENCE; (B) ANY THIRD PARTY CLAIMS ALLEGING INTELLECTUAL PROPERTY INFRINGEMENT BY SIENTRA OR ITS AFFILIATES OR BREACH OF CONFIDENTIALITY RESTRICTIONS, AND ANY CLAIMS RELATED THERETO (INCLUDING, WITHOUT LIMITATION, CLAIMS FOR BREACH OF CONTRACT, UNFAIR COMPETITION, UNJUST ENRICHMENT, MISAPPROPRIATION OF TRADE SECRETS AND VIOLATIONS OF LAW, BY SIENTRA OR ITS AFFILIATES); (C) ANY SIENTRA (OR ITS AFFILIATES') MEDICAL DEVICES AND THE PRODUCT SPECIFICATIONS FOR SUCH SIENTRA (OR ITS AFFILIATES') MEDICAL DEVICES (INCLUDING, WITHOUT LIMITATION, DESIGN DEFECTS, FAILURE TO WARN CLAIMS AND ENFORCEMENT CLAIMS BY ANY GOVERNMENT REGULATORY AUTHORITIES); (D) ANY FIELD ACTIONS, RECALLS, RETRIEVALS OR CONSUMER OR TRADE NOTIFICATIONS (OTHER THAN FIELD ACTION COSTS WHICH SUPPLIER IS RESPONSIBLE FOR, AS PROVIDED IN SECTION 5.8 OF THIS AGREEMENT); (E) ANY THIRD PARTIES' PURCHASE, OWNERSHIP, LOADING, TRANSPORTATION, UNLOADING, RECEIPT, HANDLING, STORAGE, ASSEMBLY, PROCESSING, OPERATION, ALTERATION, IMPLEMENTATION, STERILIZATION, USE, MISUSE, MAINTENANCE, DISPOSAL OR RESALE OF THE PRODUCTS AND ANY SIENTRA (OR ITS AFFILIATES) MEDICAL DEVICES, ALONE OR IN COMBINATION WITH OTHER SUBSTANCES OR IN THE OPERATION OF ANY PROCESS; (F) THE RESEARCH, DEVELOPMENT, DESIGN, USE, HANDLING, PROMOTION, MARKETING, DISTRIBUTION, EXPORTATION, IMPORTATION, SALE OR OFFERING FOR SALE OF THE PRODUCTS AND ANY SIENTRA MEDICAL DEVICES BY SIENTRA OR ITS AFFILIATES, DISTRIBUTORS OR AGENTS; AND (G) SIENTRA'S AND ANY OF SIENTRA'S AFFILIATES' AND OTHER THIRD PARTY MANUFACTURER'S ACTS, OMISSIONS, NEGLIGENCE, WILLFUL MISCONDUCT AND BREACH OF ANY PROVISION OF THIS AGREEMENT; PROVIDED THAT, FOR CLARITY, THE FOREGOING DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATIONS ARE SUBJECT TO SUPPLIER'S OBLIGATIONS EXPRESSLY PROVIDED IN SECTION 11.1(B) OF THIS AGREEMENT, WHICH SUPPLIER OBLIGATIONS ARE SUBJECT TO SECTION 11.4 OF THIS AGREEMENT.**

(b) By Supplier. **SUBJECT TO SECTION 11.4 OF THIS AGREEMENT, SUPPLIER SHALL DEFEND, INDEMNIFY AND SAVE SIENTRA, SIENTRA'S SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES, ALL OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS, AND ALL OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "SIENTRA INDEMNIFIED PARTIES"), HARMLESS FROM AND AGAINST ANY AND ALL THIRD PARTY CAUSES OF ACTION OR CLAIMS OF ANY KIND FOR LOSSES, COSTS, DAMAGES OR EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) THAT ARE ALLEGED TO ARISE OUR OF, BE INCURRED IN CONNECTION WITH, BE RELEATED TO OR RESULT FROM:**

(i) **TO THE EXTENT SUCH CAUSES OF ACTION OR CLAIMS ARE CAUSED BY SUPPLIER'S BREACH OF THE LIMITED WARRANTY IN SECTION 7.2 OF THIS**

AGREEMENT, BUT ONLY TO THE EXTENT SUCH BREACH WAS CAUSED BY SUPPLIER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN THE MANUFACTURING PROCESS, AND PROVIDED THAT THE INDEMNITY CLAIM IS BROUGHT BY SIENTRA WITHIN TWO (2) YEARS OF IMPLANTATION ("THIRD PARTY BREACH OF LIMITED WARRANTY CLAIMS");

(ii) TO THE EXTENT CAUSED BY SUPPLIER'S INFRINGEMENT OF A THIRD PARTY'S INTELLECTUAL PROPERTY (PROVIDED, HOWEVER, THAT IF SUCH THIRD PARTY INFRINGEMENT ARISES OUT OF, IS INCURRED IN CONNECTION WITH, IS RELATED TO OR RESULTS FROM ANY INFORMATION PROVIDED BY SIENTRA TO SUPPLIER THEN SUPPLIER SHALL NOT PROVIDE ANY SUCH DEFENSE, INDEMNIFICATION AND SAVE HARMLESS FOR SUCH THIRD PARTY INFRINGEMENT);

(c) Procedure.

(i) A Party, the Supplier Indemnified Parties and the Sientra Indemnified Parties (as the case may be) (each, an "Indemnified Party") intending to make an indemnification/defense/and-or hold-harmless claim under Section 11 of this Agreement ("Indemnity Claim") shall promptly notify the other Party ("Indemnifying Party") of such Indemnity Claim (provided, that no delay or deficiency on the part of the Indemnified Party in so notifying the Indemnifying Party will relieve the Indemnifying Party of any liability or obligation under this Agreement except to the extent the Indemnifying Party has suffered actual prejudice directly caused by the delay or other deficiency). The Indemnifying Party shall assume the defense thereof (with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party) whether or not such Indemnity Claim is rightfully brought (provided, however, that an Indemnified Party shall have the right to retain its own counsel and to participate in the defense thereof, with the fees and expenses to be paid by the Indemnified Party), unless a representation of both the Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate due to the actual or potential differing interests between them, in which case the reasonable fees and expenses of counsel retained by the Indemnified Party shall be paid by the Indemnifying Party; provided, however, that the Indemnifying Party shall not be required to pay for more than one (1) separate law firm pursuant to such exception. If the Indemnifying Party shall fail to timely assume the defense of and reasonably defend such Indemnity Claim, the Indemnified Party shall have the right to retain or assume control of such defense and the Indemnifying Party shall pay (as incurred and on demand) the fees and expenses of counsel retained by

the Indemnified Party and all other expenses of investigation and litigation. The Indemnified Party, and its directors, officers, advisers, agents and employees, shall cooperate fully with the Indemnifying Party and its legal representatives in the investigations of any Indemnity Claim. The Indemnifying Party shall not be liable for the indemnification of any Indemnity Claim settled (or resolved by consent to the entry of judgment), without the written consent of the Indemnifying Party, which consent will not be unreasonably withheld, conditioned or delayed.

(ii) If the Indemnifying Party accepts the defense of any such Indemnity Claim, the Indemnifying Party shall have the right to settle such Indemnity Claim; provided, that the Indemnifying Party shall obtain the prior written consent (which shall not be unreasonably withheld, conditioned or delayed) of the Indemnified Party before entering into any settlement, negotiated dismissal or judgment by consent of such Indemnity Claim, unless: (1) there is no finding or admission of any violation of Applicable Laws or any violation of the rights of any person or entity by an Indemnified Party and no requirement that the Indemnified Party admit fault or culpability; and (2) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party without contribution or indemnity by the Indemnified Party and such settlement does not require the Indemnified Party to take (or refrain from taking) any action (including, without limitation, any equitable remedy, injunction or specific performance).

(d) Cooperation. Regardless of who controls the defense, the other Party hereto shall reasonably cooperate in the defense as may be requested. Without limitation, the Party hereto which is not the Indemnifying Party, and its directors, officers, advisers, agents and employees, shall cooperate fully with the Indemnifying Party and its legal representatives in the investigations of any Indemnity Claim.

(e) Complaints. Sientra shall monitor customer complaints and will advise Lubrizol of any such complaints it receives.

11.2. **Vesta Insurance.** As of the Effective Date, Lubrizol is insured under a products-completed operations liability insurance policy with a limit of not less than One Million Dollars ($1,000,000) in the aggregate.

11.3. **Sientra Insurance.** During the Term, Sientra shall maintain Products Liability and Errors and Omissions insurance which shall be issued by insurance companies having an A.M. Best financial strength rating of A-/VIII or better and which provides coverage for the liabilities of Sientra under any of the provisions of this Agreement, with limits at all times of not less than Four Million and no/100 dollars ($4,000,000.00) per occurrence. No policy of insurance required by this Agreement shall contain a deductible or self-insured retention in excess of Five Hundred Thousand and no/100 dollars ($500,000.00). All deductibles and self-insured retentions carried by Sientra under its insurance program are the sole responsibility of Sientra and shall not be borne in any way by Lubrizol. Lubrizol shall be made an additional insured on all of Sientra's policies of insurance (including, without limitation, those providing coverage for products liability and errors and omissions) which provide coverage for the liabilities of Sientra under any of the provisions of this Agreement. Each policy shall include language providing that such insurance: (1) applies separately to each insured or additional insured against whom a claim is made; (2) shall respond as primary insurance and shall not contribute with any other valid and collectible other insurance (including any deductibles or self-insured retentions) or self-insurance that may be maintained by Lubrizol; and (3) shall not contain any cross liability exception or exclusion that would bar claims made by or against an additional insured. Sientra shall cause the insurance companies issuing the insurance described in this Section to waive, or Sientra shall waive on behalf of such insurance companies, all rights of subrogation against, or reimbursement from, Lubrizol. Upon execution of this Agreement, Sientra shall furnish Lubrizol with Certificates of Insurance evidencing Sientra's insurance coverage. Each such Certificate of Insurance shall accurately reflect the insurance in place, shall be in a form satisfactory to Lubrizol and shall contain language: (1) providing that thirty (30) days written notice (except ten (10) days written notice in the case of nonpayment of premium) shall be given to Lubrizol prior to expiration of, cancellation of, or material change in the coverage; (2) confirming that Lubrizol is an additional insured; (3) confirming waiver of subrogation in favor of Lubrizol; and (4) setting forth any deductibles or self-insured retentions. If required by an insurance policy, Sientra shall furnish Lubrizol with endorsements signed by Sientra's insurer to effect any of the matters required by this Section. If Lubrizol shall request, copies of Sientra's insurance policies shall be provided to Lubrizol. The foregoing insurance requirements are minimum insurance requirements intended to benefit Lubrizol; shall not be interpreted to limit Sientra's liability to Lubrizol in any manner whatsoever; and are separate from, and independent of, Sientra's other obligations under this Agreement, including but not limited to Sientra's obligations to defend, indemnify and hold Lubrizol harmless. Sientra's failure to provide insurance as required hereunder, or Sientra's failure to supply Certificates of Insurance or endorsements that comply with this Section 11.3, or the failure of Lubrizol to require evidence of insurance or to notify Sientra of any breach of the requirements of these provisions or deficiencies in the insurance obtained, shall not constitute a waiver by Lubrizol of any of these insurance requirements, or a waiver of any other terms of this Agreement, including but not limited to Sientra's obligations to defend, indemnify and hold Lubrizol harmless.

11.4. **Waiver of Consequential Damages; Limitation of Liability**.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY, AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, SUPPLIER (AND THE SUPPLIER INDEMNIFIED PARTIES) SHALL NOT BE LIABLE TO SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES FOR ANY AND ALL CLAIMS FOR INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR STATUTORY DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR REVENUES OR BUSINESS; COST OF CAPITAL; COST OF PURCHASE; COST OF REPLACEMENT PRODUCTS; OR COST OF ANY FIELD ACTIONS, RECALLS, RETRIEVALS OR CONSUMER OR TRADE NOTIFICATIONS (OTHER THAN FIELD ACTION COSTS WHICH SUPPLIER IS RESPONSIBLE FOR, AS PROVIDED IN SECTION 5.8 OF THIS AGREEMENT, BUT SUBJECT TO SECTION 11.4.(D)(I) OF THIS AGREEMENT) THAT ARE ALLEGED TO ARISE OUT OF, BE INCURRED IN CONNECTION WITH, BE RELATED TO OR RESULT FROM THIS AGREEMENT OR THE QUALITY AGREEMENT OR FROM THE PERFORMANCE OR BREACH HEREOF OR THEREOF, EVEN IF SUPPLIER HAS BEEN ADVISED OF SUCH POSSIBILITY OF SUCH DAMAGES.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY, AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, SUPPLIER'S (AND THE SUPPLIER INDEMNIFIED PARTIES') LIABILITY FOR UNDELIVERED PRODUCTS IS LIMITED TO THE DIFFERENCE BETWEEN THE GOOD FAITH MARKET PRICE WHICH WOULD BE CHARGED BY A QUALIFIED TISSUE EXPANDER MANUFACTURER AND SUPPLIER'S PRICE.

(c) EXCEPT AS EXPRESSLY PROVIDED IN SECTION 11.4.(D) OF THIS AGREEMENT AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, SUPPLIER'S (AND THE SUPPLIER INDEMNIFIED PARTIES') TOTAL AGGREGATE LIABILITY FOR ANY AND ALL

HEREOF OR THEREOF (INCLUDING, WITHOUT LIMITATION, CLAIMS UNDER SECTION 7.2 OF THIS AGREEMENT), SHALL IN NO CASE EXCEED THE AMOUNTS PAID BY SIENTRA FOR THE ACTUAL PRODUCTS OR UNITS THEREOF WHICH GIVE RISE TO THE CLAIM(S).

(d) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, SUPPLIER'S (AND THE SUPPLIER INDEMNIFIED PARTIES') TOTAL AGGREGATE LIABILITY PER CONTRACT YEAR (WITHOUT CARRYOVER) UNDER THIS AGREEMENT AND THE QUALITY AGREEMENT SHALL NOT EXCEED:

(i) FOR CLAIMS BY SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES: (a) FOR DIRECT DAMAGES FOR SUPPLIER'S BREACH OF CONTRACT (INCLUDING, WITHOUT LIMITATION, CLAIMS FOR UNDELIVERED PRODUCTS); (b) FOR FIELD ACTION COSTS (AS SUCH TERM DEFINED IN SECTION 1.17 OF THIS AGREEMENT) AND (c) FOR SUPPLIER'S INDEMNIFICATION OBLIGATIONS UNDER SECTIONS 11.1(B)(II), A MAXIMUM AMOUNT OF TEN PERCENT (10%) OF THE NET SALES REVENUE FOR ALL PRODUCTS PURCHASED AND FULLY PAID FOR BY SIENTRA UNDER THIS AGREEMENT FOR THE CONTRACT YEAR IN WHICH THE SUPPLIER'S ACT OR OMISSION GIVING RISE TO THE CLAIM OCCURRED (IT BEING UNDERSTOOD THAT FOR THIRD PARTY BREACH OF WARRANTY CLAIMS THIS WOULD BE THE TIME OF DELIVERY OF THE PRODUCT TO SIENTRA);

(ii) FOR CLAIMS BY SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES FOR SUPPLIER'S INDEMNIFICATION OBLIGATIONS FOR ALL THIRD PARTY BREACH OF LIMITED WARRANTY CLAIMS UNDER SECTION 11.1.B(I), A MAXIMUM AMOUNT OF [***]PERCENT ([***]%) OF THE NET SALES REVENUE FOR ALL PRODUCTS PURCHASED AND FULLY PAID FOR BY SIENTRA UNDER THIS AGREEMENT FOR THE CONTRACT YEAR IN WHICH THE AFFECTED PRODUCTS WERE DELIVERED TO SIENTRA;

(iii) **NOTWITHSTANDING SECTION 11.4(D)(I), FOR CLAIMS BY SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES FOR SUPPLIER'S NON-INTENTIONAL AND UNKNOWING BREACH OF SECTION 10 AND SUPPLIER'S NON-INTENTIONAL AND UNKNOWING INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OWNED BY SIENTRA PURSUANT TO SECTION 8.2 OF THIS AGREEMENT, A MAXIMUM AMOUNT OF ONE HUNDRED PERCENT (100%) OF THE NET SALES REVENUE FOR ALL PRODUCTS PURCHASED AND FULLY PAID FOR BY SIENTRA UNDER THIS AGREEMENT FOR THE CONTRACT YEAR IN WHICH THE SUPPLIER'S ACT OR OMISSION GIVING RISE TO THE CLAIM OCCURRED;**

(iv) **FOR PURPOSES OF CLARITY, FOR ALL CLAIMS IN A CONTRACT YEAR THAT ARE ALLEGED TO ARISE OUT OF, BE INCURRED IN CONNECTION WITH, BE RELATED TO OR RESULT FROM THIS AGREEMENT OR THE QUALITY AGREEMENT (INCLUDING, WITHOUT LIMITATION, CLAIMS DESCRIBED UNDER SECTIONS 11.4(B), 11.4(C), 11.4.(D)(I), 11.4(D)(II) AND 11.4(D)(III), A MAXIMUM ANNUAL AGGREGATE AMOUNT OF [***]PERCENT ([***]%) OF THE NET SALES REVENUE FOR ALL PRODUCTS PURCHASED AND FULLY PAID FOR BY SIENTRA UNDER THIS AGREEMENT FOR THE CONTRACT YEAR IN WHICH THE SUPPLIER/SUPPLIER INDEMNIFIED PARTY'S ACT OR OMISSION GIVING RISE TO THE CLAIM OCCURRED (IT BEING UNDERSTOOD THAT FOR THIRD PARTY BREACH OF WARRANTY CLAIMS THIS WOULD BE THE TIME OF DELIVERY OF THE PRODUCT TO SIENTRA); PROVIDED, HOWEVER, THAT IF THERE ARE NO CLAIMS UNDER SECTION 11.4(D(III), THEN FOR ALL OTHER CLAIMS THAT ARE ALLEGED TO ARISE OUT OF, BE INCURRED IN CONNECTION WITH, BE RELATED TO OR RESULT FROM THIS AGREEMENT OR THE QUALITY AGREEMENT (INCLUDING, WITHOUT LIMITATION, CLAIMS DESCRIBED UNDER SECTIONS 11.4(B), 11.4(C), 11.4(D)(I) AND 11.4(D)(II), A MAXIMUM ANNUAL AMOUNT OF [***]PERCENT ([***]%) OF THE NET SALES REVENUE FOR ALL PRODUCTS PURCHASED AND FULLY PAID FOR BY**

SIENTRA UNDER THIS AGREEMENT FOR THE CONTRACT YEAR IN WHICH THE SUPPLIER/SUPPLIER INDEMNIFIED PARTY'S ACT OR OMISSION GIVING RISE TO THE CLAIM OCCURRED (IT BEING UNDERSTOOD THAT FOR THIRD PARTY BREACH OF WARRANTY CLAIMS THIS WOULD BE THE TIME OF DELIVERY OF THE PRODUCT TO SIENTRA).

(v) FOR PURPOSES OF CLARITY, THE FOREGOING LIMITATIONS IN THIS SECTION 11.4 SHALL NOT APPLY TO CLAIMS BY SIENTRA AND THE SIENTRA INDEMNIFIED PARTIES FOR SUPPLIER'S INTENTIONAL BREACH OF SECTION 10 AND SUPPLIER'S INTENTIONAL INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OWNED BY SIENTRA PURSUANT TO SECTION 8.2 OF THIS AGREEMENT.

(e) NEITHER SUPPLIER NOR SIENTRA SHALL BE LIABLE FOR PENALTY CLAUSES OF ANY DESCRIPTION.

12. GENERAL

12.1. **Governing Law.** This Agreement, and all claims or causes of action relating to or arising out of this Agreement, or breach thereof (whether sounding in contract, tort, statute, or otherwise) shall be governed by, construed and enforced in accordance with the laws of the State of New York, excluding that State's choice-of-law principles. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods shall be inapplicable to this Agreement and transactions hereunder.

12.2. **Assignment.** Neither Party shall assign its rights or delegate its duties under this Agreement (whether by operation of law, transfers of interests in such Party or otherwise), in whole or in part, without, in each instance of, having first received the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed. Any assignment or other act described above in this Section 12.2 (each a "Transfer") made without such consent shall be void. Notwithstanding anything to the contrary in this Agreement, each Party shall be permitted to Transfer all of it interest in this Agreement to an Affiliate or a Purchaser (defined below, and together with an Affiliate collectively an "Assignee") without the other Party's consent, provided that (i) the assigning Party provides the other Party with written notice of such Transfer within three (3) business days thereof along with an assignment and assumption agreement in form and substance reasonably acceptable to the non-assigning Party, and (ii) the Transfer shall not relieve the assigning Party of its obligations and liabilities hereunder arising or accruing prior to the effective date of such Transfer. The term "Purchaser" as used in this Section means any person or entity acquiring all or substantially all of the

assets of the assigning Party (whether acquired directly or by acquiring all of the ownership interest of the assigning Party).

12.3. **Waiver.** Any waiver or failure to enforce any provision of the Agreement by either Party on one or more occasions shall not be deemed a waiver of any other provision or of such provision on any other occasion. In order to be effective for any purpose, any waiver must be in writing and signed by the Party making the waiver

12.4. **Severability.** This Agreement is severable. When possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law; but if any provision of this Agreement is determined by a final and binding court judgment to be invalid, illegal or unenforceable to any extent, such provision shall not be affected or impaired up to the limits of such invalidity, illegality or unenforceability; the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected or impaired in any way; and the parties agree to make a good faith effort to replace such invalid, illegal and unenforceable provision (or portion of provision) with a valid, legal and enforceable provision that achieves, to the greatest lawful extent under this Agreement, the economic, business and other purposes of such invalid, illegal or unenforceable provision (or portion of provision).

12.5. **Force Majeure.** Neither party shall be liable for failure to perform, or delay in the performance of, its obligations under this Agreement (other than payment obligations) when such failure or delay is caused by an event of Force Majeure (as defined below). For purposes of this Agreement, an event of "Force Majeure" means any event or circumstance beyond the reasonable control of the affected party, including, without limitation, war, insurrection, riot, fire, flood or other unusual weather condition, explosion, act of God, peril of the sea, sabotage, accident, embargo, act of governmental authority, compliance with governmental order on national defense requirements, or inability to obtain fuel, power, materials, labor or transportation facilities at commercially reasonable prices consistent with those prevailing as of the Effective Date. If, due to any event of Force Majeure, either party shall be unable to fulfill its obligations under this Agreement (other than payment obligations), the affected party shall immediately notify the other party of such inability and of the period during which such inability is expected to continue, shall use reasonable commercial efforts to cure and remedy such non-performance, and the time for performance shall be extended for a number of days equal to the duration of the Force Majeure, and the parties shall meet promptly to determine an equitable solution to the effects of such event. Upon the occurrence of, during the continuance of and for one month after a Force Majeure event, Sientra shall be permitted to adjust each Forecast as necessary to take into account any interruption in supply of the Products.

12.6. **Notices.** Any notice, request, approval or consent required or permitted to be given under this Agreement shall be in writing and deemed effectively given upon the earliest of: (a) personal delivery to the Party to be notified; (b) the date such notice is received from any reputable courier service that provides tracking and written verification of delivery; (c) the date on which it is delivered by email (or, if delivered by email after 5:00 p.m., on the next business day); or (d) the date on which it is actually physically received – in each case to the address or email address set forth below (provided that either Party may change its address/email address by notice given in accordance with this Section).

Lubrizol:
Vesta Intermediate Funding, Inc.
[***]
[***]
[***]
Attention:

With a copy to:
Vesta Intermediate Funding, Inc.
[***]
[***]
Attention:

With a copy to:

The Lubrizol Corporation
[***]
[***]
Attention: General Counsel

Sientra:
Sientra, Inc.
420 S. Fairview, Suite 200
Santa Barbara, CA 93117
Attention: Jeff Jones
jeff.jones@sientra.com

With a copy to:

Sientra, Inc.
420 S. Fairview Avenue, Suite 200
Santa Barbara, CA 93117
Attention: General Counsel
legal@sientra.com

12.7. **Independent Contractors.** Nothing contained in this Agreement shall be deemed to create a joint venture, partnership, agency or similar endeavor between the Parties hereto. Each party is an independent contractor, and shall not be considered an employee or agent of the other party. Neither Party has any authority to obligate the other party by contract or otherwise, and each Party agrees not to purport to do so. Neither Party nor its personnel are entitled to receive any employee welfare, pension or fringe benefits of any type from the other party including, without limitation, medical and dental coverage, disability, life insurance, severance, stock or deferred compensation programs, vacation or other paid time off. Each Party shall be responsible for all taxes, including without limitation, withholding, income, payroll and employment, value added, sales, goods and services, and stamp taxes, and any and all taxes assessed by any government authority that apply to such Party. Sientra shall be entitled to withhold from any payment due to Supplier any taxes that Sientra is required to pay on behalf of Supplier, and such payment shall decrease by an equivalent amount the payment due to Supplier. Sientra shall report payments made to Supplier as required by applicable federal, state or local tax law or regulations. Supplier may receive a Form 1099 if required under the United States Internal Revenue Code, and/or if the total annual compensation amount (including any products) exceeds the United States Internal Revenue Service threshold limit.

12.8. **Use of Name.** Other than as expressly set forth in this Agreement, neither Party shall use the name or trademarks of the other Party without the prior written consent of such other Party.

12.9. **Non-solicitation.** The Parties agree that during the Term of the Agreement they shall not, without the written consent of the other Party, actively solicit for employment or hire any employee, consultant or contractor of the other Party or in any way interfere with the relationship between the other Party and its employees, contractors and consultants; provided, however, neither Party shall be prohibited from (a) soliciting or hiring any employee of the other Party after such employee's employment with the other Party has been terminated; or (b) placing public advertisements or conducting other forms of general solicitation that are not specifically directed at the other Party's employees, or hiring any employee responding to such advertisement or general solicitation.

12.10. **Entire Agreement.** This Agreement constitutes the entire and exclusive Agreement between the parties with respect to the subject matter hereof and supersedes and cancels all previous all prior or contemporaneous representations, understandings, arrangements, collateral warranties, collateral contracts, statements, assurances, undertakings, agreements (including the Prior Manufacturing Agreement; other than any terms, provisions or liabilities of the Prior Manufacturing Agreement which survive the expiration or termination of the Prior Manufacturing Agreement), draft agreements or communications of any nature made by or on behalf of either Party, whether written or oral, relating to the subject matter hereof. No amendment or addition to this Agreement shall be effective unless reduced to writing and executed by the authorized representatives of the Parties. The parties expressly agree that any pre-printed or pre-set terms and conditions on any Sientra or Lubrizol forms or documents, whether in print or electronic form or whether incorporated by reference, shall be void and of no effect in interpreting the rights or obligations of either Party during the term of this Agreement.

12.11. **Counterparts.** This Agreement may be executed in any number of counterparts and on separate signature pages by each Party, each copy of which shall for all purposes be deemed an original. A validly executed counterpart that is delivered by one Party to the other via electronic transmission shall be valid, binding and enforceable to the same extent as one delivered physically, provided that the valid signature is clearly visible in the electronic transmission.

12.12. **Survival.** Each party's rights, remedies, obligations and responsibilities which have accrued before, or by their nature would be expected to extend beyond, the expiration, termination or other cancellation of this Agreement, shall survive such expiration, termination or other cancellation and continue to bind the parties and their permitted successors and assigns indefinitely until fulfilled or waived (including, without limitation, Sections 1, 4.3, 5.2, 5.3, 5.4, 5.8 and 7-12).

12.13. **Equitable Relief.** Each Party acknowledges that a breach or threatened breach of Section 10 would cause irreparable harm to the other, the extent of which would be difficult to ascertain. Accordingly, each Party agrees that, in addition to any other remedies to which the non-breaching Party may be legally entitled, it shall have the right to immediate (TRO), preliminary and permanent injunctive or other equitable relief in the event of a breach or threatened breach of such Section by the other or any of its disclosees, all without any requirement that the non-breaching Party post any bond or other security.

12.14. **Remedies**. Sientra's sole and exclusive remedies are limited to those expressly provided in this Agreement, as follows: (a) the equitable remedies described in Section 12.13 regarding a breach under Section 10 and any equitable remedies in other

circumstances granted by a court of competent jurisdiction when monetary damages alone would be inadequate; (b) the remedies described in Section 7.4 for breach of the Limited Warranty; (c) the remedies described in Section 11.1(b) for indemnification for certain Third Party claims; and (d) direct damages for Sientra claims for Supplier's breach of contract (including, without limitation, as a result of Sientra's termination under Section 9.2). Notwithstanding anything to the contrary, all such remedies are subject to the terms set forth in Section 11.4.

12.15. **Third-Party Beneficiaries**. Except for the rights of the Supplier Indemnified Parties and Sientra Indemnified Parties pursuant to Sections 11.1(a) and 11.1(b), the terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective permitted successors or permitted assigns and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person.

12.16. **Dispute Resolution**. Except in the case of a claim for a breach of Sections 8 or 10, if a Party has any other claim relating to or arising out of this Agreement, or breach thereof (whether sounding in contract, tort or otherwise), such Party shall promptly notify the other Party. The Parties shall then promptly seek to resolve such claim through good faith consultation and negotiation. If the Parties are unable to resolve such claim within thirty (30) days after the claim is made by a Party, then each Party shall be free to pursue its available rights or remedies. It is understood that such consultation, negotiation and thirty (30) day period shall not be required in the case of a claim for a breach of Sections 8 or 10. Both Parties irrevocably consent and submit to the exclusive jurisdiction of the state courts in New York County, New York, and of the United States District Court for the Southern District of New York in connection with any litigation relating to or arising out of this Agreement, and both Parties expressly waive any objection they have or may have as to the venue or convenient-forum status of any such courts collectively.

12.17. **Further Assurances**. Each Party shall without the necessity of any further consideration execute and deliver to the other Party all such instruments and other documents, and shall take all such other actions, as such other Party may reasonably request at any time for the purpose of carrying out or evidencing the intent and purposes of this Agreement or the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

SIENTRA, INC.

Name: Jeffrey Nugent

Title: Chief Executive Officer

Signature: /s/ Jeffrey Nugent

Date: November 7, 2019

VESTA INTERMEDIATE FUNDING, INC.

Name: Deborah A Langer

Title: President

Signature: /s/ Deborah A. Langer

Date: November 7, 2019

APPENDIX A

[***]

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed, and has been marked with a "[***]" where the information has been omitted from the filed version of the exhibit.

MASTER SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT (the "Agreement") is made effective as of the date last signed by all parties below (the "Effective Date"), by and between **NuSil Technology LLC**, a Delaware limited liability corporation with its principal office at 1050 Cindy Lane, Carpinteria, California 93013 USA ("NuSil"), and **Sientra, Inc.**, a Delaware corporation with a principal place of business at 420 South Fairview Avenue, Suite 200, Santa Barbara, CA 93117 (the "Buyer"). NuSil and Buyer are collectively referred to as the "Parties" or individually as a "Party."

WHEREAS, NuSil is a global supplier of silicone materials; and

WHEREAS, NuSil and Buyer desire to enter into this Agreement which sets forth the terms and conditions under which NuSil shall supply to Buyer, and Buyer shall purchase from NuSil, the products set forth on Appendix A (the "Products").

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

Section 1. **Products**. This Agreement shall pertain only to the Products set forth on Appendix A, which may be amended from time to time by mutual written agreement signed by both Parties.

Section 2. **Pricing; Minimum Annual Purchase and Payment**.

(a) The price for each of the Products and minimum purchase requirement per calendar year (the "Minimum Annual Purchase") shall be as set forth on Appendix A (the "Set Price").

(b) [***]

(c) Except as set forth herein, the prices for the Products shall be as set forth in Appendix A which are valid until 31 December 2026 and, in the event that this Agreement is renewed in accordance with Section 4(a), shall be subject to review and adjustment then and annually thereafter however, the Parties further agree that NuSil shall retain the rights to adjust the prices as set forth in Appendix A. In the event of a dispute concerning whether Minimum Annual Purchase has been achieved, the Parties will attempt to resolve such dispute through good faith negotiation. If such negotiations fail to resolve any such dispute, or if the Parties fail

to agree on the reasons for the discrepancy in accounting, then either Party may refer the matter for final analysis to a single auditor acceptable to both Parties for the purpose of determining the results. Any determination by such auditor shall be final and binding upon the Parties. The cost and expense of such audit shall be borne by Buyer if the auditor determines that the Minimum Annual Purchase has not been achieved or by NuSil if the auditor determines that the Minimum Annual Purchase has been achieved. If the Parties cannot agree on an auditor, then such dispute shall be handled in accordance with the dispute resolution provisions set forth in Section 15. Notwithstanding the foregoing, NuSil may immediately pass through to Buyer in the form of a price increase or decrease any change in the cost of manufacturing the Products due to any revision or updating of the Specifications (as defined below) requested by Buyer and agreed to by NuSil.

(d) NuSil shall issue invoices for the Products sold hereunder to Buyer promptly upon or following delivery of the Products to Buyer or Buyer's agent. Buyer agrees to pay all such invoices in full within thirty (30) days from the date of the invoice. All payments shall be made in U.S. Dollars. Should Buyer dispute in good faith any of the amounts invoiced, Buyer shall pay all such undisputed amounts within the time period noted above, and the Parties shall address such disputed amounts in accordance with Section 15 below. Late payments for undisputed amounts shall be subject to the lesser of a service charge of one and one-half percent (1.5%) of the amount due per month or the highest rate permitted under applicable law. Buyer shall pay all sales, use, value-added, excise, or similar taxes or duties, if any, and any customs, shipping, delivery, freight or insurance costs applicable to the sale and shipping of the Products. Buyer agrees to reimburse NuSil for any such amounts which NuSil incurs on behalf of Buyer. In lieu of certain tax payments, Buyer may provide NuSil with a tax exemption certificate acceptable to the taxing authorities.

(e) If Buyer's ability to make payments becomes impaired, NuSil may, in its sole discretion, impose more stringent payment requirements, including but not limited to requiring payment in advance or requiring provision of an irrevocable letter of credit and may demand immediate payment in full for all materials previously delivered in accordance with this Agreement.

Section 3. Forecasts and Orders.

(a) Forecasts. Buyer shall deliver to NuSil within ten (10) business days after the Effective Date Buyer's rolling non-binding forecast of its requirements for the Products for the twelve (12) month period commencing with the first day of the first calendar month after the Effective Date ("Forecast"). Thereafter, and not later than ten (10) days prior to the end of each month (or at such other intervals as Buyer and NuSil mutually agree upon in writing), Buyer shall deliver to NuSil an updated non-binding Forecast of its requirements for the ensuing twelve (12) month period.

(b) Purchase Orders. Buyer shall submit binding orders for the Products to NuSil (i) in year one no less than [***] days prior, and (ii) starting in year two to end of term, [***] days prior to the specified required date of delivery of the Products in a form agreed to

by the Parties which shall set forth only the Products (by specific SKUs), quantities, price, delivery dates, shipping address and shipping instructions for all Products ordered ("Purchase Orders"). If the Purchase Order is for a quantity of no more than [***] of the most recently applicable Forecast for such period of time ("Conforming Purchase Order"), within five (5) days of receipt of a Purchase Order, NuSil shall send to Buyer a written confirmation (a "Confirmation") of such Purchase Order (at which point such Purchase Order shall be deemed accepted and shall be binding upon the Parties except as otherwise set forth in this Agreement). If the Purchase Order is for a quantity in excess of [***] of the most recently applicable Forecast for such period of time ("Nonconforming Purchase Order"), within five (5) days of receipt of a Nonconforming Purchase Order, NuSil shall either (i) send Buyer a written Confirmation (at which point such Nonconforming Purchase Order shall be deemed accepted and shall be binding upon the Parties except as set forth in this Agreement); or (ii) propose modifications to the delivery schedule for such Nonconforming Purchase Order, which changes shall be subject to Buyer's written approval (and upon Burier's written approval such Nonconforming Purchase Order shall be deemed accepted and shall be binding upon the Parties except as set forth in this Agreement). Each Binding Purchase Order accepted as described herein shall give rise to a binding contract between the Parties for the manufacture and sale of the Products ordered and shall be subject to the terms and conditions of this Agreement, which shall govern and supersede and additional or contrary terms set forth by Buyer or NuSil in a Purchase, Order, draw down, acceptance, Confirmation, invoice or other document. Unless agreed to in writing signed by both Parties, any terms and conditions additional to or different from this Agreement shall be null and void.

Section 4. Term; Renewal; Termination.

(a) This Agreement shall have an initial term commencing on the Effective Date and ending on 31 December 2026 (the "Initial Term"). This Agreement shall thereafter automatically renew for successive term(s) of one (1) year (a "Renewal Term(s)"), unless a Party provides written notice of intent to terminate the Agreement no later than six (6) months prior to expiration of the Initial Term or the then current Renewal Term. The Initial Term and the Renewal Terms, if any, are collectively referred to herein as the "Term." The termination or expiration of this Agreement shall not, however, eliminate either Party's obligations to the other arising prior to the effective date of such termination or expiration.

(b) Notwithstanding any of the foregoing in Section 4(a), above, either Party may, by giving written notice of termination to the other Party, immediately terminate and/or suspend its performance under this Agreement without penalty, if the other Party: (i) fails to comply with any of the material provisions of this Agreement, and such condition is not cured within forty-five (45) days after written notice thereof, or (ii) becomes insolvent, is unable to pay its debts as they mature, files for bankruptcy protection, is forced into bankruptcy, is placed under receivership, or makes a general assignment for the benefit of creditors.

Section 5. **Delivery**.

(a) All Products shall be delivered Ex Works (Incoterms® 2010) to Buyer or Buyer's agent at NuSil's facility. If requested, NuSil will use commercially reasonable efforts to arrange for shipments to Buyer in accordance with Buyer's shipping instructions as set forth in the applicable Purchase Order. NuSil shall not, however, be responsible to Buyer for the failure to comply with such shipping instructions. Products will be packaged in containers consistent with commercial practices for similar materials, unless Buyer provides specific containers, or Buyer designates the use of specific containers, all of which shall be at Buyer's sole cost. Shipments will be accompanied by a (i) customer material certification ("CMC") when Buyer's particular specifications are set forth in the applicable Purchase Order or (ii) certificate of analysis ("COA") if Buyer does not set forth particular specifications in the applicable Purchase Order, in each case verifying that the Products comply with the specifications that have been mutually agreed upon in writing by the Parties (the "Specifications"). For purposes of this Agreement, any third party transportation carrier arranged by NuSil is an independent third party and the Parties agree that such carrier is neither an agent nor subcontractor of NuSil.

(b) NuSil shall use commercially reasonable efforts to meet the delivery date specified in a Binding Purchase Order (the "Confirmed Delivery Date"). Any delay in delivery that is less than ten (10) days beyond the Confirmed Delivery Date shall be deemed reasonable. [***].

Section 6. **Title and Risk of Loss.** Regardless of terms of shipment, title to and risk of loss of the Products shall pass to Buyer when the Products are delivered by NuSil to Buyer or Buyer's agent at NuSil's Facility in accordance with Section 5. On all sales where NuSil arranges transportation, no allowances for shortage or damage will be made by NuSil unless Buyer furnishes acknowledgment from the carrier that same occurred in transit in accordance with the timeframes set forth in Section 12. On all sales where Buyer arranges transportation, in the event of loss or damage in transit, Buyer should file its own claim with the carrier.

Section 7. **Intellectual Property.** The sale of Products to Buyer hereunder shall have no effect on NuSil's intellectual property rights with respect to its Products. Specifically, NuSil retains all right, title, and interest in and to all intellectual property rights (including, without limitation, any and all patent, trade secret, copyright, trademark, trade dress, and service mark rights) relating to the Products. Buyer agrees to respect all such rights, and to take or permit to be taken no actions which would infringe upon such rights without the express written consent of NuSil.

Section 8. **Buyer's Purchase Obligations.**

(a) [***]

(b) During the Term, Buyer shall promptly notify NuSil of Buyer's need for a new or additional silicone material or new or additional application of a silicone material and provide the material properties, along with the forecasted volume ("New Material Request"). NuSil will promptly evaluate whether NuSil can provide a material that fulfills the New Material Request and provide a detailed price estimation for the material in question.

(i) [***].

(ii) [***].

(iii) Nothing shall preclude the Parties from continuing to pursue such opportunity beyond the time periods set forth above.

(c) [***].

(d) During the Term of this Agreement, NuSil will offer Buyer new silicone formulations or other new material formulations that NuSil believes may be of interest to Buyer and NuSil may offer Buyer a right of first refusal for an exclusive basis. All such NuSil developed silicone formulations ("NuSil Developed Formulations") shall remain the property of the NuSil, whether such exclusive sale to Buyer of the same is agreed to or not. [***].

(e) This Agreement does not limit NuSil's right to manufacture or sell, or preclude NuSil from manufacturing or selling, to any other person, or entering into any agreement with any other person related to the manufacture or sale of the Products and other goods or products

that are similar to or competitive with the Products. Except as may be agreed to under any exclusive sale arrangement between the Parties, there are no restrictions on Seller's ability to market, sell or provide the NuSil Developed Formulation to any third party.

Section 9. NuSil's Manufacturing Obligations.

(a) NuSil shall manufacture the Products for Buyer at its designated manufacturing facilities or such other location as may be agreed to in writing by the Parties.

(b) NuSil shall manufacture the Products in accordance with (i) all applicable laws, rules, regulations and standards now or hereinafter in effect applicable to the Products (the "Applicable Laws"); (ii) the Specifications.

(c) [***].

(d) NuSil shall promptly notify Buyer of any actual or prospective delay in delivery, and NuSil shall obtain Buyer's approval before making partial deliveries (which approval shall not be unreasonably withheld, conditioned or delayed).

Section 10. Warranties; Disclaimer; and Limitation of Liability.

(a) NuSil warrants to Buyer that: (i) it has the right to convey good title to the Products, free and clear of any lien or encumbrance; (ii) on date of delivery to Buyer, the Products shall (a) conform in all material respects to the Specifications; and (b) be manufactured, packaged, and labeled in accordance with Applicable Laws (including but not limited to compliance with 42 U.S.C. 1320a-7 and 1320c-5 in connection with NuSil's obligations hereunder). These warranties do not apply to Products which following delivery to Buyer have been subject to any use, formulation, combination, abuse, misuse, accident, modification, improper storage, temperatures above or below acceptable range, alteration or tampering. Buyer shall have the obligation of substantiating the chain of custody of the Products following delivery of the Products to Buyer.

(b) OTHER THAN AS SET FORTH IN SECTION 9(a) ABOVE, NUSIL EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES AS TO THE CONDITION OF ANY PRODUCTS INCLUDING, WITHOUT LIMITATION: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE, AND (B) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS. BUYER ASSUMES ALL RISK WHATSOEVER AS TO THE RESULT OF THE USE OF

THE PRODUCTS, WHETHER USED SINGLY OR IN COMBINATION WITH ANY OTHER MATERIALS OR SUBSTANCES. BUYER HEREBY ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATIONS OR WARRANTIES MADE BY NUSIL EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT. FAILURE BY BUYER TO GIVE NUSIL WRITTEN NOTICE OF CLAIM WITHIN THIRTY (30) DAYS FROM DATE OF DELIVERY OR, IN THE CASE OF NONDELIVERY, FROM THE DATE FIXED FOR DELIVERY, SHALL CONSTITUTE A WAIVER BY BUYER OF ALL WARRANTY CLAIMS IN RESPECT OF SUCH PRODUCTS. NUSIL ASSUMES NO OBLIGATION OR LIABILITY FOR ANY TECHNICAL ADVICE GIVEN BY NUSIL WITH REFERENCE TO THE USE OF THE PRODUCTS OR RESULTS WHICH MAY BE OBTAINED THEREFROM, AND ALL SUCH ADVICE IS GIVEN AND ACCEPTED AT BUYER'S SOLE RISK.

(c) NUSIL'S MAXIMUM LIABILITY TO BUYER FOR ANY CLAIMS OF ANY TYPE OR KIND ASSERTED BY BUYER OR BY ANY THIRD-PARTY WITH RESPECT TO THE PRODUCTS SOLD HEREUNDER, INCLUDING, WITHOUT LIMITATION, CLAIMS FOR ANY LOSS, COST, EXPENSE OR LIABILITY TO A THIRD PARTY FOR BODILY INJURY, INCLUDING DEATH, OR PROPERTY DAMAGE, SHALL BE LIMITED TO THE PURCHASE PRICE PAID FOR THE PRODUCTS WITH RESPECT TO WHICH SUCH CLAIM IS MADE, SUBJECT IN ALL CASES TO AN AFFIRMATIVE OBLIGATION ON THE PART OF THE CLAIMING PARTY TO MITIGATE ITS DAMAGES.

(d) NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, NUSIL SHALL HAVE NO LIABILITY WHATSOEVER TO BUYER OR ANY THIRD PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR INDIRECT DAMAGES, HOWEVER CAUSED, AND UNDER ANY THEORY OF LIABILITY WHETHER OR NOT ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(e) Buyer warrants to NuSil that (i) Buyer will use the Products in accordance with all applicable supranational, federal, state and local laws and regulations governing the storage, use and maintenance of the Products; (ii) Buyer is not a "Prohibited Person" as defined by the United States Office of Foreign Assets Control; and (iii) the Products supplied by NuSil to Buyer are for Buyer's internal use only, and Buyer will not repackage, resell or otherwise distribute the Products to third parties.

Section 11. <u>Indemnification</u>.

(a) Buyer shall indemnify, defend, and hold NuSil and its subsidiaries, affiliates and related companies, and their respective owners, officers, directors, employees, and agents harmless from and against any and all loss, cost, expense (including reasonable attorney's fees and expert fees), liability, judgments, damages, awards, and settlement payments, in connection with or relating to any claims of any type or kind, including for property damage and bodily injury, including death, arising from or relating to the handling, possession, use, or resale by or on behalf of Buyer of any Products, whether such Products are used alone or in combination with other materials or substances, including, without limitation, claims which are asserted by or on

behalf of (i) Buyer's current or former employees, contractors, subcontractors, or agents, or (ii) a third-party.

(b) Subject to NuSil's maximum liability as set forth in Section 9(c) above, NuSil shall indemnify, defend, and hold harmless Buyer and its affiliates and their respective officers, directors, employees, and agents from and against any and all loss, cost, expense (including reasonable attorney's fees and expert fees), liability, judgments, damages, awards, and settlement payments, in connection with or relating to any third-party claim arising from or relating to NuSil's breach of its representations and warranties hereunder.

Section 12. Inspection Right and Disputes.

(a) Buyer shall have the right to reject any delivery of Products that do not conform in any material respect to the Specifications by providing written notice to NuSil (a "Non-Conforming Notice") within thirty (30) days following delivery of such Products, which Non-Conforming Notice shall specify in reasonable detail the alleged non-conformities. If Buyer does not provide such Non-Conforming Notice to NuSil within the thirty (30) day period set forth above, or if Buyer shall have used, processed or modified such Products in any manner, then Buyer shall be deemed to have accepted, and be obligated to pay for such delivery of Products, which shall be deemed to have met the applicable Specifications. During the Term, if any Products are timely rejected by Buyer in accordance with the terms of this Section 12, and such rejected Products are promptly returned to NuSil, then NuSil, at is sole discretion, will either (i) provide replacement Products for the non-conforming Products and reimburse Buyer for the out-of-pocket costs incurred by Buyer in returning such non-conforming Products to NuSil, or (ii) provide a credit or refund of the purchase price and associated costs to Buyer. The foregoing rights of Buyer shall constitute Buyer's exclusive remedy in the event any non-conforming Products are delivered to Buyer. The acceptance by Buyer of any non-conforming Products shall not affect the right of Buyer to reject any future non-conforming Products delivered by NuSil to Buyer pursuant to this Agreement.

(b) In the event of a dispute concerning whether a Product is non-conforming, the Parties will attempt to resolve such dispute through good faith negotiation between their respective quality organizations. If such negotiations fail to resolve any such dispute, or if the Parties fail to agree on the reasons for the nonconformance of the Products, then either Party may refer the matter for final analysis to a specialized independent laboratory acceptable to both Parties for the purpose of determining the results. Any determination by such laboratory analysis shall be final and binding upon the Parties. The cost and expense of such laboratory shall be borne by Buyer if the laboratory determines that the Products meet the requirements of this Agreement or by NuSil if the laboratory determines that the Products do not meet the requirements of this Agreement. If the Parties cannot agree on such a laboratory, then such dispute shall be handled in accordance with the dispute resolution provisions set forth in Section 15.

(c) Claims for shortages of less than one-half of one percent (0.5%) of the gross weight of any individual bulk shipment will not be allowed. NuSil's weights taken at the point of

delivery shall be conclusively deemed accurate, absent manifest error.

Section 13. Confidential Information.

(a) Buyer and NuSil have executed a separate Mutual Confidentiality Agreement [***] (the "NDA"), a copy of which is attached hereto as Appendix B. Confidential Information (as defined in the NDA) and disclosure of such information in connection with this Agreement shall be governed by NDA. The terms of this Agreement and the attachments hereto are Confidential Information subject to the terms of the NDA.

(b) Notwithstanding any other provision in this Agreement, each Party acknowledges that a breach of the provisions of the NDA shall result in immediate and irreparable harm to the other and that money damages alone would be inadequate to compensate such Party. Therefore, in the event of a breach of the NDA by either Party, the other Party may, in addition to other remedies under this Agreement, seek injunctive relief prohibiting the breach or threatened breach or compelling specific performance without the need to post a bond in connection therewith.

Section 14. Force Majeure. Except for Buyer's obligation to timely pay NuSil for amounts owed pursuant to this Agreement, neither Party shall be liable to the other for the failure or delay in performing any obligation under this Agreement if and to the extent such failure or delay is by reason of any event or cause beyond the reasonable control of a Party, including, but not limited to, fire, storm, flood, earthquake, explosion, accidents, terrorist attack, disruption of markets, acts of God, riots, public disorders, strikes, labor disputes, transportation embargoes or delays, shortages of materials or machinery, failure of a communications or Internet provider; transportation delays; shortage of or inability to secure labor, fuel, energy, materials, or supplies at reasonable prices or from regular sources, or acts or regulations or priorities of the government or branches or agencies thereof (a "Force Majeure"). The failure or delay in performing an obligation under this Agreement due to a Force Majeure shall last for no longer than the period of such Force Majeure. If, by reason of a Force Majeure, the quantities reasonably available to NuSil of either (a) the Products or (b) any materials used in the production of such Products shall be less than its total needs for NuSil's own use and for sale, NuSil may allocate its available supply of any such Products and materials among its existing or prospective purchasers and/or its own departments, divisions and subsidiaries in such manner as NuSil deems proper, without thereby incurring liability for failure to perform under this Agreement, and Buyer waives any right to assert a claim against NuSil in respect thereof.

Section 15. Miscellaneous.

(a) **Notices**. All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing signed by the sender, and shall be deemed duly given (i) on the date delivered if personally delivered, (ii) on the date sent by telecopier with confirmation by the transmitting machine showing that the proper number of pages were transmitted without error, (iii) on the business day after being sent by a recognized overnight mail service which utilizes a written or electronic form of receipt for next day or next business

day delivery, or (iv) five (5) business days after mailing, if mailed by United States postage-prepaid certified or registered mail, return receipt requested, in each case addressed to the applicable Party at the following addresses:

If to NuSil: NuSil Technology LLC
[***]
[***]
Attention: Administrator - Contracts

With copy to: NuSil Technology LLC
[***]
[***]
[***]
[***]
Attention: General Counsel

If to Buyer: Sientra, Inc.
420 South Fairview Avenue, Suite 200
Santa Barbara, CA 93117
Attention: Vice President, Operations

With a copy to:
Sientra, Inc.
420 South Fairview Avenue, Suite 200
Santa Barbara, CA 93117
Attention: General Counsel

or to such other address as any Party hereto shall notify the other Parties hereto (as provided above) from time to time. Notice by e-mail alone shall not be deemed as sufficient notice pursuant to this Agreement.

(b) Export Control and Compliance with Laws, Rules and Regulations. Each Party shall comply with all applicable export control laws, rules and regulations, and with all other laws, rules and regulations applicable to the sale and purchase and use, as appropriate, of the Products. Each Party shall indemnify, defend and hold the other Party harmless with respect to non-compliance with such laws and regulations.

(c) Governing Law. This Agreement, and any and all disputes, claims and controversies directly or indirectly arising from or relating to this Agreement will be governed by and construed under the laws of the State of Delaware, USA, without reference to its conflicts of law principles. The Parties hereby expressly exclude the application of The United Nations Convention on Contracts for the International Sale of Goods to this Agreement, including, without limitation, Article 35(2) thereof.

(d) **Survival.** The terms and provisions set forth in Sections 7, 10, 11, 13 and 15 shall survive the expiration or termination of this Agreement without limitation of time.

(e) **Resolution of Disputes; Exclusive Forum, Waiver of Jury Trial.** Any dispute, claim, or controversy that directly or indirectly arises out of or relates to this Agreement will be first negotiated in good faith by representatives of each of the Parties, which representatives shall have authority to bind the Party whom they represent. If such negotiations do not result in a mutually-agreeable resolution, either Party may bring a claim against the other Party, provided that such claim will be exclusively venued in the state or federal courts located in the State of Delaware, USA. Each Party hereby consents, agrees, and submits to the exclusive personal jurisdiction of such courts for all suits, actions, or proceedings directly or indirectly arising out of or relating to this Agreement, and waives any and all objections to such courts, including, but not limited to, objections based on improper venue or inconvenient forum. The Parties have agreed that this Agreement and negotiation of any disputes arising from it will be conducted in the English language. Any translations of this Agreement to any other language are for convenience only. EACH PARTY HERETO EXPRESSLY AND IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY SUCH DOCUMENTS. THE BUYER AND NUSIL EACH ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

(f) **Assignment; Successors and Assigns; Third Party Beneficiaries.** Neither Party may assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), and any purported attempt to do so shall be null and void. Notwithstanding the foregoing, either Party may, without the other Party's consent, assign or transfer this Agreement to a successor in the event of a merger, sale of equity interests, sale of all or substantially all assets, or other change of control transaction involving such Party; provided, however, that the assignee shall be at least as credit worthy as the assignor. Buyer and NuSil are the sole beneficiaries of this Agreement, and nothing in it shall be interpreted to confer a benefit upon any third party.

(g) **Entire Agreement; Conflict.** This Agreement, together with the Appendices hereto and any applicable Purchase Orders issued hereunder, sets forth the entire agreement and understanding of the Parties hereto relating to the subject matter hereof and, except as otherwise provided in Section 13 of this Agreement, supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof. In the event of conflict between the terms of this Agreement, an Appendix, or any Purchase Order placed pursuant to this Agreement, the provisions of this Agreement shall govern. All specifications, formulae, drawings, illustrations, descriptive matter and particulars contained in NuSil's catalogs, website and marketing documents (the "Descriptions") are indicative only, do not form part of this Agreement, and are not representations or warranties of any kind. No discrepancy between the Products and the Descriptions will entitle the Buyer to rescind this Agreement or seek compensation or damages.

(h) Counterparts; Facsimile Signature. This Agreement may be executed (by electronic means or otherwise) in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may also be executed via facsimile or PDF, which shall be deemed an original.

(i) No Waiver; Modification. No course of dealing and no delay on the part of any Party in exercising any right, power or remedy conferred by this Agreement shall operate as a waiver thereof or otherwise prejudice such Party's rights, powers and remedies as conferred by this Agreement. No term or provision of this Agreement may be amended, altered, modified, rescinded, supplemented, or terminated except by a writing signed by each of the Parties hereto.

(j) Severability. Any term or provision of this Agreement that is found by a court of competent jurisdiction to be invalid or unenforceable shall be deemed of no effect, and shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement, and the Parties agree to interpret this Agreement such that the invalid or unenforceable term or provision is deemed replaced with a valid and enforceable term or provision that achieves, to the maximum extent possible, the economic, business, and other purposes of such invalid or unenforceable term.

(k) No Partnership. The relationship of the Parties hereto is that of buyer and seller. Nothing in this Agreement, and no course of dealing between the Parties, shall be construed to create or imply an employment or agency relationship or a partnership or joint venture relationship between the Parties or between one Party and the other Party's employees or agents. Accordingly, neither Party shall be empowered to bind the other Party in any way, to incur any liability or otherwise act on behalf of the other Party. Each Party shall be solely responsible for payment of its employees' salaries (including withholding of income taxes and social security), workers compensation, and all other employment benefits.

(l) No Strict Construction. Each of the Parties hereto acknowledges and agrees that this Agreement has been prepared jointly by the Parties and their respective counsel and that this Agreement shall not be strictly construed against any Party by virtue of the person or entity who may have drafted any specific provision hereof.

(m) Use of Names; Trademarks. Nothing in this Agreement shall be construed as a license for a Party to use the name or trademark of the other Party, without the prior written consent of the other Party.

(n) Titles and Headings. The headings in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE IMMEDIATELY FOLLOWS

IN WITNESS WHEREOF, each of the Parties hereto has caused its duly authorized officer to execute this Supply Agreement as of the Effective Date.

SIENTRA, INC.	**NUSIL TECHNOLOGY LLC**
By /s/ Jeffrey Nugent	By /s/ Corey Walker (Avantor)
Print Name: Jeffrey Nugent	Print Name: Corey Walker (Avantor)
Title: Chairman, Chief Executive Officer	Title: EVP
Date: November 5, 2019	Date: November 7, 2019

Appendix A

[***]

Appendix B – MUTUAL CONFIDENTIALITY AGREEMENT

[***]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey Nugent, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sientra, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on 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 7, 2019

/s/ Jeffrey Nugent

Jeffrey Nugent

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Little, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sientra, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on 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 7, 2019

/s/ Paul Little

Paul Little

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 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), Jeffrey Nugent, Chief Executive Officer of Sientra, Inc. (the "Company"), hereby certifies that to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10Q for the period ended September 30, 2019, to which this Certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2019

/s/ Jeffrey Nugent

Jeffrey Nugent

Chairman and Chief 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 Sientra, 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.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 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), Paul Little, Chief Financial Officer of Sientra, Inc. (the "Company"), hereby certifies that to the best of his knowledge:

(1) The Company's Quarterly Report on Form 10Q for the period ended September 30, 2019, to which this Certification is attached as Exhibit 32.2 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2019

/s/ Paul Little

Paul Little

Chief Financial 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 Sientra, 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.