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As filed with the Securities and Exchange Commission on October 15, 2019.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TELA Bio, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**3841**	**45-5320061**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1 Great Valley Parkway, Suite 24
Malvern, Pennsylvania 19355
(484) 320-2930
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Antony Koblish
President and Chief Executive Officer
TELA Bio, Inc.
1 Great Valley Parkway, Suite 24, Malvern, Pennsylvania 19355
(484) 320-2930
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Rachael M. Bushey	**Marc D. Jaffe**
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3000 Two Logan Square	**885 Third Avenue**
Philadelphia, Pennsylvania 19103	**New York, New York 10022**
(215) 981-4331	**(212) 906-1200**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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 o | Accelerated filer o | 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 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed Maximum Aggregate Offering Price[1][2]	Amount of registration fee[2]
Common stock, $0.001 par value per share	$69,000,000	$8,956.20

(1) Includes shares of common stock that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of computing the amount of registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION, DATED OCTOBER 15, 2019

PRELIMINARY PROSPECTUS

Shares

TELA Bio, Inc.

Common Stock

We are offering shares of our common stock. This is our initial public offering and no public market currently exists for our common stock. We expect the initial public offering price to be between $ and $ per share. We have applied to list our common stock on The Nasdaq Global Market under the symbol "TELA".

Investing in our common stock involves a high degree of risk. Please read "Risk Factors" beginning on page 16 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements for this prospectus and future filings.

	PER SHARE	TOTAL
Public Offering Price	$	$
Underwriting Discounts and Commissions[(1)]	$	$
Proceeds to TELA Bio, Inc. (Before Expenses)	$	$

(1) We refer you to "Underwriting" beginning on page 165 for additional information regarding underwriter compensation.

Delivery of the shares of common stock is expected to be made on or about , 2019. We have granted the underwriters an option for a period of 30 days to purchase an additional shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $, and the total proceeds to us, before expenses, will be $.

Joint Book-Running Managers

Jefferies **Piper Jaffray**

Lead Manager

Canaccord Genuity

Co-Manager

JMP Securities

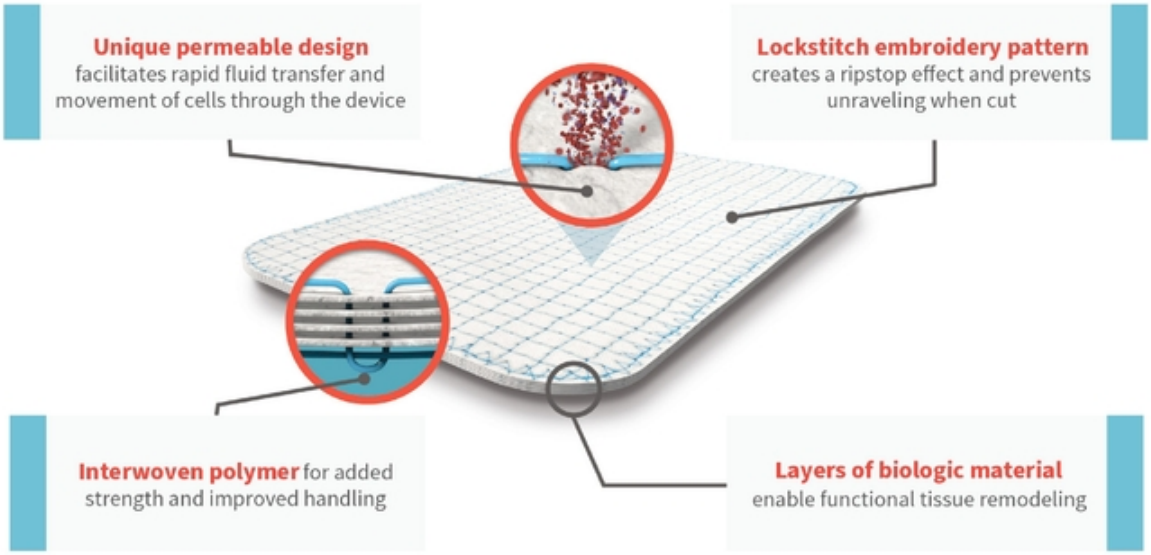
Prospectus dated , 2019

TELA BIO® INC
SURGICAL RECONSTRUCTION COMPANY

SCIENCE. VALUE. INNOVATION.

OviTex® – a new approach to soft tissue reinforcement for hernia repair and abdominal wall reconstruction

An innovative reinforced tissue matrix designed to reduce stretch compared to biologics and long-term complications experienced with resorbable and permanent synthetic meshes



0% hernia recurrence at 12-months in first 32 patients of BRAVO post-market study

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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

Until , 2019 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

TRADEMARKS

"TELA," the Tela logo, TELA Bio®, OviTex® and other trademarks, trade names or service marks of TELA Bio, Inc. appearing in this prospectus are the property of TELA Bio, Inc. All other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus may be referred to without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the rights of the applicable licensor to these trademarks and tradenames.

INVESTORS OUTSIDE THE UNITED STATES

For investors outside of the United States: neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, especially the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, the terms "TELA," "TELA Bio," "the company," "we," "us," "our" and similar references in this prospectus refer to TELA Bio, Inc. and its wholly-owned subsidiary.

TELA Bio

We are a commercial stage medical technology company focused on designing, developing and marketing a new category of tissue reinforcement materials to address unmet needs in soft tissue reconstruction. We offer a portfolio of advanced reinforced tissue matrices that improve clinical outcomes and reduce overall costs of care in hernia repair, abdominal wall reconstruction and plastic and reconstructive surgery. Our products are an innovative solution that integrate multiple layers of minimally-processed biologic material with interwoven polymers in a unique embroidered pattern, which we refer to as a reinforced tissue matrix. These products have been implanted by surgeons in more than 6,500 patients with no reported explantations due to failure of the product.

Our first portfolio of products, the OviTex Reinforced Tissue Matrix, or OviTex, addresses unmet needs in hernia repair and abdominal wall reconstruction by combining the benefits of biologic matrices and polymer materials while minimizing their shortcomings, at a cost-effective price. Our OviTex products have received 510(k) clearance from the U.S. Food and Drug Administration, or FDA, which clearance was obtained and is currently held by Aroa Biosurgery Ltd., or Aroa, our exclusive manufacturer and supplier, and have demonstrated safety and clinical effectiveness in our ongoing prospective, single arm, multicenter post-market clinical study, which we refer to as our BRAVO study. The first 32 patients who reached one year follow-up in the BRAVO study experienced no ventral hernia recurrences, no explantations and no surgical site occurrences requiring follow-up surgery. Our second portfolio of products, the OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, addresses unmet needs in plastic and reconstructive surgery. In April 2019, our OviTex PRS products received 510(k) clearance from the FDA, which clearance was obtained and is currently held by Aroa.

We began commercialization of our OviTex products in the United States in July 2016, and they are now sold to more than 200 hospital accounts. Our OviTex portfolio consists of multiple products that can be used for ventral hernia repair and abdominal wall reconstruction, inguinal hernia repair and hiatal hernia repair. In addition, to address the significant increase in the number of robotic-assisted hernia repairs over the last several years, we have designed an OviTex product specifically for use in laparoscopic and robotic-assisted surgery called OviTex LPR, which we began commercializing in November 2018.

OviTex PRS is indicated for use in implantation to reinforce soft tissue where weakness exists in patients requiring soft tissue repair or reinforcement in plastic and reconstructive surgery. Our OviTex PRS portfolio is supported by non-human primate data that demonstrated more rapid tissue integration and tissue remodeling compared to the market leading biologic matrix used in this indication. We commenced a limited launch in May 2019 and expect to fully launch our OviTex PRS products in the United States through our direct sales force in the first half of 2020. We also intend to engage in discussions with the FDA regarding an Investigational Device Exemption, or IDE, protocol to study the safety and effectiveness of our OviTex PRS product for an indication in breast reconstruction surgery.

We have a broad portfolio of intellectual property protecting our products, which we believe, when combined with our proprietary manufacturing processes and know-how, provides significant barriers to entry. Our intellectual property applies to our differentiated product construction and raw materials. In addition, we believe our exclusive manufacturing and long-term supply and license agreement, or the Aroa License, with Aroa creates a competitive advantage by allowing us to secure an exclusive supply of ovine rumen at a low cost. Ovine rumen, the forestomach of a sheep, is the source of the biologic material used in our products. In manufacturing our products, we use biologic material from ovine rumen because of its plentiful supply, optimal biomechanical profile and open collagen architecture that allows for rapid cellular infiltration. We purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products.

We market our products through a single direct sales force, predominantly in the United States. We have invested in our direct sales and marketing infrastructure in order to expand our presence and to promote awareness and adoption of our products. As of September 30, 2019, we had 30 sales territories in the United States. We plan to continue to invest in our commercial organization by hiring additional account managers, clinical development specialists, business managers and administrative support staff in order to cover the top 500 hospitals that we believe perform approximately 55% of our targeted soft tissue reconstruction procedures. We plan to continue to contract with group purchasing organizations, or GPOs, and integrated delivery networks, or IDNs, to increase access to and penetration of hospital accounts.

Our revenue for the years ended December 31, 2017 and 2018 was $4.2 million and $8.3 million, respectively, and our revenue for the six months ended June 30, 2018 and 2019 was $3.6 million and $6.6 million, respectively. For the years ended December 31, 2017 and 2018, we had net losses of $21.3 million and $21.1 million, respectively, and for the six months ended June 30, 2018 and 2019, we had net losses of $10.9 million and $11.2 million, respectively.

Our Market Opportunity

OviTex

Hernia repair is one of the most common surgeries performed in the United States. A hernia occurs when pressure causes an organ, intestine or fatty tissue to squeeze through a hole caused by a defect or weak area in the surrounding muscle or connective tissue. For patients who have had multiple prior hernia surgeries that have failed, the anatomy of their abdominal wall is often compromised and surgeons must perform more advanced techniques to repair the abdomen, known as abdominal wall reconstruction.

The vast majority of hernias are treated with surgical repair. Surgical hernia repair is performed either through open repair, which uses a single incision to open the abdomen or groin across the hernia, or minimally invasive repair, which involves laparoscopic or robotic-assisted techniques. In robotic-assisted repair, the surgeon enjoys greater instrument dexterity and precision, and is able to achieve primary closure of the hernia defect. This has contributed to a significant increase in the number of robotic-assisted hernia repair over the last several years.

There are an estimated 1.2 million hernia repairs annually in the United States, including recurrences. It is estimated that about 90% of hernia repairs today use a form of reconstruction material to provide long-term support at the repair site. Based on the volume weighted average selling price of our OviTex products, we estimate the annual U.S. total addressable market opportunity for our OviTex products to be approximately $1.5 billion.

OviTex PRS

Plastic and reconstructive surgery is performed to treat structures of the human body that are affected aesthetically or functionally due to defects, abnormalities, trauma, infection, burns, tumors or disease. Plastic and reconstructive surgery is generally performed to improve function and ability, but may also be performed to achieve a more typical appearance of the affected anatomical structure. Modern advances in tissue engineering have transformed plastic and reconstructive surgeons' management strategies across a

wide variety of applications. There is growing clinical literature validating the use of biologic matrices in head and neck surgery and reconstructions of the chest wall, pelvic region, extremities and breast. Based on the current sales of biologic matrices in the United States, we estimate the annual U.S. current addressable market opportunity for our OviTex PRS products to be approximately $500 million.

Current Materials Used in Hernia Repair and Abdominal Wall Reconstruction and Their Limitations

Permanent Synthetic Mesh

Permanent synthetic mesh, the oldest category of hernia repair materials, is made of plastic materials that are also used in industrial and consumer products. These products are relatively inert, can be readily sterilized, exhibit biomechanical strength and durability and are available at relatively low upfront cost. Limitations of permanent synthetic mesh products may include:

- significant persistent foreign body inflammatory response that can result in encapsulation of the implant by fibrotic tissue or contraction of the mesh;
- chronic post operative pain;
- scar tissue formation and lack of regeneration of soft tissue;
- permanent susceptibility to mesh infection;
- significant cost associated with subsequent repairs or failed and infected mesh;
- compromised abdominal wall anatomy due to damaged and eroded tissue rendering subsequent surgical repairs challenging; and
- migration of the permanent synthetic mesh which can result in organ erosion or perforation.

Many of these complications caused by permanent synthetic mesh require additional surgical intervention, including explantation of the mesh or repair of hernia recurrence or the abdominal wall. Based on longitudinal data from the Danish Hernia Database, in an analysis of approximately 2,900 patients who received a mesh hernia repair, the observed rate of surgical intervention due to either recurrence or mesh-related complications at five years post operatively was approximately 17%.

Biologic Matrices

The complications associated with permanent synthetic mesh prompted the development of biologic matrices as a second category of hernia repair materials. Biologic matrices are derived from human or animal tissue, which allows them to become replaced entirely by the patient's own tissue over time, a process known as remodeling. Compared to permanent synthetic mesh, biologic matrices are less likely to induce an inflammatory response and become infected; however, they may have the following limitations:

- lack strength or durability as compared to synthetic mesh products;
- prone to laxity and stretching;
- difficult to handle, leading to longer operating times as compared to synthetic mesh products;
- inability to be placed in a patient through a trocar in laparoscopic or robotic-assisted surgery; and
- considerably more expensive upfront costs than permanent synthetic mesh, typically limiting their use to complex hernia repairs or abdominal wall reconstructions.

A multicenter, prospective study sponsored by LifeCell Corporation that evaluated the performance of Strattice, the current market-leading biologic matrix, in open ventral incisional hernia repair in contaminated abdominal wall defects, demonstrated post operative hernia recurrence rates of 22% and 33% at 12-months and 24-months follow-up, respectively.

Resorbable Synthetic Mesh

Resorbable synthetic mesh was introduced as a third category of hernia repair materials with the intended benefits of full degradation over several months, a moderately lower cost than biologic matrices and gradual transfer of strength from synthetic mesh to native tissue over time. Resorbable synthetic mesh is polymer-based and does not include biologic material to promote tissue remodeling and healing. Despite improvements compared to the use of permanent synthetic mesh or biologic matrices, limitations of resorbable synthetic mesh may include:

- significant foreign body inflammatory response that can result in encapsulation or contraction of the mesh until resorbed;
- scar tissue formation and lack of remodeling of soft tissue;
- mesh infection until resorbed;
- migration of the synthetic mesh until resorbed which can result in organ erosion or perforation; and
- lack of mid-term and long-term soft tissue reinforcement as resorption progresses.

Data from a recently published, multicenter, prospective study sponsored by C.R. Bard, Inc. that evaluated the performance of Phasix, the current market-leading resorbable synthetic mesh, in CDC Class I, high risk ventral and incisional hernia repair, showed a post operative hernia recurrence rate of 12% at 18-months follow-up.

Current Materials Used in Plastic and Reconstructive Surgery and Their Limitations

The most common materials used in plastic and reconstructive surgery are biologic matrices, including in the vast majority of tumor removal, defects, abnormalities, burns and implant-based breast reconstructive surgery, because of their ability to define shape and position, improve tissue quality, reinforce existing soft tissue and reduce the rate of complications associated with a foreign body inflammatory response. However, biologic matrices can be prone to excessive stretching over time and are difficult for surgeons to handle. These limitations may lead to undesirable results requiring additional surgical intervention. Additionally, biologic matrices are typically expensive to source.

Our Solution

We have created a new category of tissue reinforcement materials that were purposefully designed in close collaboration with more than 100 surgeons to address the unmet clinical needs in soft tissue reconstruction. Our portfolio of products, designed with over 95% biologic material, combines the benefits of both biologic and polymer materials while addressing their limitations by interweaving polymer fibers through layers of a minimally-processed biologic material. These products are priced competitively and designed for use with a range of surgical techniques, allowing the benefits of an advanced biologic repair to be available to more patients.

Our reinforced tissue matrices are designed to improve the outcomes of hernia repair, abdominal wall reconstruction and plastic and reconstructive surgery by reinforcing soft tissue while allowing rapid tissue integration, revascularization and biomechanical control. In addition to overall strength, a key property that we engineer into our products is the degree to which they stretch, known as compliance. Each of our products is designed to exhibit a degree of compliance appropriate for its intended clinical application.

We believe the principal benefits of our reinforced tissue matrices are:

- ***Reduced foreign body inflammatory response.*** The biologic material utilized in our reinforced tissue matrices acts to reduce the body's inflammatory response to the device. In our non-human primate comparative study in which we compared our OviTex products to several commercially available synthetic mesh and biologic matrix products, our OviTex products demonstrated a minimal foreign body inflammatory response, similar to biologics, and less foreign body inflammatory response than all the synthetic mesh tested at 24 weeks.

- ***Enhanced remodeling of soft tissue and rate of healing.*** Our reinforced tissue matrices are constructed to provide increased surface area and permeability, allowing for rapid absorption of wound fluids and blood during implantation and enabling improved supply of oxygen, cellular infiltration, migration, and repopulation for revascularization and functional tissue remodeling during healing. In our non-human primate comparative study, at 24 weeks the pattern of collagen formation in our OviTex products was reminiscent of connective tissue as opposed to the random fibers typical of scar tissue that were seen adjacent to the synthetic mesh. By contrast, the synthetic mesh showed no signs of remodeling of soft tissue and exhibited a high level of mesh contraction.

- ***Ability to tolerate a contaminated wound environment.*** Our reinforced tissue matrices are engineered to create hundreds of micro-channels to promote fluid exchange to allow host cells and new blood vessels to penetrate the reinforced tissue matrix. In our non-human primate comparative study, at four weeks our OviTex products had host cells between and within the layers of the reinforced tissue matrix. We believe this early cell infiltration may reduce the potential for bacterial colonization and the risk for infection. In our BRAVO study, there were no wound infections that required surgical intervention or device removal in the first 32 patients who reached one year follow-up.

- ***Highly engineered biomechanical properties with durability of results.*** Our reinforced tissue matrices are reinforced with interwoven polymer fibers to provide mid-term and long-term strength. The interwoven polymer in our reinforced tissue matrices increases the strength of our OviTex products by approximately 25% compared to the biologic material alone. Data from our strength testing demonstrated that our OviTex products meet or exceed that of published data from market-leading permanent and resorbable synthetic mesh. In our BRAVO study, there were no hernia recurrences in the first 32 patients who reached one year follow-up, despite 80% of these patients having one or more factors known to increase the risk of recurrence.

- ***Enhanced surgeon handling and satisfaction.*** Each of our embroidery patterns was designed specifically to allow the surgeon to trim and shape the product without the polymer unraveling. In addition, based upon our survey of approximately 50 surgeons, our OviTex products conform readily to the contours of surgical sites and are easy to handle, trim, suture, and tack in all surgical approaches. We have also designed an OviTex product for use in robotic-assisted surgery.

- ***Lower upfront cost products.*** Our reinforced tissue matrices provide our customers with meaningful cost savings over leading competitive products across a broad range of clinical uses so that more patients can experience the benefits of an advanced biologic repair solution. We price our OviTex products competitively, and, on average, our customers realize 20% to 40% cost savings over leading biologic matrices and resorbable synthetic mesh. Our OviTex PRS portfolio is priced below leading biologic matrices.

Clinical Data

The table below presents recurrence rate data published in clinical literature or presented at industry conferences from prospective clinical studies in ventral hernia repairs utilizing our competitors' products.

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate[1]	Number of Hernia Recurrence[1]	Number of Patients who Completed Follow-up[1]	Follow-up Period in Months
Phasix[1]	Resorbable Synthetic Mesh	5%	5	95	12
Phasix[1]	Resorbable Synthetic Mesh	12%	11	95	18
Phasix[1]	Resorbable Synthetic Mesh	23%	19	82	36
Strattice[1]	Biologic Matrix	22%	15	69	12
Strattice[1]	Biologic Matrix	33%	22	67	24

(1) Hernia Recurrence Rate based on number of hernia recurrences reported in patients who completed follow up and patients who reported recurrent hernia before the specified follow up period. Clinical literature and conference presentations included hernia recurrence rates based on number of hernia recurrences in patients who comprised the initial intent-to-treat population (including those who did not complete the follow up period and did not report a hernia recurrence).

The table below presents the recurrence rate for the first 32 patients who reached 12-month follow-up in our BRAVO study.

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate	Number of Hernia Recurrence	Number of Patients who Completed Follow-up	Follow-up Period in Months
OviTex	**Reinforced Tissue Matrix**	**0%**	**0**	**32**	**12**

Our Strengths

We are focused on developing and commercializing a new category of tissue reinforcement materials for surgeons and patients that aim to address the shortcomings of existing products. We believe the following strengths will allow us to build our business and potentially increase our market penetration:

- ***Innovative and broad portfolio of products.*** Our OviTex and OviTex PRS products are the only FDA-cleared products to incorporate polymer fibers interwoven through layers of biologic material in a lockstitch pattern creating a unique embroidered construction. The biologic matrix is derived from ovine rumen and utilizes a patented process to create a reinforced tissue matrix that is optimized for soft tissue reconstruction. Our OviTex and OviTex PRS products are available in resorbable and permanent polymer versions in a variety of configurations and sizes.

- ***Disruptive technology supported by compelling clinical evidence.*** The safety, efficacy and durability of our OviTex products are supported by compelling clinical evidence that includes studies in more than 200 non-human primates, and our BRAVO study.

- ***Long-term supply agreement that provides pricing flexibility.*** Our Aroa License provides for the exclusive supply of ovine rumen and manufacture of our OviTex and OviTex PRS products, which gives us a low and fixed cost of raw materials. We purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products.

- ***Potential cost savings to healthcare systems and hospitals.*** Our pricing flexibility allows us to sell our OviTex and OviTex PRS products to hospitals and healthcare systems at prices substantially below competitive products based on national average competitive pricing. We anticipate that our customers will realize approximately 20% to 40% cost savings over biologic matrices and resorbable synthetic mesh.

- ***Established reimbursement pathway for hernia repair.*** The implantation of biologic matrices and synthetic mesh for hernia repair is coded using an established fixed procedure payment system known as a Medicare Severity Diagnosis Related Groups, or MS-DRG, that consists of a lump sum payment rate that varies based on the degree of complications and comorbidities of each hernia. In addition, surgeons receive payment for their services depending on the coding associated with the procedure. The MS-DRG-based reimbursement system encourages hospitals to become more efficient in treating patients due to its fixed per-patient reimbursement nature.

- ***Broad intellectual property portfolio.*** Our intellectual property broadly covers changing a biologic matrix's biomechanical properties by interweaving a polymer thread through the biologic matrix. Through our Aroa License, our intellectual property broadly covers the development of extracellular matrix scaffolds derived from ovine rumen and methods for isolating these scaffolds from ovine rumen.

- ***Industry leading executive team with proven track record.*** Our executive team consists of seasoned medical device professionals with deep industry experience and expertise who have led and managed companies through significant growth and introduction and commercialization of multiple new products, including driving surgeon adoption of biologic and biosurgery technologies.

Our Growth Strategy

Our goal is to become the leading provider of soft tissue reconstruction products. The key elements of our strategy include:

- ***Expand our U.S. commercial organization to support our growth.*** We sell our products through a single direct sales organization in the United States and plan to continue to invest in our commercial organization by adding account managers, clinical development specialists, business managers and administrative support staff.

- ***Promote awareness of our products to drive surgeon use.*** We educate surgeons regarding the value proposition of our products and plan to continue to drive awareness of our products, while expanding their geographic reach and increasing the number of surgeon interactions.

- ***Increase access to group purchasing organizations and integrated delivery networks.*** We continue to pursue contracts with several large GPOs and IDNs and believe that the addition of multiple contracts with national GPOs and high-volume IDNs will materially increase our access to surgeon customers, broaden awareness for our products and help drive utilization of our products within a larger number of hospitals and healthcare systems.

- ***Continue to build upon clinical evidence of the effectiveness and safety of our products.*** We are committed to evidence-based medicine and investing in clinical data to support the use of our products.

- ***Advance our portfolio of reinforced tissue matrices with the introduction of new product features and designs.*** We plan to continue to expand our product offerings and the treatment capabilities of our products to address a broader patient base within soft tissue reconstruction.

Preliminary Financial Results for the Third Quarter Ended September 30, 2019

We are currently finalizing our consolidated financial results for the three months ended September 30, 2019. While complete financial information and operating data are not yet available, set forth below are certain preliminary estimates of the results of operations that we expect to report for our third quarter of 2019. Our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments and other developments that may arise between now and the time the consolidated financial results for our third quarter are finalized. All percentage comparisons to the prior year period are measured to the midpoint of the range provided below.

The following are our preliminary estimates for the three months ended September 30, 2019:

- Revenue is expected to be between $3.9 million and $4.1 million, an 81% increase from $2.2 million in the corresponding prior year period. The estimated increase in revenue was primarily driven by an increase in unit sales of our products due to the expansion of our commercial organization and increased penetration within new and existing customer accounts as well as the introduction of larger sizes of OviTex during 2019. During the three months ended September 30, 2019, we sold 925 units of OviTex compared to 533 units of OviTex sold during the three months ended September 30, 2018. We commenced a limited launch of OviTex PRS in May 2019, and sold 90 units of OviTex PRS during the three months ended September 30, 2019.

- Gross margin is expected to be between 65% and 67%, a 4% increase from 62% in the corresponding prior year period. The estimated increase in gross margin was primarily driven by a decrease in estimated excess and obsolete inventory adjustments as a percentage of revenue.

- Operating loss is expected to be between $3.8 million and $4.0 million, a 55% increase from $2.5 million in the corresponding prior year period. The estimated increase in operating loss was primarily due to recognizing a $2.2 million gain on litigation settlement during the three months ended September 30, 2018. There was no such gain recognized during the three months ended September 30, 2019. Estimated sales and marketing expenses increased by $1.1 million due to our sales expansion activities, including hiring of additional sales personnel and expansion of marketing activities. These amounts were partially offset by decreases in estimated general and administrative expenses and estimated research and development expenses of $0.2 million and $0.5 million, respectively.

- Net loss is expected to be between $4.6 million and $4.8 million, a 67% increase from $2.8 million in the corresponding prior year period. The estimated increase in net loss was primarily due to the factors described above as well as an increase in our interest expense associated with a larger principal balance outstanding under our credit facility with a higher interest rate during the three months ended September 30, 2019 compared to the prior year period. These amounts were partially offset by an increase in estimated gross profit of $1.2 million primarily due to the factors described above.

As of September 30, 2019, our cash and cash equivalents is expected to be $10.7 million and the borrowings outstanding under our credit facility are expected to be $30.0 million. This credit facility matures in November 2023 and has $5.0 million of additional capacity through December 31, 2019, provided that our consolidated revenue on a trailing six-month basis equals or exceeds $7.5 million. The credit facility requires that we maintain a minimum cash balance of $2.0 million.

The estimates above represent the most current information available to management and do not present all necessary information for an understanding of our financial condition as of and the results of operations for the quarter ended September 30, 2019. We have provided a range for the preliminary results described

above primarily because our financial closing procedures for the quarter ended September 30, 2019 are not yet complete. As a result, there is a possibility that our final results will vary from these preliminary estimates. We currently expect that our final results will be within the ranges described above. It is possible, however, that our final results will not be within the ranges we currently estimate. The estimates for the three months ended September 30, 2019 are not necessarily indicative of any future period and should be read together with "Risk Factors," "Special Note Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Historical Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus.

The preliminary consolidated financial data included in this prospectus has been prepared by, and is the responsibility of, our management and has not been reviewed or audited by our independent registered public accounting firm. Accordingly, our independent auditors do not express an opinion or any other form of assurance with respect to this preliminary data.

We expect our closing procedures with respect to the three months ended September 30, 2019 to be completed in late November 2019. Accordingly, our consolidated financial statements as of and for the three months ended September 30, 2019 will not be available until after this offering is completed.

Risks Associated with Our Business

Our business is subject to numerous risks, as more fully described in the section titled "Risk Factors" immediately following this prospectus summary. You should read these risks before you invest in our common stock. In particular, risks associated with our business include, but are not limited to, the following:

- We have incurred significant operating losses since inception, we expect to incur operating losses in the future and we may not be able to achieve or sustain profitability.
- To date, substantially all of our revenue has been generated from sales of our OviTex products, and we therefore are highly dependent on their success.
- The commercial success of our products will largely depend upon attaining significant market acceptance.
- We currently have limited sales and marketing capabilities.
- We are highly dependent upon Aroa, as the exclusive manufacturer and supplier of our products.
- We rely on our own direct sales force for our products, which may result in higher fixed costs than our competitors and may slow our ability to reduce costs.
- We may be unable to compete successfully with larger competitors in our highly competitive industry.
- The sizes of the markets for our current and future products have not been established with precision, and may be smaller than we estimate.
- Our long-term growth depends on our ability to enhance our product offerings.
- Our success depends in part on our intellectual property portfolio.
- Regulatory compliance is expensive, complex and uncertain, and a failure to comply could lead to enforcement actions against us and other negative consequences for our business.

Corporate Information

We were incorporated in Delaware on April 17, 2012. Our principal executive offices are located at 1 Great Valley Parkway, Suite 24, Malvern, Pennsylvania 19355, and our telephone number is (484) 320-2930. Our website address is www.telabio.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus, and you should not consider any information contained in, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering. We refer to the Jumpstart Our Business Startups Act of 2012 herein as the "JOBS Act," and any reference herein to "emerging growth company" has the meaning ascribed to it in the JOBS Act.

An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the U.S. Securities and Exchange Commission, or the SEC. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have elected to avail ourselves of this exemption. As a result of these elections the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding immediately after this offering	shares (shares if the underwriters exercise their option to purchase additional shares)
Underwriters' option to purchase additional shares	shares
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase up to additional shares of common stock), based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We currently intend to use the net proceeds from this offering, together with our existing cash and cash equivalents to hire additional sales and marketing personnel and expand marketing activities to support the ongoing commercialization of our OviTex and OviTex PRS product lines, to fund product development and research and development activities, which may include post-market clinical studies and IDE protocol development for our OviTex PRS products, and the remainder for working capital and general corporate purposes. See "Use of Proceeds" for additional information.
Directed share program	At our request, the underwriters have reserved for sale at the initial public offering price per share up to % of the shares offered hereby for our directors, officers and certain employees and other persons with whom we have a relationship. See "Underwriting" for additional information.
Risk factors	You should read the section titled "Risk Factors" for a discussion of factors to consider carefully, together with all the other information included in this prospectus, before deciding to invest in our common stock.
Proposed Nasdaq Global Market symbol	"TELA"

The number of shares of our common stock to be outstanding immediately after this offering is based on shares of common stock outstanding as of September 30, 2019, after giving effect to the automatic conversion of all our redeemable convertible preferred stock, or preferred stock, into an aggregate of shares of our common stock immediately prior to the completion of this offering and excludes:

- 13,623,463 shares of our common stock issuable upon the exercise of stock options as of September 30, 2019, at a weighted-average exercise price of $0.25 per share;
- 21,715 shares of our unvested common stock that are subject to repurchase by us as of September 30, 2019;

- shares of our common stock issuable upon the exercise of warrants to purchase shares of our Series B preferred stock outstanding as of September 30, 2019, which will convert into warrants to purchase shares of our common stock immediately prior to the completion of this offering, at an exercise price of $1.16 per share;
- 758,953 shares of our common stock that remain available for issuance as of September 30, 2019 under our 2012 Stock Incentive Plan, or the 2012 Plan; and
- shares of our common stock reserved for future issuance under our 2019 Equity Incentive Plan, or the 2019 Plan, which will become effective immediately prior to the completion of this offering, as well as any automatic increases in the number of shares of our common stock reserved for future issuance pursuant to the 2019 Plan.

Unless otherwise indicated, all information contained in this prospectus assumes or gives effect to:

- a for reverse stock split of our common stock to be effected prior to the completion of this offering;
- the automatic conversion of all our preferred stock outstanding into an aggregate of shares of our common stock immediately prior to the completion of this offering, including accrued dividends payable into an aggregate of shares of our common stock based on an assumed initial offering price of $ per share, which is the midpoint of the price range shown on the cover page of this prospectus;
- the conversion of all outstanding warrants to purchase shares of our Series B preferred stock into warrants to purchase shares of our common stock, at an exercise price of $, upon the completion of this offering;
- the effectiveness of our fourth amended and restated certificate of incorporation immediately prior to the completion of this offering and the adoption of our second amended and restated bylaws immediately prior to the completion of this offering;
- no exercise of the outstanding options or warrants described above; and
- no exercise by the underwriters of their option to purchase up to additional shares of our common stock.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated statements of operations data for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019 and our consolidated balance sheet data as of June 30, 2019. We have derived the following consolidated statements of operations data for the years ended December 31, 2017 and 2018 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the following statements of operations data for the six months ended June 30, 2018 and 2019 and balance sheet data as of June 30, 2019 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial data, in management's opinion, have been prepared on the same basis as the audited consolidated financial statements and the related notes included elsewhere in this prospectus, and include all adjustments, consisting only of normal recurring adjustments, that management considers necessary for a fair presentation of the information for the periods presented. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. The following summary consolidated financial data should be read with the sections titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year ended December 31,		Six months ended June 30,	
	2017	2018	2018	2019
	(in thousands, except share and per share data)			
Statement of Operations:				
Revenue	$ 4,245	$ 8,274	$ 3,635	$ 6,609
Cost of revenue (excluding amortization of intangible assets)	1,713	4,547	2,455	2,752
Amortization of intangible assets	—	785	633	152
Gross profit	2,532	2,942	547	3,705
Operating expenses:				
Sales and marketing	8,712	13,646	6,022	7,942
General and administrative	4,958	4,899	1,967	2,529
Research and development	5,786	4,339	2,318	2,714
Gain on litigation settlement	—	(2,160)	—	—
Total operating expenses	19,456	20,724	10,307	13,185
Loss from operations	(16,924)	(17,782)	(9,760)	(9,480)
Other (expense) income:				
Interest expense	(4,558)	(1,802)	(728)	(1,826)
Loss on extinguishment of debt	—	(1,822)	(615)	—
Change in fair value of preferred stock warrant liability	54	244	174	(38)
Other income	94	70	34	117
Total other (expense) income	(4,410)	(3,310)	(1,135)	(1,747)
Net loss	(21,334)	(21,092)	(10,895)	(11,227)
Accretion of redeemable convertible preferred stock to redemption value	(5,893)	(8,823)	(7,948)	(4,787)
Net loss attributable to common stockholders	$ (27,227)	$ (29,915)	$ (18,843)	$ (16,014)
Net loss per common share, basic and diluted	$ (3.78)	$ (4.11)	$ (2.59)	$ (2.19)
Weighted average common shares outstanding, basic and diluted	7,208,547	7,283,167	7,273,968	7,313,934
Pro forma net loss per common share basic and diluted (unaudited)[1]		$		$
Pro forma weighted average shares outstanding, basic and diluted (unaudited)[1]				

(1) See Note 3 to our annual and interim consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate our historical and pro forma basic and diluted net loss per common share.

	As of June 30, 2019		
	Actual	Pro Forma[2]	Pro Forma As Adjusted[3][4]
		(in thousands)	
Balance Sheet Data:			
Cash and cash equivalents	$ 15,873		
Working capital[1]	15,104		
Total assets	26,627		
Long-term debt with related party	29,977		
Preferred stock warrant liability	1,678		
Redeemable convertible preferred stock	141,063		
Total stockholders' (deficit) equity	(153,747)		

(1) Working capital is calculated as current assets minus current liabilities.

(2) The pro forma consolidated balance sheet gives effect to (1) the issuance of 1,463,959 shares of Series B preferred stock that were sold in July 2019 for net proceeds of $1.7 million, (2) the automatic conversion of all our preferred stock outstanding, including accrued dividends payable into an aggregate of shares of our common stock immediately prior to the completion of this offering based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus and (3) the reclassification of $1.7 million preferred stock warrant liability into additional paid-in capital upon the conversion of all outstanding warrants to purchase shares of our Series B preferred stock into warrants to purchase shares of our common stock.

(3) Reflects the pro forma adjustments set forth above and the issuance and sale of shares of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(4) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' (deficit) equity, by $ million, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' (deficit) equity, by $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

Investing in our common stock involves a high degree of risk. These risks include, but are not limited to, those described below, each of which may be relevant to an investment decision. You should carefully consider the risks described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before investing in our common stock. While we believe that the risks and uncertainties described below are the material risks facing our business, additional risks that we do not know of or that we currently think are immaterial may also arise and materially affect our business. The realization of any of these risks could have a material adverse effect on our business, financial condition, results of operations, and our ability to accomplish our strategic objectives. In that event, the trading price of our common stock could decline, and you may lose part or all of your investment.

Risks Related to Our Limited Operating History, Financial Position and Capital Requirements

We have incurred significant operating losses since inception, we expect to incur operating losses in the future and we may not be able to achieve or sustain profitability.

We have incurred net losses since our incorporation on April 17, 2012. For the years ended December 31, 2017 and 2018, we had net losses of $21.3 million and $21.1 million, respectively and for the six months ended June 30, 2018 and 2019, we had net losses of $10.9 million and $11.2 million, respectively. As of June 30, 2019, we had an accumulated deficit of $153.8 million. To date, we have financed our operations primarily through private placements of our preferred stock, borrowings under our credit facility and sales of our OviTex Reinforced Tissue Matrix, or OviTex, products.

We expect to continue to incur significant sales and marketing, research and clinical development, regulatory and other expenses as we expand our marketing efforts to increase adoption of our products, expand existing relationships with our customers, obtain regulatory clearances or approvals for our planned or future products, conduct clinical trials on our existing and planned or future products and develop new products or add new features to our existing products. In addition, we expect our general and administrative expenses to increase following this offering due to the additional costs associated with being a public company. As a result, we expect to continue to incur operating losses for the foreseeable future and may never achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. If we do not achieve or sustain profitability, it will be more difficult for us to finance our business and accomplish our strategic objectives, either of which would have a material adverse effect on our business, financial condition and results of operations and may cause the market price of our common stock to decline.

We have limited history operating as a commercial company.

We began commercializing our OviTex products in the United States in 2016 and in certain European countries in 2019, and therefore do not have a long history operating as a commercial company. Since 2016, our revenue has been derived almost entirely from sales of our OviTex products. In April 2019, Aroa Biosurgery, Ltd., or Aroa, our exclusive manufacturer and supplier, received and continues to hold 510(k) marketing clearance from the U.S. Food and Drug Administration, or FDA, for our OviTex PRS products. In May 2019 we commenced a limited launch and expect to fully launch our OviTex PRS products through our direct sales force in the first half of 2020. As a result of its recent commercial introduction, our OviTex products have limited product and brand recognition, and demand for our OviTex products may not increase as quickly as we expect, or may decline. Our limited commercialization experience and limited number of cleared products make it difficult to evaluate our current business and predict future prospects. Our ability to generate revenue from sales of our OviTex products, OviTex PRS and other products we may seek to develop and commercialize in the future will depend on a number of factors, including our ability to successfully market and commercialize our OviTex and OviTex PRS products in the United States. If our

assumptions regarding the risks and uncertainties we face, which we use to plan our business, are incorrect or change due to circumstances in our business or our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

Our indebtedness may limit our flexibility in operating our business and adversely affect our financial health and competitive position.

As of June 30, 2019, we had $30.0 million of indebtedness outstanding under our credit facility with OrbiMed Royalty Opportunities II, LP, or OrbiMed, that matures in November 2023. In addition, this credit facility has $5.0 million of additional capacity through December 31, 2019, provided that our consolidated net revenue on a trailing six-month basis equals or exceeds $7.5 million.

To service this indebtedness and any additional indebtedness we may incur in the future, we need to generate cash from our operating activities. Our ability to generate cash is subject, in part, to our ability to successfully execute our business strategy, as well as general economic, financial, competitive, regulatory and other factors beyond our control. We cannot assure you that our business will be able to generate sufficient cash flow from operations or that future borrowings or other financings will be available to us in an amount sufficient to enable us to service our indebtedness and fund our other liquidity needs. To the extent we are required to use cash from operations or the proceeds of any future financing to service our indebtedness, we will be less able to plan for, or react to, changes in our business, industry and the economy generally.

In addition, the agreement governing our credit facility contains certain covenants that limit our ability to engage in certain transactions that may be in our long-term best interests. Subject to certain limited exceptions, these covenants limit our ability to, among other things:

- create, incur, assume or permit to exist any additional indebtedness, or create, incur, allow or permit to exist any additional liens;
- enter into any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to, the terms or provisions contained in certain agreements without consent;
- effect certain changes in our business, fiscal year, management, entity name, business locations;
- liquidate or dissolve, merge with or into, consolidate with, or acquire all or substantially all of the capital stock or assets of, any other company;
- pay cash dividends on, make any other distributions in respect of, or redeem, retire or repurchase, any shares of our capital stock;
- make certain investments; and
- enter into transactions with our affiliates.

We have not previously breached and are not currently in breach of these or any of the other covenants; however, there can be no guarantee that we will not breach these covenants in the future. In the event that we breach one or more covenants, our lender may choose to declare an event of default and require that we immediately repay all amounts outstanding, terminate any commitment to extend further credit and foreclose on the collateral granted to it to collateralize such indebtedness. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

We may require substantial additional capital to finance our planned operations, which may not be available to us on acceptable terms or at all.

If needed, any future funding requirements will depend on many factors, including:

- surgeon and market acceptance of our products;
- the cost of our research and development activities;
- the cost and timing of obtaining regulatory clearances or approvals;

- the cost and timing of establishing additional sales and marketing capabilities;
- the cost and timing of clinical trials that we are currently conducting or may conduct in the future;
- costs associated with any product recall that may occur;
- the effect of competing products in our markets or competing technologies;
- the extent to which we acquire or invest in products, technologies and businesses, although we currently have no commitments or agreements relating to any of these types of transactions;
- the costs of operating as a public company;
- the cost of filing and prosecuting patent applications and defending and enforcing our patent or other intellectual property rights; and
- the cost of defending, in litigation or otherwise, any claims that we infringe third-party patents or other intellectual property rights.

Any additional equity or debt financing that we raise may contain terms that are not favorable to us or our stockholders. In addition, any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make certain investments or engage in certain merger, consolidation or asset sale transactions. If we raise additional funds through collaboration and licensing arrangements with third-parties, it may be necessary to relinquish some rights to our technologies or our products, or grant licenses on terms that are not favorable to us.

Furthermore, we cannot be certain that additional funding will be available on acceptable terms, if at all. If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our products or license to third-parties the rights to commercialize products or technologies that we would otherwise seek to commercialize. We also may have to reduce marketing, customer support or other resources devoted to our products or cease operations. Any of these factors could harm our business, financial condition and results of operations.

We have limited experience marketing and selling our products, and if we are unable to expand, manage and maintain our direct sales and marketing organizations, we may not be able to generate anticipated revenue.

We began selling our OviTex products in the United States in 2016. As a result, we currently have limited sales and marketing capabilities. As of June 30, 2019, our commercial organization consisted of 44 employees. Building the requisite sales, marketing or distribution capabilities to successfully market and sell our products will be expensive and time-consuming and will require significant attention from our leadership team to manage. Any failure or delay in the development of our sales, marketing or distribution capabilities would adversely impact the commercialization of our products. Additionally, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties on the commercialization of our products. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our products.

To generate future revenue growth, we plan to expand the size and geographic scope of our direct sales organization. This growth may require us to split or adjust existing sales territories, which may adversely affect our ability to retain customers in those territories. Additionally, our future success will depend largely on our ability to continue to hire, train, retain and motivate skilled sales and marketing personnel with significant industry experience and technical knowledge of medical devices and related products. The competition for talented individuals experienced in selling and marketing medical device products is intense, and we cannot assure you that we can assemble or maintain an effective team. We cannot assure you that we will be able to hire and retain additional personnel on favorable or commercially reasonable terms, if at all. Our operating results are directly dependent upon the sales and marketing efforts of our employees. Failure to hire or retain qualified sales and marketing personnel would prevent us from expanding our business and generating revenue. If we are unable to expand our sales and marketing

capabilities, we may not be able to effectively commercialize our products, which could have an adverse effect on our business, financial condition and results of operations.

We may be unable to accurately forecast customer demand and our inventory levels.

Anticipating demand for our products may be challenging as surgeon demand and adoption rates are unpredictable. In addition, as an increasing number of our products are adopted by surgeons, we anticipate greater fluctuations in demand for our products, which makes demand forecasting more difficult.

We place orders with our supplier based on forecasts of demand and, in some instances, may acquire additional inventory to accommodate anticipated demand. Our forecasts are based on management's judgment and assumptions, each of which may introduce error into our estimates. If we overestimate customer demand, our excess or obsolete inventory may increase significantly, which would reduce our gross margin and adversely affect our financial results. For example, during the six months ended June 30, 2019, we took an inventory charge of $0.9 million due to excess inventory levels. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships.

The report of our independent registered public accounting firm includes a "going concern" explanatory paragraph.

The report of our independent registered public accounting firm on our consolidated financial statements as of and for the year ended December 31, 2018 includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern. If we are unable to raise sufficient capital in this offering or otherwise when needed, our business, financial condition and results of operations will be materially and adversely affected, and we will need to significantly modify our operational plans to continue as a going concern. If we are unable to continue as a going concern, we might have to liquidate our assets and the values we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our consolidated financial statements. The inclusion of a going concern explanatory paragraph by our auditors, our lack of cash resources and our potential inability to continue as a going concern may materially adversely affect our share price and our ability to raise new capital or to enter into critical contractual relations with third parties.

Risks Related to the Commercialization of our Products

To date, substantially all of our revenue has been generated from sales of our OviTex products, and we therefore are highly dependent on their success.

Sales of our OviTex products accounted for all of our revenue for the years ended December 31, 2017 and 2018. We first commercialized OviTex products in the United States in 2016 and in the last twelve months, we have introduced our larger sized OviTex products, our OviTex LPR product for use in laparoscopic and robotic-assisted hernia surgical repairs and sold initial units of our OviTex PRS products for use in surgery for soft tissue repair or reinforcement in plastic and reconstructive procedures. We expect that sales of our OviTex products and, once fully commercialized, our OviTex PRS products, will account for all of our revenue for the foreseeable future. Our failure to successfully increase sales of these products or any other event impeding our ability to sell these products would result in a material adverse effect on our business, financial condition and results of operations.

The commercial success of our products will largely depend upon attaining significant market acceptance.

Our ability to execute our growth strategy, achieve commercial success and become profitable will depend upon the adoption by inpatient and outpatient hospitals, surgeons, and medical device supply chain participants of our reinforced tissue matrix products. We cannot predict how quickly, if at all, surgeons will accept our products or, if accepted, how frequently they will be used. Our products and planned or future products we may develop or market may never gain broad market acceptance among surgeons and the medical community for some or all of our indications. Some surgeons may have prior history with or a

preference for other soft tissue reinforcement products, such as permanent synthetic mesh, resorbable synthetic mesh, or other biologic matrices, or may be reluctant to alter their practice patterns to treat patients with our reinforced tissue matrix products. The degree of market acceptance of any of our products will depend on a number of factors, including:

- whether surgeons and others in the medical community consider our products to be safe, effective and cost effective;
- the potential and perceived advantages of our products over alternative products;
- the effectiveness of our sales and marketing efforts for our products;
- the prevalence and severity of any complications associated with using our products;
- the convenience and ease of use of our products relative to competing products;
- product labeling or product insert requirements by regulatory authorities;
- the competitive pricing of our products;
- the quality of our products meeting patient and surgeon expectations;
- the results of clinical trials and post-market clinical studies relating to the use of our products;
- pricing pressure, including from group purchasing organizations, or GPOs, and government payors;
- the availability of coverage and adequate reimbursement for procedures using our products from third-party payors, including government authorities;
- the willingness of patients to pay out-of-pocket for our products in the absence of coverage and adequate reimbursement by third-party payors, including government authorities; and
- our ability to provide incremental clinical and economic data that show the safety, clinical efficacy and cost effectiveness, and patient benefits from, our products.

Additionally, even if our products achieve market acceptance, they may not maintain that market acceptance over time if competing products or technologies, which are more cost effective or received more favorably, are introduced. Failure to achieve or maintain market acceptance and/or market share would limit our ability to generate revenue and would have a material adverse effect on our business, financial condition and results of operations.

Even if we are able to attain significant market acceptance of our products, the commercial success of our products is not guaranteed.

Our future financial success will depend substantially on our ability to effectively and profitably market and sell our products. Even if we are able to attain significant market acceptance of our products, the commercial success of our products and any of our planned or future products is dependent on a number of additional factors, including the results of clinical trials relating to the use of our products and our ability to obtain and maintain regulatory approval to market our products and maintain compliance with applicable regulatory requirements. Successful growth of our sales and marketing efforts will depend on the strength of our marketing and distribution infrastructure and the effectiveness of our marketing and sales efforts, including our efforts to expand our direct sales force, while our ability to satisfy demand for our products driven by our sales and marketing efforts will be largely dependent on the ability of Aroa to maintain a commercially viable manufacturing process that is compliant with regulatory standards. If we fail to successfully market and sell our products, we will not be able to achieve profitability, which will have a material adverse effect on our business, financial condition and results of operations.

Our ability to grow our revenue in future periods will depend on our ability to increase sales of our OviTex and OviTex PRS products and any new product or product indications that we introduce, which will, in turn, depend in part on our success in expanding our customer base and driving increased use of our products. New products or product indications may also need to be approved or cleared by the FDA and comparable non-U.S. regulatory agencies to drive revenue growth. If we cannot achieve revenue growth, it could have a material adverse effect on our business, financial condition and results of operations.

The misuse or off-label use of our products may harm our reputation in the marketplace, result in injuries that lead to product liability suits or result in costly investigations, fines or sanctions by regulatory bodies if we are deemed to have engaged in the promotion of our products for these uses.

Surgeons and other medical professionals may misuse our reinforced tissue matrix products or use improper techniques if they are not adequately trained, potentially leading to injury and an increased risk of product liability. If our products are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. Product liability claims could divert management's attention from our core business, be expensive to defend and result in sizeable damage awards against us that may not be covered by insurance. In addition, any of the events described above could harm our business.

The products we commercialize have been cleared by the FDA and other regulatory authorities for specific indications. Our OviTex products are reinforced tissue matrices designed for use as a surgical mesh to reinforce and/or repair soft tissue where weakness exists and indications for use of our OviTex products include the repair of hernia and/or body wall defects which require the use of reinforcing or bridging material to obtain the desired surgical outcome. Our OviTex PRS products are reconstructive reinforced tissue matrices designed for implantation to reinforce soft tissue where weakness exists in patients requiring soft tissue repair or reinforcement in plastic and reconstructive surgery. In connection with the March 2019 meeting of the General and Plastic Surgery Devices Panel of the Medical Devices Advisory Committee, the FDA stated that no surgical mesh device, including OviTex PRS, has been cleared or approved for use in breast surgery, and that to obtain such indication, the product sponsor must obtain an approved premarket approval application, or PMA. Our OviTex PRS products are not cleared or approved specifically for breast reconstruction surgery and thus we are prohibited from marketing them for that use. OviTex PRS or any other product we may develop for use in breast reconstruction surgery will need to be approved specifically for that indication. We intend to engage in discussions with the FDA regarding an Investigational Device Exemption, or IDE, protocol to study the safety and effectiveness of our OviTex PRS product for an indication in breast reconstruction surgery. There can be no assurance that we will be able to secure an IDE in a timely manner, or at all. Any marketing for OviTex PRS or any other product for a use in breast reconstruction surgery would be deemed off-label promotion of that product if it has been cleared for a general indication of use to reinforce or repair soft tissue and has not received a clearance or approval specifically for use in breast surgery. We train our marketing personnel and direct sales force to not promote our OviTex or OviTex PRS products for uses outside of the FDA-cleared indications for use, known as "off-label uses." We cannot, however, prevent a surgeon or medical professional from using our OviTex or OviTex PRS products or other products we may commercialize in the future for off-label uses.

Although we train our direct sales force not to promote our products for off-label uses, and our instructions for use in all markets specify that our products are not intended for use outside of those indications cleared or approved for use, the FDA or another regulatory authority could conclude that we have engaged in off-label promotion. If the FDA determines that our promotional or training materials constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions. It is also possible that other federal, state or non-U.S. enforcement authorities might take action under other regulatory authority if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs and the curtailment of our operations. In those possible events, our reputation could be damaged and adoption of the products would be impaired.

If we are unable to achieve and maintain adequate levels of coverage or reimbursement for our OviTex, OviTex PRS or other products we may commercialize in the future, our commercial success may be hindered.

Our ability to successfully commercialize and achieve market acceptance of our products depends, in significant part, on the availability of adequate financial coverage and reimbursement from third-party

payors, including governmental payors (such as the Medicare and Medicaid programs in the United States), managed care organizations and private health insurers. The primary customers for our products are hospitals and ambulatory surgery centers who will then seek reimbursement from third-party payors for the procedures performed using our products. While some third-party payors currently cover and provide reimbursement for procedures using our currently cleared or approved products, we can give no assurance that these third-party payors will continue to provide coverage and adequate reimbursement for the procedures using our products, to permit hospitals and surgeons to offer procedures using our products to patients requiring treatment, or that current reimbursement levels for procedures using our products will continue. Additionally, no uniform policy for coverage and reimbursement exists in the United States and coverage and reimbursement can differ significantly from payor to payor. If third-party payors reverse or limit their coverage for the procedures using our currently cleared or approved products in the future, this could have a material adverse effect on our business. If we are forced to lower the price we charge for our products, this could have a material adverse effect on our business, financial condition and results of operations and impair our ability to grow our business.

Healthcare costs have risen significantly over the past decade, which has resulted in or led to numerous cost reform initiatives. Third-party payors, whether U.S. or non-U.S., or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs, including examining the cost effectiveness of procedures, in addition to their safety and efficacy, when making coverage and payment decisions. Payors continually review new and existing technologies for possible coverage and can, without notice, deny or reverse coverage or alter pre-authorization requirements for new or existing procedures. We cannot provide assurance that we will be successful in any efforts we may potentially undertake to reverse such non-coverage decisions. If we are not successful in reversing non-coverage policies, or if third-party payors that currently cover or reimburse certain procedures reverse or limit their coverage of such procedures in the future, or if other third-party payors issue similar policies, our business could be adversely impacted.

Our long-term growth depends on our ability to enhance our product offerings.

It is important to our business that we continue to enhance our OviTex and OviTex PRS products and develop and introduce new reinforced tissue matrix products. Developing products is expensive and time-consuming and could divert management's attention away from other aspects of our business. The success of any new reinforced tissue matrix product offering or product enhancements to our OviTex and OviTex PRS products will depend on several factors, including our ability to:

- properly identify and anticipate surgeon and patient needs;
- develop and introduce new products and product enhancements in a timely manner;
- avoid infringing upon the intellectual property rights of third parties;
- ensure the quality, manufacture and supply of new products by Aroa;
- demonstrate, if required, the safety and efficacy of new products with data from preclinical studies and clinical trials;
- obtain the necessary regulatory clearances or approvals for expanded indications, new products or product modifications;
- be fully FDA-compliant with marketing of new devices or products;
- provide adequate training to potential users of our new products;
- receive adequate coverage and reimbursement for procedures performed with our new products; and
- develop an effective and dedicated sales and marketing team.

If we are not successful in introducing new product indications and developing and commercializing new products and product enhancements, our ability to increase our revenue may be impaired, which could have a material adverse effect on our business, financial condition and results of operations.

In the future our products may become obsolete, which would negatively affect operations and financial condition.

The medical device industry is characterized by rapid and significant change. There can be no assurance that other companies will not succeed in developing or marketing devices and products that are more effective than our reinforced tissue matrix products or that would render our reinforced tissue matrix products obsolete or noncompetitive. Additionally, new surgical procedures, medications and other therapies could be developed that replace or reduce the importance of our products. Accordingly, our success will depend in part on our ability to respond quickly to medical and other changes through the development and introduction of new products. Our reinforced tissue matrix products have a limited shelf life and will expire if not timely used. Product development involves a high degree of risk, and there can be no assurance that our new product development efforts will result in any commercially successful products.

To successfully market and sell our products in markets outside of the United States, we must address many international business risks with which we have limited experience.

We did not have any sales in markets outside of the United States for the year ending December 31, 2018 and approximately 1.7% of our revenue for the six month period ending June 30, 2019 came from sales in markets outside of the United States. Part of our sales strategy is to maintain our European presence. European sales are subject to a number of risks, including:

- difficulties in staffing and managing international operations;
- increased competition as a result of more products and procedures receiving regulatory approval in international markets;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- fluctuations in currency exchange rates;
- non-U.S. certification and regulatory clearance or approval requirements;
- difficulties in developing effective marketing campaigns in unfamiliar non-U.S. countries;
- the impact of the potential exit of the United Kingdom from the European Union;
- customs clearance and shipping delays;
- complexities associated with managing multiple payor reimbursement regimes, government payors or patient self-pay systems;
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general;
- preference for locally produced products;
- potentially adverse tax consequences, including the complexities of non-U.S. value-added tax systems, tax inefficiencies related to our corporate structure, and restrictions on the repatriation of earnings;
- the burdens of complying with a wide variety of non-U.S. laws and different legal standards; and
- increased financial accounting and reporting burdens and complexities.

If one or more of these risks are realized, our business, financial condition and results of operations could be adversely affected.

Risks Related to Our Reliance on Third Parties

We are highly dependent upon Aroa, as the exclusive manufacturer and supplier of our products.

In August 2012, we entered into our exclusive manufacturing and long-term supply and license agreement, or the Aroa License, which was amended and restated in July 2015. The Aroa License grants us an exclusive license in North America, the European Union, or EU, Norway, Switzerland, Russia and former Soviet satellite countries to certain intellectual property rights, including patents relating to the use of bovine and ovine rumen as a source of extracellular matrix. Under the Aroa License, Aroa is our exclusive manufacturer and supplier of our products.

We are reliant upon the intellectual property we license from Aroa for the development and commercialization of our products. Under the Aroa License, we hold an exclusive license to certain intellectual and technology rights to develop, commercialize and sell certain endoform regenerative template products derived from cows and sheep. The Aroa License also provides for cooperative development of our products utilizing the licensed intellectual property and all of our products rely on intellectual property owned by Aroa and licensed to us under the Aroa License. The Aroa License imposes various developmental and regulatory requirements upon us along with requiring us to make milestone payments upon the achievement of certain commercial and regulatory milestones. If we fail to comply with our obligations under the Aroa License, Aroa will have the right to terminate the Aroa License, in which event we would not be able to develop and market our products. We are obligated to pay Aroa up to an aggregate of $4.0 million in revenue-based milestone payments upon our achievement of certain net sales thresholds for sales of our products within the specified licensed territory, of which we have already paid $1.0 million.

Aroa is required under the Aroa License to manufacture all of our products at its manufacturing and warehousing facility in Auckland, New Zealand. The production of all of our products in a single location exposes us to the risk of Aroa's facility being harmed or rendered inoperable by natural or man-made disasters, which may render it difficult or impossible for Aroa to perform its manufacturing and assembly activities for some time. Although we and Aroa intend to establish redundant production facilities to lessen the risk of production disruptions, we will need to ensure that any manufacturing facility complies with our quality expectations and applicable regulatory requirements. If we are unable to establish redundant manufacturing facilities in a timely manner, any disruption in the manufacture of our products at Aroa's manufacturing and warehouse facility, the continued commercialization of our products, the supply of our products to customers and the development of any new reinforced tissue matrix products will be delayed, limited or prevented, which could have material adverse effect on our business, financial condition and results of operations.

Under the Aroa License, Aroa provides all of the raw materials and components used in the manufacture and assembly of our products. If Aroa is unable to supply the raw materials and components or to manufacture and assemble our products reliably and at the levels we anticipate or that are required by the market, we may be unable to acquire a substitute supply of raw materials and components on a timely basis, if at all. Under the Aroa License Aroa also holds the FDA clearances under which we commercialize our products, and maintains ultimate responsibility for all regulatory interactions with FDA relating to our products and decisions made with respect to changing or updating those clearances. If Aroa fails to comply with all applicable regulatory requirements and maintain the FDA clearances related to our products, we may be unable to commercialize our products on a timely basis, or at all. Our ability to supply our products commercially and to develop any future products depends, in part, on our ability to obtain these materials, components and products in accordance with regulatory requirements and in sufficient quantities for commercialization and clinical testing. While Aroa has historically met our demand for its products and services on a timely basis in the past, we cannot guarantee that it will always be able to meet our demand for its products. If Aroa fails to meet demand or notifies us that it believes it will fail to meet demand for our products, we are required under the Aroa License to work with Aroa to cure its supply failure and may, only in certain circumstances and on a temporary basis, engage a replacement contract manufacturer to mitigate a failure by Aroa to meet demand for our products. As such, we are highly dependent upon Aroa's continued ability to supply our products at the levels we require and any production shortfall that impairs the supply of our products could have a material adverse effect on our business, financial condition and results of operations and adversely affect our ability to satisfy demand for our products, which could adversely affect our product sales and operating results materially.

We or our partners may experience development, manufacturing problems, capacity constraints, or delays in the production of our products that could limit the potential growth of our revenue or increase our losses.

We may encounter unforeseen situations in Aroa's manufacturing and assembly of our products that would result in delays or shortfalls in its production. For example, Aroa was unable to supply us with our products

from September 2017 to December 2017 due to a quality testing process failure identified by Aroa. Based upon our current planned market adoption we believe we will reach our capacity limitations in the Aroa facility. We have plans to expand capacity but there can be no assurance that we will be successful. If we are unable to successfully expand capacity we may not be able to meet the demand for our products. In addition, Aroa's production processes and assembly methods may have to change in order to accommodate any significant future expansion of its manufacturing capacity, which may increase our manufacturing costs, delay production of our products and adversely impact our business. Conversely, if demand for our products shifts such that Aroa's manufacturing facility is operated below its capacity for an extended period, it may adjust its manufacturing operations to reduce fixed costs, which could lead to uncertainty and delays in manufacturing times and quality during any transition period.

If Aroa's manufacturing activities are adversely impacted or if it is otherwise unable to keep up with demand for our products by successfully manufacturing, assembling, testing and shipping our products in a timely manner, our revenue could be impaired, market acceptance for our products could be adversely affected and our customers might instead purchase our competitors' products, which would have a material adverse effect on our business, financial condition and results of operations.

Our supply of ovine rumen for use in manufacturing our products may be vulnerable to disruption due to natural disaster, disease or other events.

The ovine rumen used in the manufacturing of our products is sourced through Aroa in New Zealand. Although Aroa obtains its supply of ovine rumen from jurisdictions with sheep that are not currently known to carry any prion disease (progressive neurodegenerative disorders, including scrapie disease), there can be no assurance that these flocks will remain prion disease-free or that a future outbreak or presence of other unintended and potentially hazardous agents would not adversely affect our products or patients that may receive them. The geographic concentration of our supply chain increases our vulnerability to disruption due to natural disasters, disease or other events. If there is a disruption in the supply of ovine rumen to our manufacturer and supplier, we may be unable to fulfill customer orders or delay the commercialization of new products.

We may also be prohibited from importing our products into the United States in the event of disease outbreak or other event impacting the sheep population in New Zealand. Any disruption in our supply lines could have a material adverse effect on our business, financial condition and results of operations.

Performance issues, service interruptions or price increases by our shipping carriers could adversely affect our business and harm our reputation and ability to provide our products on a timely basis.

Expedited, reliable shipping is essential to our operations. We rely heavily on providers of transport services for reliable and secure point-to-point transport of our OviTex and OviTex PRS products (and would rely heavily on such providers for any other products we may commercialize and ship in the future) to our customers and for tracking of these shipments. Should a carrier encounter delivery performance issues such as loss, damage or destruction of any of our products, it would be costly to replace such products in a timely manner and such occurrences may damage our reputation and lead to decreased demand for our OviTex and OviTex PRS products (or any other products we commercialize in the future) and increased cost and expense to our business. In addition, any significant increase in shipping rates could adversely affect our operating margins and results of operations. Similarly, strikes, severe weather, natural disasters or other service interruptions affecting delivery services we use would adversely affect our ability to deliver our OviTex and OviTex PRS products (or any other products we commercialize in the future) on a timely basis.

Risks Related to Intellectual Property Matters

We may need to license intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our products, and we cannot provide any assurances that third-party patents do not exist which might be enforced against our products in the absence of such a license. The licensing and acquisition of third-party intellectual property rights is a competitive practice and companies that may be more established, or have greater resources than we do, may also be pursuing strategies to license or acquire third-party intellectual property rights that we may consider necessary or attractive in order to commercialize our products. We may fail to obtain any of these licenses on commercially reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected products, which could materially harm our business and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation. Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may not be able to successfully develop and commercialize the affected products, which would have a material adverse effect on our business.

If we fail to comply with our obligations under any license, collaboration or other agreements, we could lose intellectual property rights that are necessary for developing and protecting our products.

We have licensed certain intellectual property rights covering our current products from third parties, including Aroa. We are heavily dependent on our agreements with such third parties for our current products. If, for any reason, one or more of our agreements is terminated or we otherwise lose those rights, it could harm our business. Our license and other agreements impose, and any future collaboration agreements or license agreements we enter into are likely to impose various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement or other obligations on us. If we breach any material obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture and sell products that are covered by the licensed technology, having to negotiate new or reinstated licenses on less favorable terms, or enabling a competitor to gain access to the licensed technology.

If we are unable to adequately protect our intellectual property rights, or if we are accused of infringing on the intellectual property rights of others, our competitive position could be harmed or we could be required to incur significant expenses to enforce or defend our rights.

Our commercial success will depend in part on our success in obtaining and maintaining issued patents, trademarks and other intellectual property rights in the United States and elsewhere and protecting our proprietary technology. If we do not adequately protect our intellectual property and proprietary technology, competitors may be able to use our technologies or the goodwill we have acquired in the marketplace and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

We own six issued or allowed patents and have ten pending patent applications. As of September 30, 2019, we had rights, whether through ownership or licensing, to eight issued or allowed U.S. patents, six pending U.S. patent applications, three issued non-U.S. patents and four pending non-U.S. patent applications. Our issued U.S. patents will expire between 2035 and 2037. The licensed patents will expire between 2029 and 2031.

Our ability to enforce our patent rights depends on our ability to detect infringement. It may be difficult to detect infringers who do not advertise the components that are used in their products. Moreover, it may be difficult or impossible to obtain evidence of infringement in a competitor's or potential competitor's product. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded if we were to prevail may not be commercially meaningful.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. We cannot provide any assurances that any of our patents, or patents to which we have ownership rights through licensing agreements, have, or that any of our pending patent applications that mature into issued patents will include, claims with a scope sufficient to protect our OviTex and OviTex PRS products, any additional features we develop for our OviTex and OviTex PRS products or any new products we seek to develop in the future. Other parties may have developed technologies that may be related or competitive to our OviTex or OviTex PRS products, may have filed or may file patent applications and may have received or may receive patents that overlap or conflict with our patent applications, either by claiming the same methods or devices or by claiming subject matter that could dominate our patent position. The patent positions of medical device companies, including our patent position, may involve complex legal, scientific and factual questions, and, therefore, the issuance, scope, validity and enforceability of any patent claims that we may obtain cannot be predicted with certainty. Patents, if issued, may be challenged, deemed unenforceable, invalidated or circumvented. Proceedings challenging our patents could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such proceedings may be costly. Thus, any patents that we may own, or to which we have ownership rights through licensing agreements, may not provide any protection against competitors. Furthermore, an adverse decision in a judicial or administrative proceeding can result in a third party receiving the patent right sought by us, which in turn could affect our ability to commercialize our products.

Patents covering our products could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad.

Although an issued patent is presumed valid and enforceable, its issuance is not conclusive as to its validity or its enforceability and it may not provide us with adequate proprietary protection or competitive advantages against competitors with similar products. Competitors could purchase our OviTex or OviTex PRS products and attempt to replicate the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around the relevant patents, or develop and obtain patent protection for more effective technologies, designs or methods. We may be unable to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, suppliers, vendors, former employees and current employees. The laws of some non-U.S. countries do not protect our proprietary rights to the same extent as the laws of the United States, and we may encounter significant problems in protecting our proprietary rights in these countries.

In addition, proceedings to enforce or defend our patents, or patents to which we have ownership rights through licensing agreements, could put those patents at risk of being invalidated, held unenforceable or interpreted narrowly. Such proceedings could also provoke third parties to assert claims against us, including that some or all of the claims in one or more of those patents are invalid or otherwise unenforceable. If any of the patents covering our OviTex or OviTex PRS products are invalidated or found unenforceable, or if a court found that valid, enforceable patents held by third parties covered one or more of our products, our competitive position could be harmed or we could be required to incur significant expenses to enforce or defend our rights.

Third parties may assert ownership or commercial rights to inventions we develop.

Third parties may in the future make claims challenging the inventorship or ownership of our intellectual property. In addition, we may face claims by third parties that our agreements with employees, contractors or consultants obligating them to assign intellectual property to us are ineffective or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such intellectual property. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property or may lose our exclusive rights in such intellectual property. Either outcome could harm our business and competitive position.

Litigation or other proceedings or third-party claims of intellectual property infringement could require us to spend significant time and money and could prevent us from selling our products or affect our stock price.

Our commercial success will depend in part on not infringing the patents or violating other proprietary rights of others. Significant litigation regarding patent rights occurs in our industry. Our competitors may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make, use and sell our products. We do not always conduct independent reviews of patents issued to third parties. In addition, patent applications in the United States and elsewhere can be pending for many years before issuance, or unintentionally abandoned patents or applications can be revived, so there may be applications of others now pending or recently revived patents of which we are unaware. Patent applications in the United States, the EU and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. These applications may later result in issued patents, or the revival of previously abandoned patents, that will prevent, limit or otherwise interfere with our ability to develop and market our products. Third parties may assert claims that we are employing their proprietary technology without authorization, including claims from competitors or from nonpracticing entities that have no relevant product revenue and against whom our own patent portfolio may have no deterrent effect.

As we continue to commercialize our products in their current or updated forms, launch new products and enter new markets, we expect competitors may claim that one or more of our products infringe their intellectual property rights as a strategy to impede our commercialization and entry into new markets. The large number of patents, the rapid rate of new patent applications and issuances, the complexities of the technologies involved, and the uncertainty of litigation may increase the risk of business resources and management's attention being diverted to patent litigation. We have received, and we may in the future receive, letters or other threats or claims from third parties inviting us to take licenses under, or alleging that we infringe, their patents.

Moreover, we may become party to adversarial proceedings regarding our or third-party patent portfolios. Such proceedings could include supplemental examination or contested post-grant proceedings such as review, reexamination, inter partes review, interference or derivation proceedings before the U.S. Patent and Trademark Office, or USPTO, and challenges in U.S. District Courts. Patents may be subjected to opposition, post-grant review or comparable proceedings lodged in various foreign, both national and regional, patent offices. The legal threshold for initiating litigation or contested proceedings may be low, so that even lawsuits or proceedings with a low probability of success might be initiated. Litigation and contested proceedings can also be expensive and time-consuming, and our adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can. We may also occasionally use these proceedings to challenge the patent rights of others. We cannot be certain that any particular challenge will be successful in limiting or eliminating the challenged patent rights of the third party.

Any lawsuits resulting from such allegations could subject us to significant liability for damages and/ or invalidate our proprietary rights. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop making, selling or using products or technologies that allegedly infringe the asserted intellectual property;
- lose the opportunity to license our technology to others or to collect royalty payments;
- incur significant legal expenses, including, in some cases, the attorney's fees and costs of litigation to the party whose intellectual property rights we may be found to be infringing;
- pay substantial damages (possibly treble damages) or royalties to the party whose intellectual property rights on which we may be found to be infringing;
- redesign products that contain the allegedly infringing intellectual property; and
- attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all.

Any litigation or claim against us, even those without merit, may cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our business and harm our reputation. If we are found to infringe the intellectual property rights of third parties, we could be required to pay substantial damages (which may be increased up to three times of awarded damages) and/or substantial royalties and could be prevented from selling our products unless we obtain a license or are able to redesign our products to avoid infringement. Any such license may not be available on reasonable terms, if at all, and there can be no assurance that we would be able to redesign our products in a technically feasible way that would not infringe the intellectual property rights of others. We could encounter delays in product introductions while we attempt to develop alternative methods or products. If we fail to obtain any required licenses or make any necessary changes to our products or technologies, we may have to withdraw existing products from the market or may be unable to commercialize one or more of our products.

Even if we were ultimately to prevail, any of these events could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business. Intellectual property litigation, regardless of its outcome, may cause negative publicity, adversely impact prospective customers, cause product shipment delays, or prohibit us from manufacturing, importing, marketing or otherwise commercializing our products, services and technology. In addition, if the breadth or strength of protection provided the patents and patent applications we own or in-license is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future products. In addition, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors view these announcements in a negative light, the price of our common stock could be adversely affected.

In addition, we generally indemnify our customers with respect to infringement by our products of the proprietary rights of third parties. Third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed or settle, we may be forced to pay damages or settlement payments on behalf of our customers or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed.

We also rely upon copyright and trade secret protection, as well as non-disclosure agreements and invention assignment agreements with our employees, consultants and third parties, to protect our confidential and proprietary information.

In addition to contractual measures, we try to protect the confidential nature of our proprietary information using commonly accepted physical and technological security measures. Such measures may not provide adequate protection for our proprietary information. Our security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products that we consider proprietary. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome of any such claim is unpredictable. Trade secret violations are often a matter of state law, and the criteria for protection of trade secrets can vary among different jurisdictions. In addition, trade secrets may be independently developed or reverse engineered by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our business and competitive position could be harmed.

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

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our target markets and our business may be adversely affected. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity, possibly leading to market confusion and potentially requiring us to pursue legal action. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names. If we are unable to successfully register our trademarks and trade names and establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations.

We may be unable to enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents covering our products in all countries throughout the world would be prohibitively expensive, and the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This could make it difficult for us to stop infringement of our foreign patents, if obtained, or the misappropriation of our other intellectual property rights. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries. Additionally, in the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand

recognition and could require us to devote resources to advertising and marketing new brands. Our competitors may infringe our trademarks, and we may not have adequate resources to enforce our trademarks.

Proceedings to enforce our patent or trademark rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

Third parties may assert that our employees or consultants have wrongfully used or disclosed confidential information or misappropriated trade secrets.

We employ individuals who previously worked with other companies, including our competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed intellectual property or personal data, including trade secrets or other proprietary information, of a former employer or other third party. Litigation may be necessary to defend against these claims. If we fail in defending any such claims or settling those claims, in addition to paying monetary damages or a settlement payment, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Recent changes in U.S. patent laws may limit our ability to obtain, defend and/or enforce our patents.

The United States has recently enacted and implemented wide ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U.S. Congress, the U.S. federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions, changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.

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

The USPTO and other patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In addition, periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and other patent agencies over the lifetime of the patent. While an inadvertent failure to make payment of such fees or to comply with such provisions can in many cases be cured by additional payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance with such provisions will result in the abandonment or lapse of the patent or patent application, and the partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our licensors fail to maintain the patents and patent applications covering our product or if we or our licensors otherwise allow our patents or patent applications to be

abandoned or lapse, it can create opportunities for competitors to enter the market, which would hurt our competitive position and could impair our ability to successfully commercialize our products.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

The term of any individual patent depends on applicable law in the country where the patent is granted. In the United States, provided all maintenance fees are timely paid, a patent generally has a term of 20 years from its application filing date or earliest claimed non-provisional filing date. Extensions may be available under certain circumstances, but the life of a patent and, correspondingly, the protection it affords is limited. Even if we or our licensors obtain patents covering our products, when the terms of all patents covering a product expire, our business may become subject to competition from products identical or similar to ours. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

We may be unable to patent term extension in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation.

In the United States, a patent that covers a drug product or medical device approved by the FDA may be eligible for a term extension designed to restore the period of the patent term that is lost during the premarket regulatory review process conducted by the FDA. Depending upon the timing, duration and conditions of FDA marketing approval of our products, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, which permits a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, and only claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. In the European Union, our product candidates may be eligible for term extensions based on similar legislation. In either jurisdiction, however, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Even if we are granted such extension, the duration of such extension may be less than our request. If we are unable to obtain a patent term extension, or if the term of any such extension is less than our request, the period during which we can enforce our patent rights for that product will be in effect shortened and our competitors may obtain approval to market competing products sooner. The resulting reduction of years of revenue from applicable products could be substantial.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- § others may be able to make products that are similar to our products or utilize similar technology but that are not covered by the claims of our patents or that incorporate certain technology in our products that is in the public domain;
- § we, or our future licensors or collaborators, might not have been the first to make the inventions covered by the applicable issued patent or pending patent application that we own now or may own or license in the future;
- § we, or our future licensors or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- § we may not be able to successfully commercialize our products before our relevant patents we may have, or to which we have ownership rights through licensing agreements, expire;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our current or future pending patent applications will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- our competitors or other third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Government Regulation

Our products and operations are subject to extensive government regulation and oversight both in the United States and internationally.

Our products are regulated as medical devices. We and our products are subject to extensive regulation in the United States and internationally including by the FDA and European Medicines Agency, or the EMA. The FDA, EMA and other foreign equivalents regulate, among other things, with respect to medical devices: design, development and manufacturing; testing, labeling, content and language of instructions for use and storage; clinical trials; product safety; establishment registration and device listing; marketing, sales and distribution; pre-market clearance and approval; record keeping procedures; advertising and promotion; recalls and field safety corrective actions; post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury; post-market approval studies; and product import and export.

The regulations to which we are subject are complex and have become more stringent over time. Failure to comply with applicable regulations could jeopardize our ability to sell our products and result in enforcement actions such as: warning letters; fines; injunctions; civil penalties; termination of distribution; recalls or seizures of products; delays in the introduction of products into the market; total or partial suspension of production; refusal to grant future clearances or approvals; withdrawals or suspensions of current approvals, resulting in prohibitions on sales of our products; and in the most serious cases, criminal penalties.

We may not receive, or may be significantly delayed in receiving, the necessary clearances or approvals for our future products and modifications to our current products may require new 510(k) clearances or PMA approvals, and may require us to cease marketing or recall the modified products until clearances or approvals are obtained.

An element of our strategy is to continue to add new features and expand the indications and uses for our current products. In the United States, before we can market a new medical device, or a new use of, new claim for or significant modification to an existing product, we must first receive either clearance under Section 510(k) of the Federal Food, Drug, and Cosmetic Act, or the FDCA, or approval of a PMA from the FDA, unless an exemption applies. Our products are cleared with the FDA, through clearances obtained and held by Aroa, under Section 510(k) of the FDCA, which permits marketing of a device if it is "substantially equivalent" to an already legally-marketed "predicate" device, which includes a device that has been previously cleared through the 510(k) process, a device that was legally marketed prior to May 28, 1976 (preamendments device), a device that was originally on the U.S. market pursuant to an approved PMA and

later downclassified, or a 510(k)-exempt device. To be "substantially equivalent," the proposed device must have the same intended use as the predicate device, and either have the same technological characteristics as the predicate device or have different technological characteristics and not raise different questions of safety or effectiveness than the predicate device. Clinical data are sometimes required to support substantial equivalence. In the PMA process, the FDA must determine that a proposed device is safe and effective for its intended use based, in part, on extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. To date, our products have been the subject of cleared 510(k)s, obtained and held by Aroa. For more information regarding the regulation of our products, see "Business — Government Regulation."

Modifications to products that are approved through a PMA application generally require FDA approval. Similarly, certain modifications made to products cleared through a 510(k) may require a new 510(k) clearance. Both the PMA approval and the 510(k) clearance process can be expensive, lengthy and uncertain. The FDA's 510(k) clearance process usually takes from three to 12 months, but can last longer. The process of obtaining a PMA is much more costly and uncertain than the 510(k) clearance process and generally takes from one to three years, or even longer, from the time the application is filed with the FDA. In addition, a PMA generally requires the performance of one or more clinical trials. Despite the time, effort and cost, we cannot assure you that any particular device will be approved or cleared by the FDA. Any delay or failure to obtain necessary regulatory clearances or approvals could harm our business.

In the United States, Aroa has obtained and holds 510(k) clearances from the FDA to market our OviTex and OviTex PRS products. An element of our strategy is to continue to upgrade our reinforced tissue matrix products. We expect that any such modifications may require new 510(k) clearances; however, future modifications may be subject to the substantially more costly, time-consuming and uncertain PMA process. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, product introductions or modifications could be delayed or canceled, which could cause our sales to decline.

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

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

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our future products under development. For example, in November 2018, FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it plans to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals include plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. The FDA also announced that it intends to finalize guidance to establish a premarket review pathway for "manufacturers of certain well-understood device types" as an alternative to the 510(k) clearance pathway and that such premarket review pathway would allow manufacturers to rely on objective safety and performance criteria recognized by the FDA to demonstrate substantial equivalence, obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. These proposals have not yet been finalized or adopted, and the FDA announced that it would seek public feedback prior to publication of any such proposals, and may work with Congress to implement such proposals through

legislation. Accordingly, it is unclear the extent to which any proposals, if adopted, could impose additional regulatory requirements on us that could delay our ability to obtain new 510(k) clearances, increase the costs of compliance, or restrict our ability to maintain our current clearances, or otherwise create competition that may negatively affect our business.

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

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

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

In addition, regulators may determine that our financial relationships with our principal investigators resulted in a perceived or actual conflict of interest that may have affected the interpretation of a study. Principal investigators for our clinical trials may serve as speakers or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA or other regulatory authority. The FDA or other regulatory authority may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA or other regulatory authority may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA or other regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of our future products.

To sell our products in member countries of the European Economic Area, or the EEA, our products must comply with the essential requirements of the EU Medical Devices Directive (Council Directive 93/42/EEC) and the Active Implantable Medical Devices Directive (Council Directive 90/385/EEC). Compliance with these requirements is a prerequisite to be able to affix the Conformité Européenne, or CE, mark to our products, without which they cannot be sold or marketed in the EEA. In the EEA, we have obtained the CE mark for our OviTex products. For more information regarding regulation of our products, see "Business—Government Regulation."

An element of our strategy is to continue to add new features and expand the indications and uses for our current products. Any modification to a 510(k)-cleared device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, requires a new 510(k) clearance or, possibly, approval of a PMA. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. Such modifications

can be expensive and uncertain in time and outcome. We may not be able to obtain additional 510(k) clearances or PMAs for new products or for modifications to, or additional indications for, our products in a timely fashion, or at all. Delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth. We have made modifications to our products in the past and expect to make additional modifications in the future that we believe do not or will not require additional clearances or approvals. If the FDA disagrees and requires new clearances or approvals for these modifications, we may be required to recall and to stop selling or marketing such products as modified until we obtain clearance or approval, which could harm our operating results and require us to redesign such products. In these circumstances, we may be subject to significant enforcement actions, including significant fines or penalties.

International regulatory approval processes may take more or less time than the FDA clearance or approval process. If we fail to comply with applicable FDA and comparable non-U.S. regulatory requirements, we may not receive regulatory clearances or approvals or may be subject to FDA or comparable non-U.S. enforcement actions.

We may be unable to obtain future regulatory clearance or approval in a timely manner, or at all, especially if existing regulations are changed or new regulations are adopted. For example, the FDA clearance or approval process can take longer than anticipated due to requests for additional clinical data and changes in regulatory requirements. A failure or delay in obtaining necessary regulatory clearances or approvals would materially adversely affect our business, financial condition and results of operations.

Although we have obtained regulatory clearance for our products, they will remain subject to extensive regulatory scrutiny.

We are subject to ongoing and pervasive regulatory requirements governing, among other things, the manufacturing, marketing, advertising, medical device reporting, selling and promoting our products. For example, we must submit periodic reports to the FDA as a condition of our clearance under Section 510(k). These reports include safety and effectiveness information about the device after its clearance. Failure to submit such reports, or failure to submit the reports in a timely manner, could result in enforcement action by the FDA.

Even after we have obtained the proper regulatory approval to market our products, they will be subject to ongoing regulatory requirements for design, development, manufacturing, testing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, recalls and field safety corrective actions, conduct of post-marketing studies and submission of safety, effectiveness and other post-market information, including both federal and state requirements in the United States and requirements of comparable non-U.S. regulatory authorities. Our failure to comply with applicable regulatory requirements could result in enforcement action by the FDA, EMA and applicable state regulatory authorities, which may include any of the following sanctions:

- § issue warning or untitled letters that would result in adverse publicity or may require corrective advertising;
- § fines, injunctions, consent decrees and civil penalties;
- § recalls, termination of distribution, administrative detention, or seizure of our products;
- § customer notifications or repair, replacement or refunds;
- § operating restrictions or partial suspension or total shutdown of production;
- § delays in or refusal to grant our requests for future clearances under Section 510(k) or pre-market approvals or EU regulatory approvals of new products, new intended uses, or modifications to existing products;
- § withdrawal or suspension of regulatory clearances or approvals;

- FDA refusal to issue certificates to non-U.S. governments needed to export products for sale in other countries; and
- criminal prosecution.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory clearance or approval is withdrawn, it would have a material adverse effect on our business, financial condition and results of operations.

Our products must be manufactured in accordance with federal and state regulations, and we could be forced to recall our products or terminate production if we fail to comply with these regulations.

The methods used in, and the facilities used for, the manufacture of our products must comply with the FDA's Quality System Regulation, or QSR, which is a complex regulatory scheme that covers the procedures and documentation of the design, testing, production, process controls, quality assurance, labeling, packaging, handling, storage, distribution, installation, servicing and shipping of medical devices. Furthermore, Aroa must maintain facilities, procedures and operations that comply with our quality standards and applicable regulatory requirements. The FDA enforces the QSR through periodic announced or unannounced inspections of medical device manufacturing facilities, which may include the facilities of subcontractors. Our products are also subject to similar state regulations and various EU laws and regulations governing manufacturing.

Aroa may not take the necessary steps to comply with applicable regulations, which could cause delays in the delivery of our products. For example, following an inspection in March 2017, Aroa received an FDA Form 483 that contained multiple observations related to its manufacturing processes and procedures. In addition, failure to comply with applicable FDA requirements or later discovery of previously unknown problems with our products or manufacturing processes could result in, among other things: untitled letters or warning letters; fines, injunctions or civil penalties; suspension or withdrawal of approvals; seizures or recalls of our products; total or partial suspension of production or distribution; administrative or judicially imposed sanctions; the FDA's refusal to grant pending or future clearances or approvals for our products; clinical holds; refusal to permit the import or export of our products; and criminal prosecution of us or our employees.

Any of these actions could significantly and negatively affect supply of our products. If any of these events occurs, our reputation could be harmed, we could be exposed to product liability claims and we could lose customers and experience reduced sales and increased costs.

If guidelines for soft tissue reconstruction surgery change or the standard of care evolves, we may need to redesign and seek new marketing authorization from the FDA for our OviTex and OviTex PRS products or other products we may commercialize in the future.

If guidelines for soft tissue reconstruction surgery change or the standard of care for reconstructing tissue evolves, we may need to redesign the applicable product and seek new approvals from the FDA. Our clearances under Section 510(k) of the FDCA are based on current soft tissue reconstruction surgery guidelines. If the guidelines change so that different surgeries or products become desirable, the clinical utility of one or more of our OviTex and OviTex PRS products or other products we may commercialize in the future could be diminished and our business could be adversely affected.

If any of our products cause or contribute to a death, serious injury, or other adverse medical events, or malfunction in certain ways, we will be required to report these events to FDA and other comparable regulatory authorities under applicable medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions. If we fail to comply with our reporting obligations, we would be subject to sanctions that could harm our reputation, business, financial condition and results of

operations. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us.

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

The FDA and EMA have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on a finding that there is reasonable probability that the device could cause serious injury or death. We may also choose to voluntarily recall a product if any material deficiency is found. For example, in April 2018, Aroa, as the product manufacturer, issued a voluntary recall of our resorbable OviTex products due to a reduction in the labeled shelf life of such products from 24 months to 18 months. The recall included a total of 1,974 units from 48 manufacturing lots and was ultimately terminated in April 2019. A government-mandated or voluntary recall by us could also occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future.

Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new clearances or approvals for the device before we may market or distribute the corrected device. Seeking such approvals may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines.

Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to the FDA. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification of the FDA. If the FDA disagrees with our determinations, it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

Legislative or regulatory reforms may make it more difficult and costly for us to obtain regulatory clearances or approvals for our products or to manufacture, market or distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulation of medical devices, or the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may

prevent or delay approval or clearance of our future products under development. For example, in November 2018, FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. These proposals have not yet been finalized or adopted, and the FDA announced that it would seek public feedback prior to publication of any such proposals, and may work with Congress to implement such proposals through legislation. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new statutes, regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of any future products or make it more difficult to obtain clearance of or approval for, manufacture, market or distribute our products. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require: additional testing prior to obtaining clearance or approval; changes to manufacturing methods; recall, replacement or discontinuance of our products; or additional record keeping.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of executive orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these executive actions will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose restrictions on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

On April 5, 2017, the European Parliament passed the Medical Devices Regulation (Regulation 2017/745), which repeals and replaces the EU Medical Devices Directive and the Active Implantable Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member states, the regulations would be directly applicable, i.e., without the need for adoption of EEA member state laws implementing them, in all EEA member states and are intended to eliminate current differences in the regulation of medical devices among EEA member states. The Medical Devices Regulation is intended to, among other things, establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation.

The Medical Devices Regulation will become applicable in 2020, and, once applicable, the new regulations will, among other things:

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

Failure to comply with these regulations may harm our business.

Changes in funding for the FDA and other government agencies could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new products and services from being developed or commercialized in a timely manner.

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

Disruptions at the FDA and other agencies may also slow the time necessary for new devices to be reviewed and/or approved or cleared by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Our relationships with surgeons, patients and payors in the U.S. are subject to applicable anti-kickback, fraud and abuse laws and regulations.

Our current and future operations with respect to the commercialization of our products are subject to various U.S. federal and state healthcare laws and regulations. These laws impact, among other things, our proposed sales, marketing, support and education programs and constrain our business and financial arrangements and relationships with third-party payors, surgeons and other healthcare professionals. The laws are described in greater detail in the section below under "Business — Government Regulation," and include, but are not limited to:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order, or arranging for or recommending the purchase, lease or order of, any good or service, for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the U.S. federal false claims laws, including the civil False Claims Act (which can be enforced through "qui tam," or whistleblower actions, by private citizens on behalf of the federal government), which prohibits any person from, among other things, knowingly presenting, or causing to be presented false or fraudulent claims for payment of government funds or knowingly making, using or causing to be made or used, a false record or statement material to an obligation to pay money to the government or knowingly and improperly avoiding, decreasing or concealing an obligation to pay money to the U.S. federal government;

- the U.S. federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for healthcare benefits, items or services by a healthcare benefit program, which includes both government and privately funded benefits programs; similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the Physician Payments Sunshine Act, implemented as the Open Payments program, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the Centers for Medicare and Medicare Services, or CMS, information related to certain payments made in the preceding calendar year and other transfers of value to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and

- state laws and regulations, including state anti-kickback and false claims laws, that may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require medical device companies to comply with the medical device industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; and state laws and regulations that require drug and device manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities.

The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance or reporting requirements in multiple jurisdictions increase the possibility that a healthcare or medical device company may fail to comply fully with one or more of these requirements. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. Certain physicians who influence the ordering or use of our products in procedures they perform have ownership interests in us and/or receive compensation for consulting services provided to us. It is possible that governmental authorities will conclude that our business practices do not comply with applicable fraud and abuse or other healthcare laws and regulations or guidance.

To enforce compliance with healthcare regulatory laws, certain enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Responding to investigations can be time- and resource-consuming and can divert management's attention from the business. Additionally, as a result of these investigations, healthcare providers and entities may also have to agree to additional compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlements could increase our costs or otherwise have an adverse effect on our business. Even an unsuccessful challenge or investigation into our practices could cause adverse publicity and be costly to respond to.

If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional oversight and reporting requirements if we become subject to a corporate integrity agreement to resolve allegations of non-compliance with these laws and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, they may be subject to the same criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

We are subject to anti-bribery, anti-corruption, and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, in which violations of these laws could result in substantial penalties and prosecution.

We are exposed to trade and economic sanctions and other restrictions imposed by the United States and other governments and organizations. The U.S. Departments of Justice, Commerce, State and Treasury and other federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the U.S. Foreign Corrupt Practices Act, or the FCPA, and other federal statutes and regulations, including those established by the Office of Foreign Assets Control. In addition, the U.K. Bribery Act of 2010, or the Bribery Act, prohibits both domestic and international bribery, as well as bribery across both private and public sectors. An organization that "fails to prevent bribery" by anyone associated with the organization can be charged under the Bribery Act unless the organization can establish the defense of having implemented "adequate procedures" to prevent bribery. Under these laws and regulations, as well as other anti-corruption laws, anti-money laundering laws, export control laws, customs laws, sanctions laws and other laws governing our operations, various government agencies may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of these laws or regulations would negatively affect our business, financial condition and results of operations.

We face risks related to our collection and use of data, which could result in investigations, inquiries, litigation, fines, legislative and regulatory action and negative press about our privacy and data protection practices.

Our business processes personal data, including some data related to health. When conducting clinical trials, we face risks associated with collecting trial participants' data, especially health data, in a manner consistent with applicable laws and regulations. We also face risks inherent in handling large volumes of data and in protecting the security of such data. We could be subject to attacks on our systems by outside parties or fraudulent or inappropriate behavior by our service providers or employees. Third parties may also gain access to users' accounts using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks or other means, and may use such access to obtain users' personal data or prevent use of their accounts. Data breaches could result in a violation of applicable U.S. and international privacy, data protection and other laws, and subject us to individual or consumer class action litigation and governmental investigations and proceedings by federal, state and local regulatory entities in the United States and by international regulatory entities, resulting in exposure to material civil and/or criminal liability. Further, our general liability insurance and corporate risk program may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that may be imposed.

As our operations and business grow, we may become subject to or affected by new or additional data protection laws and regulations and face increased scrutiny or attention from regulatory authorities. In the United States, HIPAA imposes, among other things, certain standards relating to the privacy, security, transmission and breach reporting of individually identifiable health information. Certain states have also adopted comparable privacy and security laws and regulations, some of which may be more stringent than HIPAA. Such laws and regulations will be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues for us and our future customers and strategic partners. In addition, California enacted the California Consumer Privacy Act, or CCPA, on June 28, 2018, which takes effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and many similar laws have been proposed at the federal level and in other states. In the event that we are subject to or affected by HIPAA, the CCPA or other domestic privacy and data

protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

This risk is enhanced in certain jurisdictions and, as we expand our operations domestically and internationally, we may be subject to additional laws in other jurisdictions. Any failure, or perceived failure, by us to comply with privacy and data protection laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business. The EU's General Data Protection Regulation, or GDPR, became effective in May 2018. The GDPR applies extraterritorially and imposes several stringent requirements for controllers and processors of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention of information, increased requirements pertaining to special categories of personal data and pseudonymised (i.e., key-coded) data and additional obligations when we contract third-party processors in connection with the processing of the personal data. The GDPR provides that EU member states may make their own laws and regulations limiting the processing of personal data, including special categories of data (e.g., racial or ethnic origin, political opinions, religious or philosophical beliefs) and profiling and automated individual decision-making of individuals, which could limit our ability to use and share personal data or other data and could cause our costs to increase, harming our business and financial condition. Non-compliance with GDPR is subject to significant penalties, including fines of up to €20.0 million or 4% of total worldwide revenue, whichever is greater. The implementation and enforcement of the GDPR may subject us to enforcement risk and requirements to change certain of our data collection, processing and other policies and practices. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages. If any of these events were to occur, our business and financial results could be adversely affected. Other jurisdictions outside the EU are similarly introducing or enhancing laws and regulations relating to privacy and data security, which enhances risks relating to compliance with such laws.

Additionally, we are subject to laws and regulations regarding cross-border transfers of personal data, including laws relating to transfer of personal data outside of the EEA. We rely on transfer mechanisms permitted under these laws, including EU Standard Contract Clauses. If we cannot rely on existing mechanisms for transferring personal data from the EEA, the United Kingdom or other jurisdictions, we could be prevented from transferring personal data of users or employees in those regions. This could adversely affect the manner in which we provide our services and thus materially affect our operations and financial results.

Healthcare policy changes, including recently enacted legislation reforming the U.S. healthcare system, could harm our business, financial condition and results of operations.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. In March 2010, the Affordable Care Act, or ACA, was enacted in the United States, which made a number of substantial changes in the way healthcare is financed by both governmental and private insurers. Among other ways in which it may affect our business, the ACA:

- imposed an annual excise tax of 2.3% on any entity that manufactures or imports medical devices offered for sale in the United States, with limited exceptions (described in more detail below), although the effective rate paid may be lower. Through a series of legislative amendments, the tax was suspended for 2016 through 2019. Absent further legislative action, the device excise tax will be reinstated on medical device sales starting January 1, 2020;

- established a new Patient-Centered Outcomes Research Institute to oversee and identify priorities in comparative clinical effectiveness research in an effort to coordinate and develop such research;

- implemented payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other healthcare providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models; and

- expanded the eligibility criteria for Medicaid programs.

We do not yet know the full impact that the ACA will have on our business. There have been judicial and political challenges to certain aspects of the ACA. For example, since January 2017, President Trump has signed two executive orders and other directives designed to delay, circumvent, or loosen certain requirements of the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. The Tax Cuts and Jobs Act of 2017, or Tax Act, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees. In July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, or the Texas District Court Judge, ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the Texas District Court Judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, reduced Medicare payments to providers by 2% per fiscal year, effective on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2027 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, enacted on April 16, 2015, repealed the formula by which Medicare made annual payment adjustments to physicians and implemented fixed annual updates and a new system of incentive payments that began in 2019 that are based on various performance measures and physicians' participation in alternative payment models such as accountable care organizations. It is unclear what effect new quality and payment programs, such as MACRA, may have on our business, financial condition, results of operations or cash flows.

We expect additional state and federal healthcare policies and reform measures to be adopted in the future, any of which could limit reimbursement for healthcare products and services or otherwise result in reduced demand for our products or other products we may commercialize in the future or additional pricing pressure and have a material adverse effect on our industry generally and on our customers. Any changes of, or uncertainty with respect to, future coverage or reimbursement rates could affect demand for our products or other products we may commercialize in the future, which in turn could impact our ability to successfully commercialize our products or other products we may commercialize in the future and could have a material adverse effect on our business, financial condition and results of operations.

Our business involves the use of hazardous materials and we and Aroa must comply with environmental laws and regulations, which may be expensive and restrict how we do business.

Aroa's activities in manufacturing our products may involve the controlled storage, use and disposal of hazardous materials. Aroa is or may be subject to federal, state, local and non-U.S. laws and regulations governing the use, generation, manufacture, storage, handling and disposal of these hazardous materials. We currently carry no insurance specifically covering environmental claims relating to the use of hazardous materials.

Although we believe that Aroa's safety procedures for handling and disposing of these materials and waste products comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental injury or contamination from the use, storage, handling or disposal of hazardous materials. In the event of an accident, federal, state or other applicable authorities may curtail Aroa's use of these materials and interrupt their business operations which could adversely affect our business.

Compliance with environmental laws and regulations may be expensive and non-compliance could result in substantial liabilities, fines and penalties, personal injury and third party property damage claims and substantial investigation and remediation costs. Environmental laws and regulations could become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violations. We cannot assure you that violations of these laws and regulations will not occur in the future or have not occurred in the past as a result of human error, accidents, equipment failure or other causes. The expense associated with environmental regulation and remediation could harm our financial condition and results of operations.

Risks Related to Our Business and Products

Our financial results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly and annual results of operations may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter or period should not be relied upon as an indication of future performance. Our quarterly and annual financial results may fluctuate as a result of a variety of factors, many of which are outside our control.

Factors that may cause fluctuations in our quarterly and annual results include:

- surgeon and patient adoption of our products;
- timing of new product offerings, acquisitions, licenses or other significant events by us or our competitors;
- changes in coverage policies by third-party payors that affect the reimbursement of procedures in which our products are used;
- unanticipated pricing pressure;
- our ability to obtain and maintain regulatory clearance or approval for any products in development or for our current products for additional indications or in additional jurisdictions;
- the hiring, retention and continued productivity of our sales representatives;
- our ability to expand the geographic reach of our sales and marketing efforts;
- results of clinical research and trials on our existing products and products in development;
- delays in, or failure of, component and raw material deliveries by Aroa;
- recalls or other field safety corrective actions by Aroa; and
- positive or negative coverage in the media or clinical publications of our products or products of our competitors or our industry.

Because our quarterly and annual results may fluctuate, period-to-period comparisons may not be the best indication of the underlying results of our business. These fluctuations may also increase the likelihood that

we will not meet our forecasted performance, which could negatively affect the market price for our common stock.

We may be unable to compete successfully with larger competitors in our highly competitive industry.

The medical device industry is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. Our competitors also compete with us in recruiting and retaining qualified scientific, management and commercial personnel, as well as in acquiring technologies complementary to, or necessary for, our products. Because of the complex and technical nature of our products and the dynamic market in which we compete, any failure to attract and retain a sufficient number of qualified employees could materially harm our ability to develop and commercialize our products, which would have a material adverse effect on our business, financial condition and results of operations.

In the United States, we currently compete with LifeCell Corporation, an affiliate of Allergan plc, and Davol Inc., a subsidiary of C.R. Bard, Inc. which produce, among other things, soft tissue reconstruction surgery products, including Strattice and Phasix, respectively. In the EEA, we compete with C.R. Bard, Inc. who produces other soft tissue reinforcement products. Many of these competitors are large, well-capitalized companies with significantly greater market share and resources than us. As a consequence, they are able to spend more on product development, marketing, sales and other product initiatives than we can. We believe other emerging businesses are in the early stages of developing similar products designed for soft tissue reconstruction surgery. Although we are the only ovine-derived implantable product designed for soft tissue reconstruction surgery, there are other soft tissue reconstruction surgery products derived solely, or in part, from other biological sources.

Most of the other soft tissue reconstruction surgery products currently have a greater penetration into the soft tissue reconstruction surgery market. Often, other soft tissue reconstruction surgery products with which our products compete are marketed as part of a bundled product line, which may provide our potential customers a better price-per-product than we could offer. If we are unable to penetrate the soft tissue reconstruction surgery market, or offer competitive pricing on our products compared with products sold as part of a bundled product line, it could have a material adverse effect on our business, financial condition and results of operations.

In addition, competitors with greater financial resources could acquire other companies to gain enhanced name recognition and market share, as well as new technologies or products that could effectively compete with our existing products, which may cause our revenue to decline and would harm our business.

We may be unable to obtain contract positions with major GPOs and integrated delivery networks, or IDNs, for our products, and even if we are able to do so, such contracts may not generate sufficient sales of our products.

Many existing and potential customers for our products within the United States are members of GPOs and IDNs, including accountable care organizations or public-based purchasing organizations, and our business strategy is focused on entering into major contracts with these organizations. Our products can be contracted under national tenders or with larger hospital GPOs. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process. We are currently responding to bids and negotiating a number of GPO and IDN agreements. Due to the highly competitive nature of the bidding process and the GPO and IDN contracting processes in the United States, we may not be able to obtain contract positions with major GPOs and IDNs for our products. In addition, while having a contract with a major purchaser for a given product category can facilitate sales, sales volumes of those products may not be maintained. For example, GPOs and IDNs are increasingly awarding contracts to multiple suppliers for the same product category. Even if we are the sole contracted supplier of a GPO or IDN for our product

category, members of the GPO or IDN generally are free to purchase from other suppliers. Furthermore, GPO and IDN contracts typically are terminable without cause upon 60 to 90 days' notice.

We face the risk of product liability claims that could be expensive, divert management's attention and harm our reputation and business.

Our business exposes us to the risk of product liability claims that are inherent in the testing, manufacturing and marketing of medical devices. This risk exists even if a product is cleared or approved for commercial sale by the FDA or EMA, and manufactured in facilities licensed and regulated by the FDA or EMA. Any side effects, manufacturing defects or misuse associated with our products could result in patient injury or death. The industry in which we operate has historically been subject to extensive litigation over product liability claims, and we cannot offer any assurance that we will not face product liability suits. We may be subject to product liability claims if our products cause, or merely appear to have caused, patient injury or death. In addition, an injury that is caused by the activities of Aroa may be the basis for a claim against us. Product liability claims may be brought against us by patients, healthcare providers or others selling or otherwise coming into contact with our products. If we cannot successfully defend ourselves against product liability claims, we will incur substantial liabilities and reputational harm. In addition, regardless of merit or eventual outcome, product liability claims may result in substantial litigation costs, product recalls or market withdrawals, decreased sales and demand for our products and damage to our reputation.

While we may attempt to manage our product liability exposure by proactively recalling or withdrawing from the market any defective products, any recall or market withdrawal of our products may delay the supply of those products to our customers and may impact our reputation. We can provide no assurance that we will be successful in initiating appropriate market recall or market withdrawal efforts that may be required in the future or that these efforts will have the intended effect of preventing product malfunctions and the accompanying product liability that may result. Such recalls and withdrawals may also be used by our competitors to harm our reputation for safety or be perceived by patients as a safety risk when considering the use of our products, either of which could have a material adverse effect on our business, financial condition and results of operations.

Although we have product liability insurance that we believe is appropriate, this insurance is subject to deductibles and coverage limitations. In addition, our current product liability insurance may not continue to be available to us on acceptable terms, if at all, and, if available, coverage may not be adequate to protect us against any future product liability claims. A product liability claim, recall or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could have a material adverse effect on our business, financial condition and results of operations.

The continuing development of our products depends upon our maintaining strong working relationships with surgeons.

The research, development, marketing and sale of our current and future products and any future product indications for which we receive regulatory clearance or approval depend upon our maintaining working relationships with surgeons. We rely on these professionals to provide us with considerable knowledge and experience regarding the development, marketing and sale of our products. Surgeons assist us in clinical trials and in marketing, and as researchers, product consultants and public speakers. If we cannot maintain our strong working relationships with these professionals and continue to receive their advice and input, the development and marketing of our products could suffer, which could have a material adverse effect on our business, financial condition and results of operations. At the same time, the medical device industry's relationship with surgeons is under increasing scrutiny by the U.S. Department of Health and Human Services Office of Inspector General, or the OIG, the U.S. Department of Justice, or the DOJ, the state attorneys general and other foreign and domestic government agencies. Our failure to comply with requirements governing the industry's relationships with surgeons or an investigation into our compliance by

the OIG, the DOJ, state attorneys general and other government agencies, could have a material adverse effect on our business, financial condition and results of operations. Additional information regarding the laws impacting our relationships with surgeons and other healthcare professionals can be found above under "Risks Related to Government Regulation."

We have limited data and experience regarding the safety and efficacy of our products. Results of earlier studies may not be predictive of future clinical trial results, or the safety or efficacy profile for such products.

We currently have 91 patients enrolled in our ongoing prospective, single arm multicenter post-market clinical study, or our BRAVO study, which we are conducting to support the marketing of our OviTex products for their cleared indicated uses, and do not currently have any clinical data for use of our OviTex PRS products in patients. The long-term effects of using our products in a large number of patients have not been studied and the results of short-term clinical use of such products do not necessarily predict long-term clinical benefits or reveal long-term adverse effects. The results of preclinical studies and clinical studies of our products conducted to date and ongoing or future studies and trials of our current, planned or future products may not be predictive of the results of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Our interpretation of data and results from our clinical trials do not ensure that we will achieve similar results in future clinical trials in other patient populations. In addition, preclinical and clinical data are often susceptible to various interpretations and analyses, and many companies that have believed their products performed satisfactorily in preclinical studies and earlier clinical trials have nonetheless failed to replicate results in later clinical trials. Products in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through nonclinical studies and earlier clinical trials.

Interim or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose interim or preliminary data from our BRAVO study or other clinical studies that we may conduct in the future, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a full analyses of all data related to the particular trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the interim results that we report may differ from future results of the same trials, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Interim or preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim or preliminary data should be viewed with caution until the final data are available. We may also disclose interim data from our clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our business in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise

regarding a particular drug, product candidate or our business. If the interim or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to use such results to support the marketing of our products may be jeopardized.

The sizes of the markets for our current and future products have not been established with precision, and may be smaller than we estimate.

Our estimates of the annual total addressable markets for our current products and products under development are based on a number of internal and third-party estimates, including, without limitation, the number of hernia and soft tissue reconstruction surgery patients and overall market and the assumed prices at which we can sell our products. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable market for our products may prove to be incorrect. If the price at which we can sell future products, or the annual total addressable market for our products is smaller than we have estimated, it may impair our sales growth and have an adverse impact on our business.

Our results of operations could be materially harmed if we are unable to accurately forecast customer demand for our products and manage our inventory.

Our reinforced tissue matrix products have a limited shelf life and will expire if not timely used. To ensure adequate inventory supply, we must forecast inventory needs and place orders with Aroa based on our estimates of future demand for our reinforced tissue matrix products. Our ability to accurately forecast demand for such products could be negatively affected by many factors, including:

- product introductions by competitors;
- an increase or decrease in surgeon demand for our products or for products of our competitors;
- our failure to accurately manage our expansion strategy;
- our failure to accurately forecast surgeon acceptance of new products;
- our failure to obtain contracts with a significant number of GPOs and IDNs;
- unanticipated changes in general market conditions or regulatory matters; and
- weakening of economic conditions or consumer confidence.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, which would cause our gross margin to be adversely affected and could impair the strength of our brand. Additionally, we are subject to the risk that a portion of our inventory will expire, which could have a material adverse effect on our earnings and cash flows due to the resulting costs associated with the inventory impairment charges and costs required to replace such inventory. Conversely, if we underestimate customer demand for our products, Aroa may not be able to deliver products to meet our requirements, and this could result in damage to our reputation and customer relationships. In addition, if we experience a significant increase in demand, additional supplies of raw materials or additional manufacturing capacity may not be available when required on terms that are acceptable to us, or at all, or Aroa may not be able to allocate sufficient capacity to meet our increased requirements, which could have an adverse effect on our ability to meet customer demand for our products and our results of operations.

Our ability to maintain our competitive position depends on our ability to attract and retain senior management and other highly qualified personnel.

We are highly dependent on our senior management and other key personnel. Our success depends in part on our continued ability to attract, retain and motivate highly qualified senior management and attract, retain and motivate qualified employees, including sales and marketing professionals, clinical specialists and other highly skilled personnel. Competition for skilled personnel in our market is intense and may limit

our ability to hire and retain highly qualified personnel on acceptable terms, or at all. If we are not successful in attracting and retaining highly qualified personnel, it would have a material adverse effect on our business, financial condition and results of operations. The loss of highly qualified employees could result in delays in product development and commercialization and harm our business

Although we have entered into employment agreements with all of our executive officers, each of them may terminate their employment with us at any time. The replacement of any of our key personnel likely would involve significant time and costs and may significantly delay or prevent the achievement of our business objectives and could therefore have an adverse effect on our business. We also do not maintain "key man" insurance policies on the lives of these individuals or the lives of any of our other employees.

We rely on our own direct sales force for our products, which may result in higher fixed costs than our competitors and may slow our ability to reduce costs.

We rely on our own direct sales force, which as of June 30, 2019 consisted of 23 representatives in the United States and 2 representatives in Europe, to market and sell our products. A direct sales force may subject us to higher fixed costs than those of companies that market competing products through independent third parties, due to the costs that we will bear associated with employee benefits, training and managing sales personnel. As a result, we may be at a competitive disadvantage. Additionally, these fixed costs may slow our ability to reduce costs in the face of a sudden decline in demand for our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our employees, independent contractors, consultants, commercial partners, distributors and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, consultants, commercial partners and vendors may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) the rules of the FDA and other similar foreign regulatory bodies; (ii) manufacturing standards; (iii) healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; (iv) data privacy laws and other similar non-U.S. laws; or (v) laws that require the true, complete and accurate reporting of financial information or data. These laws may impact, among other things, future sales, marketing and education programs.

It is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal and administrative penalties, additional integrity reporting and oversight obligations and possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, any of which could adversely affect our ability to operate our business and our results of operations. Whether or not we are successful in defending against any such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations, which could have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected by any interruption to our ability to conduct business at our current location.

We do not have redundant facilities. We perform substantially all of our research and development and back office activity and maintain all our finished goods inventory in a single location in Malvern, Pennsylvania.

Our facility, equipment and inventory would be costly to replace and could require substantial lead time to repair or replace. The facility may be harmed or rendered inoperable by natural or man-made disasters, including, but not limited to, tornadoes, flooding, fire and power outages, which may render it difficult or impossible for us to perform our customer service research, development and commercialization activities for some period of time. The inability to perform those activities, combined with the time it may take to rebuild our inventory of finished product, may result in the loss of customers or harm to our reputation. Although we possess insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and this insurance may not continue to be available to us on acceptable terms, or at all.

If we experience significant disruption or a breach in our information technology systems, our business could be adversely affected.

We rely extensively on information technology systems to conduct our business. These systems affect, among other things, ordering and managing products, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal and tax requirements, data security and other processes necessary to manage our business. If our systems are damaged or cease to function properly due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate on a timely basis, we may experience interruptions in our operations, which could have an adverse effect on our business. Furthermore, any breach in our information technology systems could lead to the unauthorized access, disclosure and use of non-public information from our patient registry or other patient information which is protected by HIPAA and other laws. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information and damage to our reputation.

Economic conditions may adversely affect our business.

Adverse worldwide economic conditions may negatively impact our business. Our general business strategy may be adversely affected by such economic conditions or the presence of a volatile business environment or unpredictable and unstable market conditions. Adverse worldwide economic conditions may also adversely impact our suppliers' ability to provide us with materials and components, which could have a material adverse effect on our business, financial condition and results of operations.

If we become profitable, our ability to use our net operating loss carryforwards and other tax attributes to offset future taxable income or taxes may be subject to limitations.

As described under "—Risks Related to Our Limited Operating History, Financial Position and Capital Requirements," we have incurred net losses since our inception, and expect to continue to incur operating losses for the foreseeable future. If we become profitable in the future, our ability to use net operating loss carryforwards, or NOLs, and other tax attributes to offset future taxable income or reduce taxes may be subject to limitations. In general, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" (generally defined as a greater than 50% cumulative change by value in its equity ownership of certain stockholders over a rolling three-year period) is subject to an annual limitation on its ability to utilize its pre-change NOLs and other tax attributes (including any research and development credit carryforwards). Similar provisions of state tax law may also apply to limit the use of our state NOLs and other tax attributes.

We have not performed an analysis to determine whether our past issuances of stock and other changes in our stock ownership may have resulted in one or more ownership changes within the meaning of Sections 382 and 383 of the Code. In addition, we may experience an ownership change in connection with this offering or in the future as a result of subsequent changes in our stock ownership, some of which are outside our control. If an ownership change has occurred in the past or occurs in the future, we may not

be able to use a material portion of our NOLs and other tax attributes to offset future taxable income or taxes if we attain profitability.

In addition to any limitation imposed by Section 382 of Code, the use of NOLs arising after December 31, 2017 generally is limited to a deduction of 80% of taxable income for the corresponding taxable year. NOLs arising after December 31, 2017 may not be carried back to previous taxable years, but may be carried forward indefinitely.

Risks Related to Our Common Stock and this Offering

There has been no prior public market for our common stock and an active trading market may never develop or be sustained.

Prior to this offering, there has been no public market for our common stock. Although we have applied to list our common stock on the Nasdaq Global Market, or Nasdaq, an active trading market for our common stock may never develop following completion of this offering or, if developed, may not be sustained. The lack of an active trading market may impair the value of your shares and your ability to sell your shares at the time you wish to sell them. An inactive trading market may also impair our ability to raise capital by selling shares of our common stock and enter into strategic partnerships or acquire other complementary products, technologies or businesses by using shares of our common stock as consideration. Furthermore, even if approved for listing there can be no guarantee that we will continue to satisfy the continued listing standards of Nasdaq. If we fail to satisfy the continued listing standards, we could be de-listed, which would have a negative effect on the price of our common stock.

The price of our common stock may be volatile and you may lose all or part of your investment.

The initial public offering price for the shares of our common stock sold in this offering is determined by negotiation between the representatives of the underwriters and us. This price may not reflect the market price of our common stock following this offering. In addition, the market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- the volume and timing of sales of our products;
- the introduction of new products or product enhancements by us or others in our industry;
- disputes or other developments with respect to our or others' intellectual property rights;
- our ability to develop, obtain regulatory clearance for, and market new and enhanced products on a timely basis;
- product liability claims or other litigation;
- quarterly variations in our results of operations or those of others in our industry;
- media exposure of our products or of those of others in our industry;
- changes in governmental regulations or in reimbursement;
- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may significantly affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our common stock shortly following this offering. If the market price of shares of our common stock after this offering does not ever exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources from our business.

We do not intend to pay dividends on our common stock, so any returns will be limited to increases, if any, in our stock's value. Your ability to achieve a return on your investment will depend on appreciation, if any, in the price of our common stock.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, the agreement governing our credit facility precludes, and any future debt agreements may preclude, us from paying cash dividends. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on, among other factors, our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. Any return to stockholders will therefore be limited to the appreciation in the value of their stock, if any.

Our directors, officers and principal stockholders have significant voting power and may take actions that may not be in the best interests of our other stockholders.

After this offering, our officers, directors and principal stockholders each holding more than 5% of our common stock, collectively, will control approximately % of our outstanding common stock. As a result, these stockholders, if they act together, will be able to significantly influence our management and affairs and most matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. The interests of these stockholders may not be the same as or may even conflict with your interests. For example, these stockholders could attempt to delay or prevent a change in control, even if such change in control would benefit our other stockholders, which could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our capital stock or our assets, and might affect the prevailing market price of our common stock due to investors' perceptions that conflicts of interest may exist or arise. As a result, this concentration of ownership may not be in the best interests of our other stockholders. Certain of our existing stockholders, including certain of our directors and entities affiliated with certain of our directors, have indicated an interest in purchasing up to % of the shares of our common stock in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase, the underwriters may determine to sell more, fewer or no shares in this offering to any or all of these stockholders, or any or all of these stockholders may determine to purchase more, fewer or no shares in this offering. The foregoing discussion does not give effect to any potential purchases by these stockholders in this offering.

A significant portion of our outstanding shares of common stock are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that these sales may occur, could result in a decrease in the market price of our common stock. Immediately after this offering, we will have outstanding shares of common stock, based on the number of shares common stock outstanding as of September 30, 2019, (after giving effect to the automatic conversion of all shares of our preferred stock into shares of our common stock immediately prior to the closing of this offering). This includes the shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates or existing stockholders. Of the remaining shares, shares are currently restricted as a result of securities laws or 180-day lock-up agreements (which may be waived, with or without notice, by

the representatives of the underwriters) but will be able to be sold beginning 180 days after this offering, unless held by one of our affiliates, in which case the resale of those securities will be subject to volume limitations under Rule 144 of the Securities Act of 1933, as amended, or the Securities Act. See "Shares Eligible for Future Sale." Moreover, after this offering, holders of an aggregate of up to shares of our common stock, (including shares of our common stock issuable upon the automatic conversion of all shares of our preferred stock into shares of our common stock immediately prior to the closing of this offering), will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders as described in the section of this prospectus entitled "Description of Capital Stock — Registration Rights." We also intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market, subject to volume limitations applicable to affiliates and the lockup agreements referred to above and described in the section of this prospectus entitled "Underwriting."

We are an emerging growth company and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." In particular, while we are an "emerging growth company" (i) we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, (ii) we will be exempt from any rules that could be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on financial statements, (iii) we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and (iv) we will not be required to hold nonbinding advisory votes on executive compensation or stockholder approval of any golden parachute payments not previously approved.

We may remain an emerging growth company until as late as December 31, 2024, the fiscal year-end following the fifth anniversary of the completion of this initial public offering, though we may cease to be an "emerging growth company" earlier under certain circumstances, including if (i) we have more than $1.07 billion in annual revenue in any fiscal year, (ii) the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 or (iii) we issue more than $1.0 billion of non-convertible debt over a three-year period.

The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile.

If you purchase shares of our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

Investors purchasing shares of our common stock in this offering will pay a price per share that substantially exceeds the pro forma as adjusted net tangible book value per share of our common stock. As a result, investors purchasing common stock in this offering will incur immediate dilution of $ per share, representing the difference between our assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and our pro forma as adjusted net tangible book value per share as of June 30, 2019. To the extent outstanding options to purchase shares of our common stock are exercised, new investors may incur further dilution. For more information on the dilution you may experience as a result of investing in this offering, see the section of this prospectus entitled "Dilution."

We will have broad discretion in the use of proceeds of this offering designated for working capital and general corporate purposes.

We intend to use the net proceeds from this offering to hire additional sales and marketing personnel and expand marketing activities to support the ongoing commercialization of our OviTex and OviTex PRS product lines, to fund the research and development of new product offerings, post-market studies and IDE protocol development for our OviTex PRS products and for working capital and general corporate purposes. Within those categories, we have not determined the specific allocation of the net proceeds of this offering. Our management will have broad discretion over the use and investment of the net proceeds of this offering within those categories. Accordingly, investors in this offering have only limited information concerning our management's specific intentions and will need to rely upon the judgment of our management with respect to the use of proceeds.

We expect to incur significant additional costs as a result of being a public company.

Upon completion of this offering, we expect to incur costs associated with corporate governance requirements that will become applicable to us as a public company, including rules and regulations of the SEC, under the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the Securities Exchange Act of 1934, as amended, or the Exchange Act, as well as the rules of Nasdaq. These rules and regulations are expected to significantly increase our accounting, legal and financial compliance costs and make some activities more time-consuming. We also expect these rules and regulations to make it more expensive for us to maintain directors' and officers' liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Accordingly, increases in costs incurred as a result of becoming a publicly traded company may adversely affect our business, financial condition and results of operations.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon the closing of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well those controls and procedures are conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

We are at risk of securities class action litigation.

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

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

If a trading market for our common stock develops, the trading market will be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the

analysts who publish information about our common stock will have had relatively little experience with us or our business and products, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline and result in the loss of all or a part of your investment in us.

Provisions in our corporate charter documents and under Delaware law could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our fourth amended and restated certificate of incorporation and our second amended and restated bylaws that will become effective upon the closing of this offering may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. As our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions provide, among other things, that:

- our board of directors has the exclusive right to expand the size of our board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- our stockholders may not act by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a special meeting of stockholders may be called only by the chair of our board of directors, our chief executive officer (or president, in the absence of a chief executive officer) or a majority of our board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- our fourth amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- our board of directors may alter certain provisions of our second amended and restated bylaws without obtaining stockholder approval;
- the approval of the holders of at least two-thirds of our shares entitled to vote at an election of our board of directors is required to adopt, amend or repeal our second amended and restated bylaws or repeal the provisions of our fourth amended and restated certificate of incorporation regarding the election and removal of directors;
- stockholders must provide advance notice and additional disclosures to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain voting control of our shares; and

- our board of directors is authorized to issue shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

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

Our fourth amended and restated certificate of incorporation that will become effective upon the completion of this offering provides that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United State District Court for the District of Delaware) is the exclusive forum, to the fullest extent permitted by law, for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our fourth amended and restated certificate of incorporation or second amended and restated bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine, except, in each case, (A) any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than such court, or (C) for which such court does not have subject matter jurisdiction, in all cases subject to the courts having jurisdiction over indispensable parties named as defendants. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. For example, stockholders who do bring a claim in the Court of Chancery could face additional litigations costs in pursuing any such claim, particularly if they do not reside in or near the State of Delaware. The Court of Chancery may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more favorable to us than to our stockholders. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our fourth amended and restated certificate of incorporation to be inapplicable or unenforceable in such action. Alternatively, if a court were to find the choice of forum provision contained in our fourth amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. This provision will not apply to actions arising under the Securities Act or Exchange Act. Our fourth amended and restated certificate of incorporation and second amended and restated bylaws further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act, however, creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and conditions, as well as our plans, objectives and expectations for our business operations and financial performance and condition. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "design," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "positioned," "potential," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. In addition, statements that "we believe" or similar statements reflect our beliefs and opinions on the relevant subject. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These forward-looking statements include, but are not limited to, statements regarding:

- estimates regarding future results of operations, financial position, research and development costs, capital requirements and our needs for additional financing;
- the commercial success and the degree of market acceptance of our products;
- our ability to expand, manage and maintain our direct sales and marketing organization and to market and sell our products in the United States;
- the performance of Aroa in connection with the development and production of our products;
- our ability to compete successfully with larger competitors in our highly competitive industry;
- our ability to achieve and maintain adequate levels of coverage or reimbursement for our current or any future products we may seek to commercialize;
- our ability to enhance our products, expand our indications and develop and commercialize additional products;
- the development, regulatory approval, efficacy and commercialization of competing products;
- our business model and strategic plans for our products, technologies and business, including our implementation thereof;
- the size of the markets for our current and future products;
- our ability to attract and retain senior management and other highly qualified personnel;
- our ability to obtain additional capital to finance our planned operations;
- our ability to commercialize or obtain regulatory approvals for our products, or the effect of delays in commercializing or obtaining regulatory approvals;
- regulatory developments in the United States and internationally;
- our ability to develop and maintain our corporate infrastructure, including our internal controls;
- our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing the intellectual property rights of others;
- our expectations regarding the use of proceeds from this offering; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

These forward-looking statements are based on management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate, and management's beliefs and assumptions are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in the forward-looking statements are reasonable, the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements may not be achieved or occur at all. You should refer to the

section titled "Risk Factors" and elsewhere in this prospectus for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements speak only as of the date of this prospectus. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research, as well as from independent market research, industry and general publications and surveys, governmental agencies and publicly available information in addition to research, surveys and studies conducted by third parties. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. All of the market and industry data used in this prospectus involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

In addition, while we believe the industry, market and competitive position data included in this prospectus is reliable and based on reasonable assumptions, such data involve risks and uncertainties and are subject to change based on various factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties or by us.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase up to additional shares of common stock), based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by $ million, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million in the number of shares of common stock offered by us, as set forth on the cover of this prospectus, would increase (decrease) the net proceeds to us by $ million, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We currently intend to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- approximately $ to hire additional sales and marketing personnel and expand marketing activities to support the ongoing commercialization of our OviTex and OviTex PRS product lines,
- approximately $ to fund product development and research and development activities, which may include post-market clinical studies and IDE protocol development for our OviTex PRS products, and
- the remainder for working capital and general corporate purposes.

We may also use a portion of the remaining net proceeds to in-license, acquire or invest in complementary businesses, technologies, products or assets. However, we have no current commitments or obligations to do so.

This expected use of the net proceeds from this offering represents our intentions based on our current plans and business conditions, which could change in the future as our plans and business conditions evolve. Our management will have broad discretion over the use of the net proceeds from this offering, and our investors will be relying on the judgment of our management regarding the application of the net proceeds of this offering.

Pending the use of the net proceeds from this offering as described above, we intend to invest the net proceeds in a variety of capital preservation instruments, including short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the United States government.

DIVIDEND POLICY

Immediately prior to the completion of this offering, we intend to issue shares of common stock to our existing holders of Series A and Series B preferred stock representing accrued dividends, or the Accrued Dividends, due upon the conversion of their Series A and Series B preferred stock into common stock in connection with this offering at a fair market value determined by our board of directors which we expect will equal the initial public offering price. The Series A and Series B preferred stock are entitled to receive the Accrued Dividends at a rate per year of 8% of the original issuance price of $1.00 and $1.16, respectively.

The number of shares of common stock to be issued in satisfaction of the Accrued Dividends will be determined by dividing the amount of the Accrued Dividends by the fair value of one share of our common stock immediately prior to the payment of the Accrued Dividends. The following demonstrates the number of shares of common stock that would be outstanding immediately after the conversion of all of our preferred stock and the issuance of shares of our common stock in satisfaction of the Accrued Dividends, but before this offering, assuming the fair market values of one share of our common stock as set forth below:

Fair Market Value	$	$	$	$	$
Shares Outstanding					

Other than the Accrued Dividends, we do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business. Any future determination related to dividend policy will be made at the discretion of our board of directors, subject to applicable laws, and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions, capital requirements and other factors the board of directors deem relevant. In addition, our credit agreement with OrbiMed contains covenants that restrict our ability to pay cash dividends and our ability to pay cash dividends on our capital stock in the future may be limited by the terms of any future debt or preferred securities we issue or any other credit facilities we enter into.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2019, as follows:

- an actual basis;
- on a pro forma basis to give effect to (1) the issuance of 1,463,959 shares of Series B preferred stock that were sold in July 2019 for net proceeds of $1.7 million, (2) the automatic conversion of all our preferred stock outstanding including accrued dividends payable into an aggregate of shares of our common stock immediately prior to the completion of this offering based on an assumed initial public offering price of $ per share (3) the reclassification of $1.7 million preferred stock warrant liability into additional paid-in capital upon the conversion of all outstanding warrants to purchase shares of our Series B preferred stock into warrants to purchase shares of our common stock.
- a pro forma as adjusted basis, giving effect to the pro forma adjustments discussed above, and giving further effect to the issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our cash and capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with the sections titled "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

(in thousands except share and per share data)	As of June 30, 2019		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted[1]
Cash and cash equivalents	$ 15,873	$	$
Long-term debt with related party	$ 29,977	$	$
Preferred stock warrant liability	1,678		
Redeemable convertible preferred stock, $0.001 par value per share 105,392,793 shares authorized, 96,088,188 issued and outstanding, actual; no shares authorized, issued or outstanding pro forma and pro forma as adjusted	141,063		
Stockholders' (deficit) equity:			
Preferred stock; $0.001 par value: no shares authorized, issued or outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock; $0.001 par value: 127,157,528 shares authorized; 7,372,350 shares issued and 7,345,531 shares outstanding, actual; shares authorized, issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	7		
Additional paid-in capital	—		
Accumulated other comprehensive loss	(3)		
Accumulated deficit	(153,751)		
Total stockholders' (deficit) equity	$ (153,747)	$	$
Total capitalization	$ 18,971	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) each of cash and cash equivalents, additional paid-in capital and total stockholders' (deficit) equity by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million in the number of shares of common stock offered by us would increase (decrease) the cash and cash equivalents, additional paid-in capital and stockholders' (deficit) equity by $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of our common stock in the table above is based on shares of common stock outstanding as of June 30, 2019, which gives effect to the pro forma transactions described above, and excludes:

- 13,074,180 shares of our common stock issuable upon the exercise of stock options outstanding as of June 30, 2019, at a weighted-average exercise price of $0.24 per share;
- 26,819 shares of our unvested common stock that are subject to repurchase by us as of June 30, 2019;
- shares of our common stock issuable upon the exercise of warrants to purchase shares of our Series B preferred stock outstanding as of June 30, 2019, which will convert into warrants to purchase shares of our common stock immediately prior to the completion of this offering, at an exercise price of $ per share;

- shares of common stock issuable upon the conversion immediately prior to completion of this offering of 1,463,959 shares of Series B preferred stock issued to investors on July 31, 2019;
- 1,318,203 shares of our common stock as of June 30, 2019 that remain available for issuance under the 2012 Plan; and
- shares of our common stock reserved for future issuance under our 2019 Plan, which will become effective immediately prior to the completion of this offering, as well as any automatic increases in the number of shares of our common stock reserved for future issuance pursuant to the 2019 Plan.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering.

Our historical net tangible book deficit as of June 30, 2019 was $156.9 million, or $21.36 per share of common stock based on 7,345,531 shares of common stock outstanding as of such date. Our historical net tangible book deficit represents our total tangible assets less total liabilities and preferred stock divided by the number of shares of our common stock outstanding as of June 30, 2019.

Our pro forma net tangible book value (deficit) as of June 30, 2019 was $ million, or $ per share of our common stock. Pro forma net tangible book value (deficit) represents the amount of our total tangible assets less our total liabilities after giving effect to (i) the issuance of 1,463,959 shares of Series B preferred stock that were sold in July 2019 for net proceeds of $1.7 million, (ii) the automatic conversion of all our preferred stock outstanding including accrued dividends payable into an aggregate of shares of our common stock based on an assumed initial public offering price of $ per share and (iii) the reclassification of $1.7 million preferred stock warrant liability into additional paid-in capital upon the conversion of all outstanding warrants to purchase shares of our Series B preferred stock into warrants to purchase shares of our common stock. Pro forma net tangible book value (deficit) per share is our pro forma net tangible book value (deficit) divided by the number of shares of our common stock deemed to be outstanding as of June 30, 2019.

After giving effect to the issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value (deficit) as of June 30, 2019 would have been $ million, or $ per share. This represents an immediate increase (decrease) in pro forma as adjusted net tangible book value (deficit) of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of our common stock in this offering. We determine dilution per share to new investors by subtracting our pro forma as adjusted net tangible book value per share after this offering from the assumed public offering price per share paid by new investors in this offering.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book deficit per share as of June 30, 2019	$ (21.36)	
Decrease in historical net tangible book deficit per share attributable to pro forma transactions and other adjustments described above		
Pro forma net tangible book value (deficit) per share as of June 30, 2019		
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors participating in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) our pro forma as adjusted net tangible book value (deficit) per share after this offering by $ per share

and the dilution per share to new investors participating in this offering by $ per share, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million in the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value (deficit) per share after this offering by $ per share and increase (decrease) the dilution per share to new investors participating in this offering by $ per share, assuming that the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise in full their option to purchase up to additional shares of common stock, the pro forma as adjusted net tangible book value (deficit) per share after giving effect to this offering would be $ per share, representing an immediate increase to existing stockholders of $ per share and immediate dilution to new investors participating in this offering of $ per share assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table shows, as of June 30, 2019, on a pro forma as adjusted basis as described above, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid, or to be paid, by existing stockholders and by new investors purchasing common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount (in thousands)	Percent	Average Price Per Share
Existing stockholders before this offering		%	$	%	$
New investors participating in this offering					
Total		100%		100%	

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), would increase (decrease) the total consideration paid by new investors participating in this offering and total consideration paid by all stockholders by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The above table assumes no exercise of the underwriters' option to purchase additional shares. If the underwriters exercise their option to purchase additional shares in full, our existing stockholders before this offering would own % and our new investors participating in this offering would own % of the total number of shares of our common stock outstanding immediately prior to the completion of this offering. Additionally, the consideration paid to us by existing stockholders before this offering would be $ million, or approximately % of the total consideration, and the consideration paid to us by new investors participating in this offering would be $ million, or approximately % of the total consideration.

The above table assumes no exercise of options or warrants for our common stock as of June 30, 2019 that will remain outstanding after this offering. If the holders of options and warrants were to exercise and purchase additional shares of common stock in full, our existing stockholders before this offering would own % and our new investors participating in this offering would own % of the total number of shares of our common stock outstanding immediately prior to the completion of this offering. Additionally, the consideration paid to us by existing stockholders before this offering would be $ million, or approximately % of the total consideration, and the consideration paid to us by new investors participating in this offering would be $ million, or approximately % of the total consideration.

The foregoing discussion and tables (other than the historical net tangible book value calculation) are based on shares of common stock outstanding as of June 30, 2019, which gives effect to the pro forma transactions described above, and excludes:

- 13,074,180 shares of our common stock issuable of stock options outstanding as of June 30, 2019, at a weighted-average exercise price of $0.24 per share;
- 26,819 shares of our unvested common stock that are subject to repurchase by us as of June 30, 2019;
- shares of our common stock issuable upon the exercise of warrants to purchase shares of our Series B preferred stock outstanding as of June 30, 2019, which will convert into warrants to purchase shares of our common stock immediately prior to the completion of this offering, at an exercise price of $ per share;
- 1,318,203 shares of our common stock as of June 30, 2019 that remain available for issuance under the 2012 Plan; and
- shares of our common stock reserved for future issuance under our 2019 Plan, which will become effective immediately prior to the completion of this offering, as well as any automatic increases in the number of shares of our common stock reserved for future issuance pursuant to the 2019 Plan.

To the extent that stock options are exercised, new stock options are issued under our stock incentive plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected consolidated financial data together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. The selected consolidated financial data included in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and the related notes included elsewhere in this prospectus.

We derived the selected consolidated statement of operations data for the years ended December 31, 2017 and 2018 and the selected consolidated balance sheet data as of December 31, 2017 and 2018 from our audited consolidated financial statements and accompanying notes appearing elsewhere in this prospectus. We derived the selected statements of operations data for the six months ended June 30, 2018 and 2019 and the selected balance sheet data as of June 30, 2019 from our unaudited interim consolidated financial statements and accompanying notes appearing elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

	Year ended December 31,		Six months ended June 30,	
	2017	2018	2018	2019
	(in thousands, except share and per share data)			
Statement of Operations:				
Revenue	$ 4,245	$ 8,274	$ 3,635	$ 6,609
Cost of revenue (excluding amortization of intangible assets)	1,713	4,547	2,455	2,752
Amortization of intangible assets	—	785	633	152
Gross profit	2,532	2,942	547	3,705
Operating expenses:				
Sales and marketing	8,712	13,646	6,022	7,942
General and administrative	4,958	4,899	1,967	2,529
Research and development	5,786	4,339	2,318	2,714
Gain on litigation settlement	—	(2,160)	—	—
Total operating expenses	19,456	20,724	10,307	13,185
Loss from operations	(16,924)	(17,782)	(9,760)	(9,480)
Other (expense) income:				
Interest expense	(4,558)	(1,802)	(728)	(1,826)
Loss on extinguishment of debt	—	(1,822)	(615)	—
Change in fair value of preferred stock warrant liability	54	244	174	(38)
Other income	94	70	34	117
Total other (expense) income	(4,410)	(3,310)	(1,135)	(1,747)
Net loss	(21,334)	(21,092)	(10,895)	(11,227)
Accretion of redeemable convertible preferred stock to redemption value	(5,893)	(8,823)	(7,948)	(4,787)
Net loss attributable to common stockholders	$ (27,227)	$ (29,915)	$ (18,843)	$ (16,014)
Net loss per common share, basic and diluted	$ (3.78)	$ (4.11)	$ (2.59)	$ (2.19)
Weighted average common, shares outstanding, basic and diluted	7,208,547	7,283,167	7,273,968	7,313,934
Pro forma net loss per common, share basic and diluted (unaudited)[1]		$		$
Pro forma weighted average shares outstanding, basic and diluted (unaudited)[1]				

(1) See Note 3 to our annual and interim consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma net loss per common share, basic and diluted.

	As of December 31, 2017	As of December 31, 2018	June 30, 2019
Balance Sheet Data (in thousands):			
Cash and cash equivalents	$ 11,346	$ 17,278	$ 15,873
Working capital[(1)]	8,199	13,695	15,104
Total assets	15,532	27,227	26,627
Long-term debt	3,610	29,733	29,977
Preferred stock warrant liability	1,697	1,640	1,678
Redeemable convertible preferred stock	111,349	124,150	141,063
Total stockholders' deficit	$ (108,171)	$ (137,860)	$ (153,747)

(1) We define working capital as current assets minus current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Selected Consolidated Financial Data" and the consolidated financial statements and the related notes included elsewhere in this prospectus. In addition to historical financial information, the following discussion contains forward-looking statements based upon our current plans, expectations and beliefs that involve risks, uncertainties and assumptions. Our actual results may differ materially from those described in or implied by these forward-looking statements as a result of many factors, including those set forth under the section titled "Risk Factors" and in other parts of this prospectus.

Overview

We are a commercial stage medical technology company focused on designing, developing and marketing a new category of tissue reinforcement materials to address unmet needs in soft tissue reconstruction. We offer a portfolio of advanced reinforced tissue matrices that improve clinical outcomes and reduce overall costs of care in hernia repair, abdominal wall reconstruction and plastic and reconstructive surgery. Our products are an innovative solution that integrate multiple layers of minimally-processed biologic material with interwoven polymers in a unique embroidered pattern, which we refer to as a reinforced tissue matrix. Our products have been implanted by surgeons in more than 6,500 patients with no reported explantations due to failure of the product.

Our first portfolio of products, the OviTex Reinforced Tissue Matrix, or OviTex, addresses unmet needs in hernia repair and abdominal wall reconstruction by combining the benefits of biologic matrices and polymer materials while minimizing their shortcomings, at a cost-effective price. Our OviTex products have received 510(k) clearance from the U.S. Food and Drug Administration, or FDA, which clearance was obtained and is currently held by Aroa Biosurgery, Ltd., or Aroa, our exclusive manufacturer and supplier, and have demonstrated safety and clinical effectiveness in our ongoing, prospective, single arm multicenter post-market clinical study, which we refer to as our BRAVO study. The first 32 patients who reached one year follow-up in the BRAVO study had experienced no ventral hernia recurrences, no explantations and no surgical site occurrences requiring follow-up surgery. Our second portfolio of products, the OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, addresses unmet needs in plastic and reconstructive surgery.

Prior to obtaining FDA clearance for our first OviTex product, we devoted substantially all of our resources to the design and development of our reinforced tissue matrices. Our development efforts to date have included an extensive non-human primate preclinical research data set for OviTex. We began commercialization of our OviTex products in the United States in July 2016 and they are now sold to more than 200 hospital accounts. In the first half of 2017, we began scaling our U.S. direct commercial presence and we initiated our BRAVO study in April 2017. Our OviTex portfolio consists of multiple products for hernia repair and abdominal wall reconstruction, inguinal hernia repair and hiatal hernia repair. In addition, to address the significant increase in the number of robotic-assisted hernia repairs over the last several years we have designed an OviTex product for use in laparoscopic and robotic-assisted surgery called OviTex LPR which we began commercializing in November 2018. We introduced additional sizes of our OviTex products in both 25 × 30 cm and 25 × 40 cm sizes in January 2019. In April 2019, our OviTex PRS products received 510(k) clearance from the FDA for plastic and reconstructive surgery, which clearance was obtained and is currently held by Aroa. In addition to our current portfolio, we are developing new product features and designs for both our OviTex and OviTex PRS portfolios.

We market our products through a single direct sales force, predominantly in the United States. We plan to continue to invest in our commercial organization by adding account managers, clinical development specialists, business managers and administrative support staff in order to cover the top 500 hospitals that

we believe perform approximately 55% of our targeted soft tissue reconstruction procedures. We plan to continue to contract with group purchasing organizations, or GPOs, and integrated delivery networks, or IDNs, to increase access to and penetration of hospital accounts.

Our products are manufactured by our exclusive manufacturer and supplier of our products, Aroa at their FDA registered and ISO 13485 facility in Auckland, New Zealand. We maintain our exclusive manufacturing and long-term supply and license agreement, or Aroa License, for the exclusive supply of ovine rumen and manufacture of our reinforced tissue matrices under which we purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products. This revenue sharing arrangement allows us to competitively price our products and pass along cost-savings to our customers. Pursuant to the terms of this agreement, we made payments to Aroa totaling $2.3 million upfront and $3.0 million in connection with certain milestones. In addition, we are obligated to pay Aroa up to an aggregate of $3.0 million in remaining revenue-based milestone payments.

Since inception, we have financed our operations primarily through private placements of our preferred stock, issuance of convertible promissory notes, amounts borrowed under our credit facilities and sales of our products. We have devoted the majority of our resources to defending our intellectual property and researching and developing our products and product candidates. We have invested in our direct sales and marketing infrastructure in order to expand our presence and to promote awareness and adoption of our products. As of June 30, 2019, we had 22 sales territories in the United States.

Substantially all of our revenue to date has been generated by the sale of our OviTex products. Our revenue for the years ended December 31, 2017 and 2018 was $4.2 million and $8.3 million, respectively, an increase of $4.0 million, or 95% in the year ended December 31, 2018 as compared to the year ended December 31, 2017. Net loss decreased from $21.3 million in the year ended December 31, 2017 to $21.1 million in the year ended December 31, 2018.

Our revenue for the six months ended June 30, 2018 and 2019 was $3.6 million and $6.6 million, respectively, an increase of $3.0 million, or 82%. Net loss increased from $10.9 million for the six months ended June 30, 2018 to $11.2 million for the six months ended June 30, 2019. We have not been profitable since inception and as of June 30, 2019, we had an accumulated deficit of $153.8 million.

Components of Our Results of Operations

Revenue

Substantially all of our revenue consists of direct sales of our products to hospital accounts in the United States. Depending on the terms of our agreements with our customers, we recognize revenue related to product sales either when control transfers, which generally occurs when the product is shipped to the customer, or when the product is utilized in a surgical procedure in the case of consignment agreements. Fees charged to customers for shipping are recognized as revenue. Recent revenue growth has been driven by, and we expect continued growth as a result of, increasing revenue from product sales due to our expanding customer base.

Cost of Revenue

Cost of revenue primarily consists of the costs of licensed products purchased from Aroa, charges related to excess and obsolete inventory adjustments, and costs related to shipping. We purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products. The initial term of our Aroa License terminates on the later of (i) August 3, 2022, or (ii) the expiration of the last patent covering bovine and ovine products, with an option to extend for an additional ten year period. We expect our cost of revenue to increase in absolute dollars as, and to the extent, our sales volume grows.

Amortization of Intangible Assets

Amortization of intangible assets relates to the amortization of capitalized milestone amounts paid or probable to be paid to Aroa related to license fees or commercialization rights after future economic benefit

has been established for a product. These capitalized milestone amounts relate to regulatory clearances, the receipt of certain supply quantities of product, and amounts based upon aggregate net sales thresholds within a specified territory, and are amortized over the remaining useful life of the intellectual property.

Gross Profit and Gross Margin

Our gross profit is calculated by subtracting our cost of revenue and amortization of intangible assets from our revenue. We calculate our gross margin percentage as our gross profit divided by our revenue. Our gross margin has been, and we expect it will continue to be, affected by a variety of factors, including sales volume and excess and inventory obsolescence costs. Our gross profit may increase to the extent our revenue grows.

Sales and Marketing Expenses

Sales and marketing expenses consist of market research and commercial activities related to the sale of OviTex and OviTex PRS and salaries and related benefits, sales commissions and stock-based compensation for employees focused on these efforts. Other significant sales and marketing expenses include costs incurred with post-market clinical studies, conferences and trade shows, promotional and marketing activities, as well as travel and training expenses.

Over time we expect our sales and marketing expenses to increase in absolute dollars as we continue to expand our commercial organization to both drive and support our planned growth in revenue. We expect our sales and marketing expenses to continue to decrease as a percentage of revenue primarily as, and to the extent, our revenue grows.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation for personnel in executive, finance, information technology and administrative functions. General and administrative expenses also include direct and allocated facility-related costs, insurance costs and professional fees for legal, consulting, investor and public relations, accounting, and audit services.

We expect that our general and administrative expenses will increase in absolute dollars as we expand our headcount to support our growth and incur additional expenses related to operating as a public company, including director and officer insurance coverage, legal costs, accounting costs, costs related to exchange listing and costs related to U.S. Securities and Exchange Commission, or SEC, compliance and investor relations. We expect our general and administrative expenses to continue to decrease as a percentage of revenue primarily as, and to the extent, our revenue grows.

Research and Development Expenses

Research and development expenses consist primarily of product research, engineering, product development, regulatory compliance and clinical development. These expenses include salaries and related benefits, stock-based compensation, consulting services, costs associated with our preclinical studies, costs incurred with our manufacturing partner under development agreements related to technology transfer, laboratory materials and supplies and an allocation of related facilities costs. We expense research and development costs as they are incurred.

We expect research and development expenses in absolute dollars to increase in the future as we develop new products and enhance existing products. We expect research and development expenses as a percentage of revenue to vary over time depending on the level and timing of new product development initiatives.

Gain on Litigation Settlement

In 2018, we recognized a gain on litigation settlement related to a litigation claim that we had brought against the former carrier for our directors and officer and employment practices liability insurance for breach of contract and failure to reimburse us for defense costs incurred in litigation against LifeCell Corporation, or LifeCell, that was fully settled in 2016.

Interest Expense

Interest expense consists of cash interest under our credit facilities, non-cash interest attributable to the accrual of final payment fees and the amortization of deferred financing costs related to our indebtedness.

Loss on Extinguishment of Debt

Loss on extinguishment of debt consists of the excess consideration paid over the net carrying value of our debt at the time of extinguishment.

Change in Fair Value of Preferred Stock Warrant Liability

Outstanding warrants to purchase shares of our preferred stock are classified as liabilities, recorded at fair value and are subject to re-measurement at each balance sheet date until they are exercised, expire or are otherwise settled. The change in fair value of our preferred stock warrant liability reflects a non-cash charge primarily driven by changes in the fair value of our underlying Series B preferred stock.

Results of Operations

Comparison of the Six Months Ended June 30, 2018 and 2019

	Six months ended June 30,		Change	
	2018	2019	Dollar	Percentage
	(in thousands except percentages)			
Revenue	$ 3,635	$ 6,609	$ 2,974	82%
Cost of revenue (excluding amortization of intangible assets)	2,455	2,752	297	12%
Amortization of intangible assets	633	152	(481)	(76)%
Gross profit	547	3,705	3,158	577%
Gross margin	15%	56%		
Operating expenses:				
Sales and marketing	6,022	7,942	1,920	32%
General and administrative	1,967	2,529	562	29%
Research and development	2,318	2,714	396	17%
Total operating expenses	10,307	13,185	2,878	28%
Loss from operations	(9,760)	(9,480)	280	(3)%
Other (expense) income:				
Interest expense	(728)	(1,826)	(1,098)	151%
Loss on extinguishment of debt	(615)	—	615	(100)%
Change in fair value of preferred stock warrant liability	174	(38)	(212)	(122)%
Other income	34	117	83	244%
Total other (expense) income	(1,135)	(1,747)	(612)	54%
Net loss	$ (10,895)	$ (11,227)	$ (332)	3%

Revenue

Revenue increased by $3.0 million, or 82%, from $3.6 million for the six months ended June 30, 2018 to $6.6 million for the six months ended June 30, 2019. The increase in revenue was primarily driven by an increase in unit sales of our products due to the expansion of our commercial organization and increased penetration within existing customer accounts as well as the introduction of larger sizes of OviTex during

2019. During the six months ended June 30, 2019, we sold 1,694 units of OviTex compared to 945 units of OviTex during the six months ended June 30, 2018, a 79% increase in unit sales volume. We commenced a limited launch of OviTex PRS in May 2019, selling 13 units during the six months ended June 30, 2019.

Cost of Revenue

Cost of revenue (excluding amortization of intangible assets) increased by $0.3 million to $2.8 million for the six months ended June 30, 2019 from $2.5 million for the six months ended June 30, 2018. The increase in cost of revenue was primarily the result of higher revenue due to the growth in the number of OviTex and OviTex PRS units sold offset by a lower charge related to excess and obsolete inventory. During the six months ended June 30, 2018, we recognized a $1.4 million charge related to excess and obsolete inventory adjustments, primarily due to Aroa reducing the shelf life of a certain product line. During the six months ended June 30, 2019, we recognized a $0.9 million charge related to excess and obsolete inventory adjustments as the hospital contract approval process for our new products was longer than anticipated. We launched several new products in 2019 and inventory was purchased to accommodate anticipated demand, which has been slower to materialize than anticipated. Such demand was slower to materialize than anticipated because the expected sales by product did not correlate with the actual sales by product after launch, we experienced longer than expected turnaround times for approvals to add new products to hospital contracts and usage ramp-up was slower than initially predicted. This trend has not continued and accordingly we do not expect this to impact our business. We continue to monitor our products' shelf life, have adjusted our consigned inventory deployment strategies, have adjusted our ordering patterns and have implemented smaller lot sizes for certain size products in an attempt to reduce the need for future inventory reserve charges.

Amortization of Intangible Assets

Amortization of intangible assets was $0.6 million for the six months ended June 30, 2018 as compared to $0.2 million for the six months ended June 30, 2019. In May 2018, we achieved one of our regulatory milestones, and we determined that certain commercial sales milestone targets under our licensing agreement with Aroa became probable of being met. As a result, we recorded a payment obligation as an intangible asset that required a cumulative amortization charge of $0.4 million to be recognized during the six months ended June 30, 2018.

Gross Margin

Gross margin increased from 15% for the six months ended June 30, 2018 to 56% for the six months ended June 30, 2019. The increase was primarily due to a $0.5 million decrease in excess and obsolete inventory adjustments recognized during the six months ended June 30, 2019 as compared to the prior year period, primarily due to Aroa reducing the shelf life of a certain product line during the six months ended June 30, 2018 and the $0.4 million cumulative amortization charge recognized during the six months ended June 30, 2018.

Sales and Marketing

Sales and marketing expenses increased by $1.9 million, or 32%, from $6.0 million for the six months ended June 30, 2018 to $7.9 million for the six months ended June 30, 2019. The increase was primarily due to higher salary and commission costs of $1.2 million as a result of our sales expansion activities, including hiring of additional sales personnel and expansion of marketing activities costs of $0.7 million, consistent with our growth in revenue.

General and Administrative

General and administrative expenses increased by $0.6 million, or 29%, from $2.0 million for the six months ended June 30, 2018 to $2.5 million for the six months ended June 30, 2019. The increase was primarily due to higher personnel costs of $0.6 million to support our expansion activities.

Research and Development

Research and development expenses increased by $0.4 million, or 17%, from $2.3 million for the six months ended June 30, 2018 to $2.7 million for the six months ended June 30, 2019. The increase in research and development expense primarily relates to a $0.5 million license fee payment made to Aroa during the six months ended June 30, 2019 to extend certain rights under the Aroa License.

Interest Expense

Interest expense increased by $1.1 million, or 151%, from $0.7 million for the six months ended June 30, 2018 to $1.8 million for the six months ended June 30, 2019. The increase was primarily due to having a larger principal balance outstanding with a higher interest rate during the six months ended June 30, 2019 compared to the prior year period.

Loss on Extinguishment of Debt

We recorded a loss on the extinguishment of debt of $0.6 million during the six months ended June 30, 2018 related to the refinancing of our credit facility with Hercules Capital, Inc., or Hercules, in April 2018. The loss was primarily composed of the write-off of unamortized debt discounts and prepayment penalties at the time of extinguishment.

Change in Fair Value of Preferred Stock Warrant Liability

The fair value of our preferred stock warrant liability increased during the six months ended June 30, 2019, primarily attributable to an increase in the fair value of our Series B preferred stock. As a result, we recognized a loss on the change in the fair value of our preferred stock warrant liability of $38,000 during the six months ended June 30, 2019.

Other Income

Other income increased by $83,000, which was primarily attributable to having a larger cash balance which earned more interest income during the six months ended June 30, 2019 as compared to the prior year period.

Comparison of the Years Ended December 31, 2017 and 2018

	Year Ended December 31,		Change	
	2017	2018	Dollar	Percentage
	(in thousands, except percentages)			
Revenue	$ 4,245	$ 8,274	$ 4,029	95%
Cost of revenue (excluding amortization of intangible assets)	1,713	4,547	2,834	165%
Amortization of intangible assets	—	785	785	—%
Gross profit	2,532	2,942	410	16%
Gross margin	60%	36%		
Operating expenses:				
Sales and marketing	8,712	13,646	4,934	57%
General and administrative	4,958	4,899	(59)	(1)%
Research and development	5,786	4,339	(1,447)	25%
Gain on litigation settlement	—	(2,160)	(2,160)	—%
Total operating expenses	19,456	20,724	1,268	7%
Loss from operations	(16,924)	(17,782)	(858)	5%
Other (expense) income:				
Interest expense	(4,558)	(1,802)	2,756	(60)%
Loss on extinguishment of debt	—	(1,822)	(1,822)	—%
Change in fair value of preferred stock warrant liability	54	244	190	352%
Other income	94	70	(24)	(26)%
Total other (expense) income	(4,410)	(3,310)	1,100	(25)%
Net loss	$ (21,334)	$ (21,092)	$ 242	(1)%

Revenue

Revenue increased by $4.0 million, or 95%, from $4.2 million for the year ended December 31, 2017 to $8.3 million for the year ended December 31, 2018. The increase in revenue was primarily driven by an increase in unit sales of our products due to the expansion of our commercial organization and increased penetration within the market. During 2018, we sold 2,110 units of OviTex as compared to 1,027 units of OviTex during 2017, a 105% increase in unit sales volume.

Cost of Revenue

Cost of revenue (excluding amortization of intangible assets) increased by $2.8 million, or 165%, from $1.7 million for the year ended December 31, 2017 to $4.5 million for the year ended December 31, 2018. The increase in cost of revenue was primarily the result of an increase in revenue as well as a $1.8 million increase in our excess and obsolete inventory reserve recognized during the year ended December 31, 2018 as compared to the same period in the prior year, primarily due to Aroa reducing the shelf life of a certain product line.

Amortization of Intangible Assets

Amortization of intangible assets was $0.8 million for the year ended December 31, 2018. In May 2018, we determined that certain milestone targets under our licensing agreement with Aroa became probable of being met and recorded the payment obligation as an intangible asset. There were no intangible assets or related amortization expense during the year ended December 31, 2017.

Gross Margin

Gross margin decreased from 60% for the year ended December 31, 2017 to 36% for the year ended December 31, 2018. The decrease was primarily due to a $1.8 million increase in excess and obsolete inventory adjustments recognized during 2018 as compared to the prior year period, primarily due to Aroa reducing the shelf life of a certain product line during 2018. We also recognized $0.8 million in amortization of intangible assets in 2018. There was no such expense in 2017.

Sales and Marketing

Sales and marketing expenses increased by $4.9 million, or 57%, from $8.7 million for the year ended December 31, 2017 to $13.6 million for the year ended December 31, 2018. The increase was primarily due to higher salary and commission costs of $2.6 million as a result of our sales expansion activities, including hiring of additional sales personnel and expansion of marketing activity costs of $2.3 million, consistent with our growth in revenue.

General and Administrative

General and administrative expenses remained flat for the year ended December 31, 2017 compared to the year ended December 31, 2018.

Research and Development

Research and development expenses decreased by $1.4 million, or 25%, from $5.8 million for the year ended December 31, 2017 to $4.3 million for the year ended December 31, 2018. The decrease in research and development expense was primarily attributable to a decrease in licensing payments of $0.5 million, a decrease in external testing and analysis costs of $0.2 million and a decrease of $0.7 million in overall research and development efforts as we shifted our focus to the commercialization of our approved products.

Gain on Litigation Settlement

In 2018, we recognized a gain on litigation settlement of $2.2 million related to a litigation claim that we had brought against the former carrier for our directors and officer and employment practices liability insurance for breach of contract and failure to reimburse us for defense costs incurred in litigation against LifeCell that was fully settled in 2016.

Interest Expense

Interest expense decreased by $2.8 million, or 60%, from $4.6 million for the year ended December 31, 2017 to $1.8 million for the year ended December 31, 2018. The decrease was primarily due to a decrease of $1.4 million related to non-cash accretion expense, and a decrease of $1.4 million related to the recognition of a beneficial conversion feature recognized in 2017.

Loss on Extinguishment of Debt

We recorded a loss on the extinguishment of debt of $1.8 million during the year ended December 31, 2018 related to the repayment of borrowings and cancellation of refinancing of our credit facilities with Hercules and MidCap Financial Trust, or MidCap, in April and November, respectively. The losses were primarily comprised of the write-off of unamortized debt discounts and prepayment penalties at the time of extinguishment.

Change in Fair Value of Preferred Stock Warrant Liability

The fair value of our preferred stock warrant liability decreased during each of the years ended December 31, 2017 and 2018, primarily attributable to the decrease in the remaining contractual term of the outstanding warrants. As a result, we recognized a gain on the change in the fair value of our preferred stock warrant liability of $54,000 and $0.2 million during the years ended December 31, 2017 and 2018, respectively.

Quarterly Results of Operations Data

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the six most recent quarters in the period ended June 30, 2019. We have prepared the unaudited quarterly consolidated statements of operations data on a consistent basis with the audited consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited quarterly consolidated statements of operations data reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. The consolidated statements of operations data should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of results for a full year or for any future period.

	Three Months Ended					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in thousands)					
Revenue	$ 1,552	$ 2,083	$ 2,212	$ 2,427	$ 3,306	$ 3,303
Cost of revenue (excluding amortization of intangible assets)	1,344	1,111	769	1,323	1,432	1,320
Amortization of intangible assets	—	633	76	76	76	76
Gross profit	208	339	1,367	1,028	1,798	1,907
Gross margin	13%	16%	62%	42%	54%	58%
Operating expenses:						
Sales and marketing	2,779	3,243	3,608	4,016	3,995	3,947
General and administrative	944	1,023	1,399	1,533	1,324	1,205
Research and development	1,192	1,126	1,044	977	1,659	1,055
Gain on litigation settlement	—	—	(2,160)	—	—	—
Total operating expenses	4,915	5,392	3,891	6,526	6,978	6,207
Loss from operations	(4,707)	(5,053)	(2,524)	(5,498)	(5,180)	(4,300)
Other (expense) income:						
Interest expense	(280)	(448)	(309)	(765)	(912)	(914)
Loss on extinguishment of debt	—	(615)	—	(1,207)	—	—
Change in fair value of preferred stock warrant liability	(5)	179	17	53	36	(74)
Other income	21	13	10	26	90	27
Total other (expense) income	(264)	(871)	(282)	(1,893)	(786)	(961)
Net loss	$ (4,971)	$ (5,924)	$ (2,806)	$ (7,391)	$ (5,966)	$ (5,261)

Liquidity and Capital Resources

Overview

As of June 30, 2019, we had cash and cash equivalents of $15.9 million and an accumulated deficit of $153.8 million compared to cash and cash equivalents of $17.3 million and an accumulated deficit of

$137.9 million as of December 31, 2018. We have incurred operating losses since our inception, and we anticipate that our operating losses will continue in the near term as we seek to expand our sales and marketing initiatives to support our growth in existing and new markets and invest funds in additional research and development activities. Our primary sources of capital to date have been from private placements of our preferred stock, issuance of convertible promissory notes, borrowings under our credit facilities and sales of OviTex. Through June 30, 2019, we raised approximately $107.0 million from private placements of our preferred stock. As of June 30, 2019, we had $30.0 million of borrowings outstanding under our credit facility, or the OrbiMed Credit Facility, with OrbiMed Royalty Opportunities IP, LP, or OrbiMed. This credit facility matures in November 2023 and has $5.0 million of additional capacity through December 31, 2019, provided that our consolidated revenue on a trailing six-month basis equals or exceeds $7.5 million. This facility requires that we maintain a minimum cash balance of $2.0 million.

Following the completion of this offering, we will incur additional costs of operating as a public company. Based on our current business plan, we believe that our existing cash resources, availability under our credit facility and estimated net proceeds from this offering will be sufficient to meet our capital requirements and fund our operations for at least the next 12 months. If these sources are insufficient to satisfy our liquidity requirements, we may seek to sell additional common or preferred equity or debt securities, or enter into a new credit facility. If we raise additional funds by issuing equity or equity-linked securities, our stockholders would experience dilution and any new equity securities could have rights, preferences and privileges superior to those of holders of our common stock, including the shares of common stock sold in this offering. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. We cannot be assured that additional equity, equity-linked or debt financing will be available on terms favorable to us or our stockholders, or at all. If we are unable to obtain adequate financing we may be required to delay the development, commercialization and marketing of our products.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Year ended December 31,		Six months ended June 30,	
(in thousands)	**2017**	**2018**	**2018**	**2019**
Cash used in operating activities	$ (16,368)	$ (19,924)	$ (10,847)	$ (12,982)
Cash used in investing activities	(101)	(1,558)	(31)	(589)
Cash provided by financing activities	26,335	27,414	4,787	12,166
Net increase (decrease) in cash and cash equivalents	$ 9,866	$ 5,932	$ (6,091)	$ (1,405)

Operating Activities

During the six months ended June 30, 2018, we used $10.8 million of cash in operating activities, resulting from our net loss of $10.9 million and the change in operating assets and liabilities of $3.1 million, offset by non-cash charges of $3.1 million. Our non-cash charges were comprised of depreciation of $0.3 million, loss on extinguishment of debt of $0.5 million, interest expense of $0.3 million, amortization of intangible assets of $0.6 million and our excess and obsolete inventory charge of $1.4 million. We also had stock-based compensation expense of $0.1 million and a change in the fair value of our warrants of $0.2 million. The change in our operating assets was primarily related to a $0.5 million increase in our accounts receivable, a $2.6 million increase in inventory, and a $0.4 million decrease in our accrued expenses and other liabilities. These uses of cash were offset by increases in accounts payable of $0.3 million and a decrease in prepaid expenses and other of $0.1 million.

During the six months ended June 30, 2019, we used $13.0 million of cash in operating activities, resulting from our net loss of $11.2 million and the change in operating assets and liabilities of $3.4 million, offset by non-cash charges of $1.6 million. Our non-cash charges were comprised of depreciation of $0.1 million, amortization of intangibles of $0.2 million, interest expense of $0.2 million, our excess and obsolete inventory charge of $0.9 million and stock-based compensation expense of $0.1 million. The change in our operating assets was primarily related to a $0.6 million increase in our accounts receivable, a $1.2 million increase in inventory, a $0.2 million increase in prepaid expenses and other assets, and a $1.4 million decrease in our accounts payable, accrued expenses and other liabilities.

During the year ended December 31, 2017, we used $16.4 million of cash in operating activities, resulting from our net loss of $21.3 million offset by non-cash charges of $4.9 million and the change in operating assets and liabilities of $75,000. Our non-cash charges were comprised of depreciation of $0.8 million, interest expense of $2.1 million, the recognition of a beneficial conversion feature of $1.4 million, and an excess and obsolete inventory charge of $0.5 million. We also had stock-based compensation expense of $0.2 million and a change in the fair value of our warrants of $54,000. The change in our operating assets was primarily related to a $0.6 million increase in accounts receivable, a $0.1 million increase in inventory, a $58,000 increase in prepaid and other assets and a decrease in accounts payable of $0.7 million. These amounts were offset by a $1.6 million increase in accrued expenses and other current liabilities.

During the year ended December 31, 2018, we used $19.9 million of cash in operating activities, resulting from our net loss of $21.1 million and the change in operating assets and liabilities of $4.5 million offset by non-cash charges of $5.6 million. Our non-cash charges were comprised of depreciation of $0.5 million, the amortization of intangibles of $0.8 million, interest expense of $0.7 million, the recognition of a loss on extinguishment of debt of $1.8 million, and our excess and obsolete inventory charge of $2.2 million. We also had stock-based compensation expense of $0.2 million and a change in the fair value of our warrants of $0.2 million. The change in our operating assets was primarily related to a $4.8 million increase in inventory, a $0.5 million increase in accounts receivable, and a decrease in accrued expenses and other liabilities of $1.2 million. These amounts were slightly offset by a $1.9 million increase in accounts payable.

Investing Activities

During the six months ended June 30, 2018, cash used in investing activities was $31,000 for the purchases of property and equipment.

During the six months ended June 30, 2019, cash used in investing activities was $0.6 million, consisting of payments made for our intangible asset of $0.5 million and purchases of property and equipment of $0.1 million.

During the year ended December 31, 2017, cash used in investing activities was $0.1 million for the purchases of property and equipment.

During the year ended December 31, 2018, cash used in investing activities was $1.6 million, consisting of payments made for our intangible assets of $1.5 million, and purchases of property and equipment of $0.1 million.

Financing Activities

During the six months ended June 30, 2018, cash provided by financing activities was $4.8 million, consisting of $8.0 million in proceeds received from the issuance of long-term debt, $1.3 million in net borrowings under our revolver, and $1.4 million in net proceeds received from the issuance of our Series B preferred stock. These amounts were partially offset by $5.0 million in repayments of long-term debt and $0.8 million in payments of issuance costs.

During the six months ended June 30, 2019, cash provided by financing activities was $12.2 million, consisting of proceeds received from the issuance of our Series B preferred stock.

During the year ended December 31, 2017, cash provided by financing activities was $26.3 million, consisting of $14.7 million in net proceeds received from the issuance of our Series B preferred stock, $7.4 million in proceeds from the issuance of our convertible promissory notes, and $5.0 million in proceeds received from the issuance of long-term debt, partially offset by $0.6 million in payments of issuance costs and $0.2 million in repayments of capital lease obligations.

During the year ended December 31, 2018, cash provided by financing activities was $27.4 million, consisting primarily of $30.0 million in proceeds received from the issuance of long-term related party debt with OrbiMed, $8.0 million in proceeds from the issuance of long-term debt with MidCap, $4.0 million in net proceeds received from the issuance of our Series B preferred stock, partially offset by $13.0 million in repayments made on our long-term debt with MidCap and Hercules and $1.6 million in payments of issuance costs related to our debt financings.

Indebtedness

In November 2018, we entered into the OrbiMed Credit Facility, which consists of $35.0 million in term loans, or the OrbiMed Term Loans. The OrbiMed Term Loans consist of two tranches, a $30.0 million Tranche 1, or Tranche 1, and a $5.0 million Tranche 2, or Tranche 2. Upon closing, we borrowed $30.0 million of Tranche 1 and used a portion of the proceeds to repay borrowings under our credit facility with MidCap and intend to use the remaining proceeds to fund operations and capital expenditures. We will be eligible to borrow Tranche 2 until December 31, 2019, provided that our consolidated revenue on a trailing six-month basis equals or exceeds $7.5 million.

Pursuant to the OrbiMed Credit Facility, we provided a first priority security interest in all existing and future acquired assets, excluding intellectual property and certain other assets, owned by us. The OrbiMed Credit Facility contains a negative pledge on intellectual property owned by us. The OrbiMed Credit Facility also contains customary indemnification obligations and customary events of default, including, among other things, (i) non-payment, (ii) breach of warranty, (iii) non-performance of covenants and obligations, (iv) default on other indebtedness, (v) judgments, (iv) change of control, (vii) bankruptcy and insolvency, (viii) impairment of security, (ix) key permit events, (x) key person event, (xi) regulatory matters, (xii) and key contracts. In addition, we must maintain a minimum cash balance of $2.0 million. In the event of default under the OrbiMed Credit Facility, we would be required to pay interest on principal and all other due and unpaid obligations at the current rate in effect plus 3%.

The OrbiMed Term Loans mature on November 16, 2023 and bear interest at a rate equal to 7.75% plus the greater of one-month LIBOR or 2.0%. We are required to make 60 monthly interest payments beginning on November 30, 2018 with the entire principal payment due at maturity. The OrbiMed Term Loans have a prepayment penalty equal to 10.0% of the prepaid principal amount prior to the second anniversary of the OrbiMed Term Loans, 5.0% of the prepaid principal amount after the second anniversary but prior to the third anniversary and 2.5% of the prepaid principal amount after the third anniversary. We are also required to pay an exit fee at the time of maturity or prepayment event equal to 10% of all principal borrowings. We are also required to pay an administration fee equal to $10,000 on the last day of each quarter until all obligations have been paid in full.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2018 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments due by Period				
(in thousands)	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Principal payments on long-term debt	$ 30,000	$ —	$ —	$ 30,000	$ —
Interest and end of term charge on long-term debt[1]	17,820	3,039	9,117	5,664	—
Operating lease commitments[2]	518	209	309	—	—
LifeCell litigation settlement obligations	1,000	1,000	—	—	—
Purchase commitments with Aroa	12,971	721	10,750	1,500	—
Projected future milestone payments deemed probable	2,500	2,500	—	—	—
Total[4]	$ 64,809	$ 7,469	$ 20,176	$ 37,164	$ —

(1) Interest payable reflects the rate in effect as of December 31, 2018. The interest rate on borrowings under the OrbiMed Credit Facility is variable and resets monthly. End of term fee reflects final payment fee due at maturity.

(2) Reflects payments due for our lease of office and laboratory space in Malvern, Pennsylvania under an operating lease agreement that expires in 2021.

(3) This table does not include (a) any milestone payments that are not deemed probable under license agreements as the timing and likelihood of such payments are not known with certainty, (b) any royalty payments to third parties as the amounts, timing and likelihood of such payments are not known, and (c) contracts that are entered into in the ordinary course of business that are not material in the aggregate in any period presented above. Excluded amounts primarily consist of a $1,000 milestone payment due to Aroa when certain sales milestones are met.

Quantitative and Qualitative Disclosures about Market Risk

Our cash is held on deposit in demand accounts at a large financial institution in amounts in excess of the Federal Deposit Insurance Corporation, or FDIC, insurance coverage limit of $250,000 per depositor, per FDIC-insured bank, per ownership category. We have reviewed the consolidated financial statements of this institution and believe it has sufficient assets and liquidity to conduct its operations in the ordinary course of business with little or no credit risk to us.

Financial instruments that potentially subject us to concentrations of credit risk principally consist of cash equivalents and accounts receivable. We limit our credit risk associated with cash equivalents by placing investments in highly-rated money market funds. We limit our credit risk with respect to accounts receivable by performing credit evaluations when deemed necessary, but we do not require collateral to secure amounts owed to us by our customers.

As discussed above in the section of this prospectus entitled "Liquidity and Capital Resources — Indebtedness," The OrbiMed Credit Facility bears interest at a floating rate of interest, which resets monthly and is equal to 7.75% plus the greater of one-month LIBOR or 2.0%. As a result, we are exposed to risks from changes in interest rates. A 1.0% increase in interest rates would have resulted in a $0.1 million increase to our interest expense for the year ended December 31, 2018.

Inflationary factors, such as increases in our cost of revenue and operating expenses, may adversely affect our operating results. Although we do not believe inflation has had a material impact on our financial condition, results of operations or cash flows to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain and increase our gross margin or decrease our operating expenses

as a percentage of our revenue if our selling prices of our products do not increase as much or more than our costs increase.

We do not currently have any material exposure to foreign currency fluctuations and do not engage in any hedging activities as part of our normal course of business.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 3 to our consolidated financial statements appearing elsewhere in this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Committee Topic 606, *Revenue from Contracts with Customers*, or ASC 606, which was adopted on January 1, 2019 using the modified retrospective method. The adoption of this guidance had no cumulative adjustment to our consolidated financial statements. Under ASC 606, we recognize revenue when our customer obtains control of our promised good, in an amount that reflects the consideration that the entity expects to be entitled in exchange for those goods.

Prior to the adoption of ASC 606 in January 2019, revenue was recognized when persuasive evidence of an arrangement exists, the price was fixed and determinable, delivery has occurred, and there was reasonable assurance of collection of the sales proceeds. Revenue for products sold to a customer was recognized when the product was shipped to the customer, at which time title passed to the customer. Fees charged to customers for shipping were recognized as revenue. In the case of consigned inventory, revenue was recognized when the product was utilized in a surgical procedure.

Inventory Valuation

Inventory is stated at the lower of cost or net realizable value, with cost determined using the first-in-first-out method. Inventory, which consists of our OviTex and OviTex PRS product held on consignment or held in our warehouse, is considered finished goods and is purchased from a third party.

We evaluate the carrying value of our inventory in relations to the estimated forecast of product demand, which takes into consideration the expiration date of the products. A significant decrease in demand could result in an increase in the amount of excess inventory on hand, which could lead to additional charges for excess and obsolete inventory. The need to maintain substantial levels of inventory impacts our estimates for excess and obsolete inventory. In addition, we continue to introduce new products and sizes, which we believe will increase our revenue. As a result, we may be required to take additional charges for excess and obsolete inventory in the future if the purchased units do not align with sales.

Stock-Based Compensation

The following table summarizes stock-based compensation expense resulting from stock options:

(in thousands)	Year ended December 31, 2017	Year ended December 31, 2018	Six months ended June 30, 2018	Six months ended June 30, 2019
Sales and marketing	$ 44	$ 68	$ 30	$ 30
General and administrative	116	115	58	72
Research and development	37	33	20	17
Total stock-based compensation	$ 197	$ 216	$ 108	$ 119

We measure stock options and other stock-based awards based on their estimated fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award, while awards containing a performance condition are recognized when the achievement of the performance criteria is considered probable. We apply the straight-line method of expense recognition to all awards with service-based vesting conditions.

We estimate the fair value of stock options using the Black-Scholes option-pricing model, which requires subjective assumptions, including the fair value of our common stock, volatility, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options, and our expected dividend yield. Certain assumptions used in our Black-Scholes option-pricing model represent management's best estimates and involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective. If any assumptions change, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

- *Risk-free interest rate.* The risk-free interest rate was based on the yields of U.S. Treasury securities with maturities commensurate with the expected term of the stock option.

- *Expected dividend yield.* We have not paid dividends on our common stock nor do we expect to pay dividends in the foreseeable future.

- *Expected term.* The expected term represents the period that our stock options are expected to be outstanding. We calculated the expected term using the simplified method based on the average of each option's vesting term and the contractual period during which the option can be exercised, which is typically 10 years following the date of grant.

- *Expected volatility.* The expected volatility was based on the historical stock volatility of several of our comparable publicly traded companies over a period of time equal to the expected term of the options, as we do not have any trading history to use the volatility of our own common stock.

- *Fair value of common stock.* As our common stock has not historically been publicly traded, we have periodically estimated the fair value of common stock. See "— Estimating the Fair Value of Common Stock."

Stock Options Granted

The following table summarizes by grant date the number of shares subject to stock options granted from January 1, 2018 through the date of this prospectus, the per share exercise price of the options, the fair value of common stock underlying the options on each grant date, and the per share estimated fair value of the options:

Grant Date	Number of Shares Subject to Options Granted	Exercise Price Per Share of Common Stock	Estimated Fair Value per Share of Common Stock	Estimated Grant-date Fair Value per Stock Option
January 8, 2018	20,500	$ 0.24	$ 0.09	$ 0.03
February 21, 2018	60,000	$ 0.24	$ 0.09	$ 0.03
February 28, 2018	2,440,006	$ 0.24	$ 0.09	$ 0.03
April 2, 2018	495,000	$ 0.24	$ 0.09	$ 0.03
April 3, 2018	28,810	$ 0.24	$ 0.09	$ 0.03
June 18, 2018	20,000	$ 0.24	$ 0.20	$ 0.10
July 23, 2018	20,000	$ 0.24	$ 0.20	$ 0.10
September 14, 2018	20,000	$ 0.24	$ 0.20	$ 0.10
October 3, 2018	20,000	$ 0.24	$ 0.20	$ 0.10
October 26, 2018	42,500	$ 0.24	$ 0.20	$ 0.10
November 5, 2018	530,000	$ 0.24	$ 0.20	$ 0.10
November 30, 2018	60,000	$ 0.24	$ 0.20	$ 0.10
January 15, 2019	958,000	$ 0.24	$ 0.20	$ 0.10
February 4, 2019	20,000	$ 0.24	$ 0.20	$ 0.10
May 14, 2019	20,000	$ 0.24	$ 0.43	$ 0.29
May 20, 2019	2,500	$ 0.24	$ 0.43	$ 0.29
May 31, 2019	400,000	$ 0.24	$ 0.43	$ 0.29
August 13, 2019	755,000	$ 0.43	$ 0.43	$ 0.23

Based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, the intrinsic value of vested and unvested stock options outstanding as of June 30, 2019 was $ and $, respectively.

Estimating the Fair Value of Common Stock

As there has been no public market for our common stock to date, the estimated fair value of our common stock has been determined by our board of directors as of the date of each option grant, with input from management, considering our most recently available third-party valuation of common stock, and our board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. In addition to considering the results of these third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the prices at which we sold shares of preferred stock and the superior rights and preferences of the preferred stock relative to our common stock at the time of each grant;
- the progress of our commercialization efforts;
- the progress of our research and development programs, including the status and results of preclinical studies for our product candidates;
- our stage of development and our business strategy;

- external market conditions affecting the medical device industry and trends within the medical device industry;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock and our preferred stock;
- the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale of our company in light of prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in the biopharmaceutical industry.

In determining the estimated fair value of common stock, our board of directors considered the subjective factors discussed above in conjunction with the most recent valuations of our common stock that were prepared by an independent third-party. The independent valuation prepared as of December 31, 2017 was utilized by our board of directors when determining the estimated fair value of common stock for the awards granted on January 8, 2018, February 21, 2018, February 28, 2018, April 2, 2018 and April 3, 2018. The independent valuation prepared as of December 31, 2018 was utilized by our board of directors when determining the estimated fair value of common stock for the awards granted on June 30, 2018, July 23, 2018, September 14, 2018, October 3, 2018, October 26, 2018, November 5, 2018, November 30, 2018, January 15, 2019 and February 4, 2019. The independent valuation prepared as of June 30, 2019 was utilized by our board of directors when determining the estimated fair value of common stock for the awards granted on May 14, 2019, May 20, 2019, May 31, 2019 and August 13, 2019. These third-party valuations resulted in a valuation of our common stock of $0.09, $0.20 and $0.43 per share as of December 31, 2017, December 31, 2018 and June 30, 2019, respectively.

Following the closing of this offering, the fair value of our common stock will be the closing price of our common stock on the Nasdaq Global Market as reported on the date of the grant.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recently Issued and Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 3 to our consolidated financial statements appearing elsewhere in this prospectus.

Internal Controls over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with GAAP. As a result of becoming a public company, we will be required, under Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting beginning with our Annual Report on Form 10-K for the year ending December 31, 2020. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The SEC defines a material weakness as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be detected or prevented on a timely basis.

In accordance with the provisions of the Sarbanes-Oxley Act, neither we nor our independent registered public accounting firm has performed an evaluation of our internal control over financial reporting during any period included in this prospectus.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933 for complying with new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. Section 107 of the JOBS Act provides that we can elect to opt out of the extended transition period at any time, which election is irrevocable. We have elected to avail ourselves of this exemption from complying with new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

BUSINESS

Overview

We are a commercial stage medical technology company focused on designing, developing and marketing a new category of tissue reinforcement materials to address unmet needs in soft tissue reconstruction. We offer a portfolio of advanced reinforced tissue matrices that improve clinical outcomes and reduce overall costs of care in hernia repair, abdominal wall reconstruction and plastic and reconstructive surgery. Our products are an innovative solution that integrate multiple layers of minimally-processed biologic material with interwoven polymers in a unique embroidered pattern, which we refer to as a reinforced tissue matrices. These products have been implanted by surgeons in more than 6,500 patients with no reported explantations due to failure of the product.

Our first portfolio of products, the OviTex Reinforced Tissue Matrix, or OviTex, addresses unmet needs in hernia repair and abdominal wall reconstruction by combining the benefits of biologic matrices and polymer materials while minimizing their shortcomings, at a cost-effective price. Our OviTex products have received 510(k) clearance from the U.S. Food and Drug Administration, or FDA, which clearance was obtained and is currently held by Aroa Biosurgery Ltd., or Aroa, our exclusive manufacturer and supplier and have demonstrated safety and clinical effectiveness in our ongoing prospective, single arm, multicenter post-market clinical study, which we refer to as our BRAVO study. The first 32 patients who reached one year follow-up in the BRAVO study experienced no ventral hernia recurrences, no explantations and no surgical site occurrences requiring follow-up surgery. Our second portfolio of products, the OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, addresses unmet needs in plastic and reconstructive surgery. In April 2019, our OviTex PRS products received 510(k) clearance from the FDA, which clearance was obtained and is currently held by Aroa.

We began commercialization of our OviTex products in the United States in July 2016, and they are now sold to more than 200 hospital accounts. Hernia repair is one of the most common surgeries performed in the United States, representing approximately 1.2 million procedures annually. Based upon the volume weighted average selling price, we estimate the total annual addressable market opportunity for our OviTex products to be $1.5 billion. Our OviTex portfolio consists of multiple products that can be used for ventral hernia repair and abdominal wall reconstruction, inguinal hernia repair and hiatal hernia repair. In addition, to address the significant increase in the number of robotic-assisted hernia repairs over the last several years, we have designed an OviTex product specifically for use in laparoscopic and robotic-assisted surgery called OviTex LPR, which we began commercializing in November 2018.

OviTex PRS is indicated for use in implantation to reinforce soft tissue where weakness exists in patients requiring soft tissue repair or reinforcement in plastic and reconstructive surgery. Our OviTex PRS portfolio is supported by non-human primate data that demonstrated more rapid tissue integration and tissue remodeling compared to the market leading biologic matrix used in this indication. The current annual market for biologic matrices used for plastic and reconstructive surgery in the United States is approximately $500 million. We commenced a limited launch in May 2019 and expect to fully launch our OviTex PRS products in the United States through our direct sales force in the first half of 2020. We also intend to engage in discussions with the FDA regarding an Investigational Device Exemption, or IDE, protocol to study the safety and effectiveness of our OviTex PRS product for an indication in breast reconstruction surgery.

We have a broad portfolio of intellectual property protecting our products, which we believe, when combined with our proprietary manufacturing processes and know-how, provides significant barriers to entry. Our intellectual property applies to our differentiated product construction and materials. In addition, we believe our exclusive manufacturing and long-term supply and license agreement, or the Aroa License, with Aroa creates a competitive advantage by allowing us to secure an exclusive supply of ovine rumen at a low cost. Ovine rumen, the forestomach of a sheep, is the source of the biologic material used in our products. In

manufacturing the product, we use biologic material from ovine rumen because of its plentiful supply, optimal biomechanical profile and open collagen architecture that allows for rapid cellular infilteration. We purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products.

We market our products through a single direct sales force, predominantly in the United States. We have invested in our direct sales and marketing infrastructure in order to expand our presence and to promote awareness and adoption of our products. As of June 30, 2019, we had 22 sales territories in the United States. As part of our commercial strategy, we plan to continue to invest in our commercial organization by hiring additional account managers, clinical development specialists, business managers and administrative support staff in order to cover the top 500 hospitals that we believe perform approximately 55% of our targeted soft tissue reconstruction procedures. We plan to continue to contract with group purchasing organizations, or GPOs, and integrated delivery networks, or IDNs, to increase access to and penetration of hospital accounts.

Our revenue for the years ended December 31, 2017 and 2018 was $4.2 million and $8.3 million, respectively, which represents an increase of $4.0 million, or 95%. Our net loss for the same time periods was $21.3 million and $21.1 million, respectively. Our revenue for the six months ended June 30, 2018 and 2019 was $3.6 million and $6.6 million, respectively, which represents an increase of $3.0 million, or 82%. Our net loss for the same time periods was $10.9 million and $11.2 million, respectively. As of June 30, 2019, we had an accumulated deficit of $153.8 million. The vast majority of our revenue to date has been generated from sales of our OviTex products in the United States, with the remainder generated from sales of our OviTex products in Europe and sales of our OviTex PRS products in the United States.

Overview of Soft Tissue Reconstruction

We are focused on the development and commercialization of reinforced tissue matrices for use in soft tissue reconstruction. We offer reinforced tissue matrix products for a variety of reconstruction procedures, including hernia repair, abdominal wall reconstruction and plastic and reconstructive surgery.

Soft Tissue Reconstruction Surgical Procedures

Hernia Repair and Abdominal Wall Reconstruction Overview

A hernia occurs when pressure causes an organ, intestine or fatty tissue to squeeze through a hole caused by a defect or weak area in the surrounding muscle or connective tissue. Sometimes the muscle weakness is present at birth, but more often it occurs later in life. Anything that causes an increase in abdominal pressure can cause a hernia, including obesity, lifting heavy objects, diarrhea or constipation, or persistent coughing or sneezing. Prior abdominal surgery, poor nutrition, smoking, and overexertion can weaken muscles and contribute to the likelihood and complexity of a hernia. Many hernias are asymptomatic, but some become incarcerated or strangulated, causing pain and requiring immediate surgery. Hernia pain can quickly intensify, become chronic in nature, be excruciating and debilitating and cause nausea or vomiting.

Hernias can be broadly classified depending on whether they develop in the upper abdomen, referred to as ventral hernias, or in the groin, which primarily consist of inguinal hernias. Hiatal hernias occur when the upper part of the stomach bulges through the hiatus, the small opening where the esophagus passes through the diaphragm before connecting to the stomach. Ventral hernias that develop at the site of a previous surgical scar, referred to as incisional hernias, present in up to one-third of patients who have had abdominal surgery. Inguinal hernias can be caused by a birth defect or develop later in life and are more common in males. Hernia is predominantly a disease of the middle aged and elderly. Hernias vary in complexity based on the size of the hernia defect, patient co-morbidities, such as obesity and diabetes, patient history of prior hernia repair and the degree of contamination in the surgical wound at the time of the hernia repair surgery. For patients who have had multiple prior hernia surgeries that have failed, the anatomy of their abdominal wall is often compromised and surgeons must perform more advanced techniques to repair the abdomen, known as abdominal wall reconstruction.

Plastic and Reconstructive Surgery Overview

Plastic and reconstructive surgery is performed to treat structures of the human body that are affected aesthetically or functionally due to defects, abnormalities, trauma, infection, burns, tumors or disease. Plastic and reconstructive surgery is generally performed to improve function and ability, but may also be performed to achieve a more typical appearance of the affected anatomical structure. Clinical practice of plastic and reconstructive surgery includes: excision of tumors of the skin, vasculature, chest, oral and oropharyngeal cavities, extremities, and reconstructions of the same; debridement, skin grafting and skin flaps for burn reconstructions; trauma surgery for the hands, upper and lower limbs and facial region; congenital or acquired malformations related to the hands, face, skull and jaw; surgical removal of vascular abnormalities; reconstructions of the breast and pelvic regions; and a range of aesthetic surgeries.

To date, the most studied application of biologic matrices in plastic and reconstructive surgery is breast reconstruction surgery. Surgeons use biologic matrices in the vast majority of their implant-based breast reconstruction procedures and the use of these materials is well-characterized in the clinical literature and recommended by recent U.S. and European consensus guidelines for certain surgical techniques, from the ecancer Global Foundation. However, no biologic matrix or any other soft tissue reinforcement material, including OviTex PRS, is approved or cleared by the FDA specifically for use in breast reconstruction surgery. As such, we intend to engage in discussions with the FDA regarding an IDE protocol to study the safety and effectiveness of our OviTex PRS product for an indication in breast reconstruction surgery. Mastectomy is a method of tumor removal for breast cancer in which all breast tissue, including the cancerous cells, is surgically removed. Single (or unilateral) mastectomy is the removal of one breast while double (or bilateral) mastectomy is the removal of both breasts and represent 35% and 65% of procedures, respectively. Breast reconstruction surgery is a surgical procedure generally used to restore a breast to near normal shape and appearance following a mastectomy and can be performed using either a prosthetic breast implant, referred to as implant-based reconstruction, or the patient's own tissue, referred to as autologous reconstruction. Additional reconstructive surgeries may be required following the initial breast reconstruction, including breast lift (mastopexy) or breast revision surgery in which the surgeon adjusts the position and shape of the breast.

Market Opportunity

OviTex

Hernia repair is one of the most common surgeries performed in the United States. There are an estimated 1.2 million hernia repairs annually in the United States including recurrences, which we categorize as approximately (i) 65,000 complex/moderate ventral hernia repairs and abdominal wall reconstructions, (ii) 362,000 simple ventral hernia repairs and (iii) 789,900 inguinal hernia repairs. We estimate that there are approximately 44,400 hiatal hernia repairs annually in the United States. Approximately 90% of all hernia repairs are treated with a tissue reinforcement material.

The healthcare burden of hernia disease to patients, insurers and employers is significant. For the patient, a hernia may cause an increasing level of pain when lifting, straining during urination or a bowel movement, or sitting or standing for long periods of time. Increased pain from the hernia is the most common reason that a patient who is deferring surgical hernia repair will ultimately elect repair surgery. Following surgical hernia repair, convalescence has a significant socioeconomic impact. Absence from work during this period can range from approximately five to 14 days according to one study. Pain is the most common cause of delay in returning to work, followed by wound problems. Long-term pain or discomfort at the hernia repair site is one of the most serious complications of hernia surgery and may persist for years.

In addition, for third-party payors, the costs related to hernia are significant. The number of annual physician office visits in the United States related to hernia were approximately 2.5 million in 2016 according to the National Ambulatory Medical Care Survey. Hernia repair and abdominal wall reconstruction inpatient per procedure costs in the United States ranged from approximately $6,117 to $29,615 in 2018

according to the national average Medicare Severity Diagnosis Related Groups, or MS-DRG rate, which does not account for surgeon fees involved with such procedures. Hernias are prone to recurrence, which often require multiple repair procedures and additional healthcare expenditures. In the United States, the economic burden of hernia repair accounts for approximately $48 billion of healthcare expenditures annually.

Given the limitations of and lack of innovation in existing hernia repair products, we believe a significant market opportunity exists for our portfolio of OviTex products. Based on the volume weighted average selling price of our OviTex products, we estimate the annual U.S. total addressable market opportunity for our OviTex products to be approximately $1.5 billion.

	Approximate Number of Annual U.S. Hernia Procedures Using Tissue Reinforcement Material	Estimated Annual U.S. Total Addressable Market Opportunity	Traditional Products Utilized
Complex/Moderate Ventral Repair /Abdominal Wall Reconstruction	58,000	$ 350 million	Biologic Matrices and Resorbable Synthetic Mesh
Simple Ventral Hernia Repair	326,000	$ 500 million	Permanent Synthetic Mesh
Inguinal Hernia Repair	711,000	$ 650 million	Permanent Synthetic Mesh
Hiatal Hernia Repair	40,000	$ 40 million	Biologic Matrices and Resorbable Synthetic Mesh
Total	**1,135,000**	**$ 1.5 billion**	

OviTex PRS

Modern advances in tissue engineering have transformed the plastic and reconstructive surgeon's management strategies across a wide variety of applications. Because biologic matrices incorporate into host tissues and enable revascularization and functional tissue remodeling, surgeons have realized multiple applications for their use, with techniques tailored to the specific requirements of the surgery. There is growing clinical literature validating the use of biologic matrices in head and neck surgery and reconstructions of the chest wall, pelvic region, extremities and breast.

In head and neck surgery, biologic matrices are used for both aesthetic and reconstructive purposes that include: surgery of the nose to change its shape or improve its function, referred to as rhinoplasty; lip augmentation; repair of perforations of the cartilage and thin bone separating the nostrils referred to as the nasal septum; complex reconstruction of the oral and oropharynx cavities after oncologic resection; cleft palate repair; upper and lower eyelid reconstruction; scalp defects and defects of the fibrous membrane covering the brain and spinal cord referred to as dura. In chest wall reconstruction, biologic matrices are used to repair defects from oncologic resections. In pelvic reconstruction, biologic matrices are utilized as an adjunct in the reconstruction of acquired pelvic defects caused by resections for colorectal, gynecologic and urologic malignancies. In extremities reconstruction, biologic matrices are used in the upper extremity for repair of the donor site following the harvest of a radial forearm free flap, a procedure used to harvest tissue and replace it in the head and neck after cancer has been resected. In breast reconstruction, biologic matrices are utilized for prosthetic based reconstruction following the removal of cancerous breast tissue.

Breast reconstructions can be performed either using a sub-pectoral or pre-pectoral technique. In a sub-pectoral technique, the upper portion of the breast implant is placed below the pectoralis muscle and a biologic matrix is placed around the lower portion of the breast implant. In a pre-pectoral technique, the

entire breast implant is placed above the pectoralis muscle and the full top surface of the breast implant is covered. The pre-pectoral technique utilizes a larger biologic matrix compared to that needed with the sub-pectoral technique. For patients who undergo autologous reconstruction, the donor site of the autologous tissue, typically the abdomen, may require soft tissue reinforcement.

Based on the current sales of biologic matrices in the United States we estimate the annual U.S. current addressable market opportunity for our OviTex PRS products to be approximately $500 million. This market continues to grow as surgeon and patient preferences shift from sub-pectoral to pre-pectoral techniques.

Given the limitations of and lack of innovation in existing biologic matrices for plastic and reconstructive surgical procedures, we believe a significant market opportunity exists for our OviTex PRS portfolio products.

Current Materials Used in Hernia Repair and Abdominal Wall Reconstruction and Their Limitations

Hernia Repair and Abdominal Wall Reconstruction

The vast majority of hernias are treated with surgical repair. Surgical hernia repair is performed either through open repair, which uses a single incision to open the abdomen or groin across the hernia, or minimally invasive repair, which involves laparoscopic or robotic-assisted techniques. Laparoscopic surgery is a minimally invasive surgical technique performed in the abdomen or groin through small incisions. Surgical instruments and devices, such as mesh products, are then delivered to the surgical site through a trocar, which is an access port to the patient's abdomen or groin. Robotic-assisted surgery is also performed using small incisions in the patient's abdomen or groin and a trocar, but the surgeon sits at a console in the operating room and operates the robotic instruments remotely.

At the advent of hernia repair, all procedures were performed using an open surgical technique in which an incision is made through the body to access and repair the hernia. Due to the amount of healthy soft tissue disruption required for an open procedure, there is a high risk of wound-related complications and seroma formation. In the early 1990s, surgeons began using a laparoscopic approach for hernia repair because it provided the benefits of lower wound complication rates, lower patient morbidity and decreased length of stay for patients. Despite these benefits, laparoscopic surgery presents surgeons with challenges, primarily due to restricted instrument dexterity that makes it difficult to achieve primary closure of the hernia defect, in which the connective tissue layer is sutured close, and leads to a bridged repair. In a bridged repair, the tissue reinforcement material spans a portion of the hernia defect without any connective tissue layer above it to provide additional reinforcement. This leads to increased risk of bulging of the material or hernia recurrence. Robotic-assisted hernia repair addresses this issue while still providing the benefits of a laparoscopic repair. In robotic-assisted repair, the surgeon enjoys greater instrument dexterity and precision, and is able to achieve primary closure of the hernia defect. This has contributed to a significant increase in the number of robotic-assisted hernia repair over the last several years.

It is estimated that about 90% of hernia repairs today use a form of reconstruction material to provide long-term support at the repair site. Reconstruction materials include synthetic mesh, which can be either permanent or resorbable, and biologic matrices made from tissue material.

Permanent Synthetic Mesh

Permanent synthetic mesh, the oldest category of hernia repair materials, is made of plastic materials that are also used in industrial and consumer products. These products have gained popularity with surgeons because they are relatively inert, can be readily sterilized, exhibit biomechanical strength and durability and are available at relatively low upfront cost. Limitations of permanent synthetic mesh products may include:

- § significant persistent foreign body inflammatory response that can result in encapsulation of the implant by fibrotic tissue or contraction of the mesh;
- § chronic post operative pain;
- § scar tissue formation and lack of regeneration of soft tissue;
- § permanent susceptibility to mesh infection;

- significant cost associated with subsequent repairs or failed and infected mesh;
- compromised abdominal wall anatomy due to damaged and eroded tissue rendering subsequent surgical repairs challenging; and
- migration of the permanent synthetic mesh which can result in organ erosion or perforation.

Many of these complications caused by permanent synthetic mesh require additional surgical intervention, including, explantation of the mesh or repair of hernia recurrence or the abdominal wall. Based on longitudinal data from the Danish Hernia Database, in an analysis of approximately 2,900 patients who received a mesh hernia repair, the observed rate of surgical intervention due to either recurrence or mesh-related complications at five years post operatively was approximately 17%. As a result of these complications and litigation involving these complications, the number of adverse events reported to the FDA for permanent synthetic mesh hernia repairs has risen from 643 in 2016, 2,464 in 2017, to more than 6,400 in 2018 through October. Synthetic mesh products have been the subject of more than 6,000 lawsuits in the United States.

Biologic Matrices

The complications associated with permanent synthetic mesh prompted the development of biologic matrices as a second category of hernia repair materials. Biologic matrices are derived from human or animal dermis, pericardium or intestinal submucosa, which allows them to become replaced entirely by the patient's own tissue over time, a process known as remodeling. The goal behind these biologic materials was to lower the foreign body inflammatory response and biomechanical requirements of the repair, while providing a matrix upon which tissue remodeling could occur. Compared to permanent synthetic mesh, biologic matrices are less likely to induce this inflammatory response and become infected; however, they may have the following limitations:

- lack strength or durability as compared to synthetic mesh products;
- prone to laxity and stretching;
- difficult to handle, leading to longer operating times as compared to synthetic mesh products;
- inability to be placed in a patient through a trocar in laparoscopic or robotic-assisted surgery; and
- considerably more expensive upfront costs than permanent synthetic mesh, typically limiting their use to complex hernia repairs or abdominal wall reconstructions.

Though hernia recurrence occurs with the use of all types of soft tissue reconstruction, biologic matrices have the highest rates of recurrence, in part as a result of being commonly used in complex hernia repairs or abdominal wall reconstructions. The RICH study, a multicenter, prospective study sponsored by LifeCell Corporation, or LifeCell that evaluated the performance of Strattice, the current market-leading biologic matrix, in open ventral incisional hernia repair in contaminated abdominal wall defects, demonstrated post operative hernia recurrence rates of 22% and 33% at 12-months and 24-months follow-up, respectively.

Resorbable Synthetic Mesh

Resorbable synthetic mesh was introduced as a third category of hernia repair materials and as an alternative to permanent synthetic mesh and biologic matrices. Resorbable synthetic mesh was designed with the intended benefits of full degradation over several months, a moderately lower cost than biologic matrices and gradual transfer of strength from synthetic mesh to native tissue over time. Resorbable synthetic mesh is polymer-based and does not include biologic material to promote tissue remodeling and healing. Despite improvements compared to the use of permanent synthetic mesh or biologic matrices, limitations of resorbable synthetic mesh may include:

- significant foreign body inflammatory response that can result in encapsulation or contraction of the mesh until resorbed;
- scar tissue formation and lack of remodeling of soft tissue;
- mesh infection until resorbed;
- migration of the mesh until resorbed which can result in organ erosion or perforation; and

- lack of mid-term and long-term soft tissue reinforcement as resorption progresses.

Many of these complications can require additional surgical intervention including explantation of the resorbable synthetic mesh or repair of hernia recurrence or the abdominal wall. Data from a recently published, multicenter, prospective study sponsored by C.R. Bard, Inc. that evaluated the performance of Phasix, the current market-leading resorbable synthetic mesh, in CDC Class I, high risk ventral and incisional hernia repair, showed a post operative hernia recurrence rate of 12% at 18-months follow-up.

Current Materials Used in Plastic and Reconstructive Surgery and Their Limitations

Biologic matrices are most commonly used in plastic and reconstructive surgery, including surgery of the nose to change its shape or improve its function, referred to as rhinoplasty, lip augmentation, repair of perforations of cartilage and thin bone separating the nostrils, complex reconstruction of the oral and oropharynx cavities after oncologic resection, cleft palate repair, upper and lower eyelid reconstruction, scalp defects, and defects of the fibrous membrane covering the brain and spinal cord, called the dura, because of their ability to define shape and position, improve tissue quality, reinforce existing soft tissue and reduce the rate of complications associated with a foreign body inflammatory response, however they are prone to excessive stretching over time and difficult for surgeons to handle. These limitations may lead to undesirable results requiring additional surgical intervention. Additionally, biologic matrices are typically expensive to source.

Our Solution

We have created a new category of tissue reinforcement materials that were purposefully designed in close collaboration with more than 100 surgeons to address the unmet clinical needs in soft tissue reconstruction. Our portfolio of products, designed with over 95% biologic material, combines the benefits of both biologic and polymer materials while addressing their limitations by interweaving polymer fibers through layers of a minimally-processed biologic material. These products are priced competitively, and designed for use with a range of surgical techniques, allowing the benefits of an advanced biologic repair to be available to more patients.

The biologic material serves as the natural building block from which we can fabricate devices that meet specific clinical and surgical handling requirements. This material consists of an intact, minimally-processed extracellular matrix derived from ovine rumen, which is the forestomach of a sheep. Polymer fibers are interwoven through the layers of biologic material in unique embroidered patterns and contribute to less than 5% of the overall device by mass. The interwoven polymer utilized can be either permanent, made from polypropylene, or resorbable, made from polyglycolic acid, or PGA. The embroidering pattern varies between our OviTex and OviTex PRS portfolios to impart different biomechanical properties tailored for their respective intended clinical applications. Our OviTex products are designed with a lockstitch embroidery pattern that is sewn in a grid pattern to create a ripstop effect and minimize stretch. Our OviTex PRS products are designed with a patented corner-lock stitch pattern designed to resist deformation and to control the degree and direction of stretching of the product.

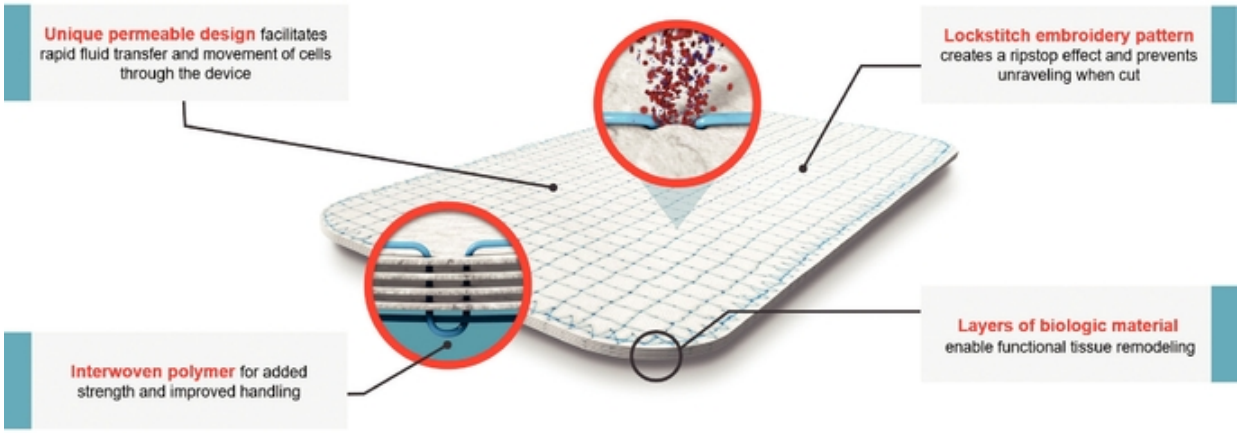
Our capabilities in polymer science, biologics, textile engineering and analytical testing enable us to quickly design, manufacture and develop innovative products. These competencies also allow our technical team to tailor the degree of stretch, direction of stretch, overall strength, handling properties, permeability, thickness, texture, size and shape of each reinforced tissue matrix to suit the needs of particular clinical applications and surgical techniques. This expertise has been utilized in the development of our OviTex and OviTex PRS products and is currently being leveraged in the development of our pipeline products.

Our reinforced tissue matrices are designed to improve the outcomes of soft tissue reconstructions by reinforcing tissue while allowing rapid tissue integration, revascularization and biomechanical control. In addition to overall strength, a key property that we engineer into our products is the degree to which they

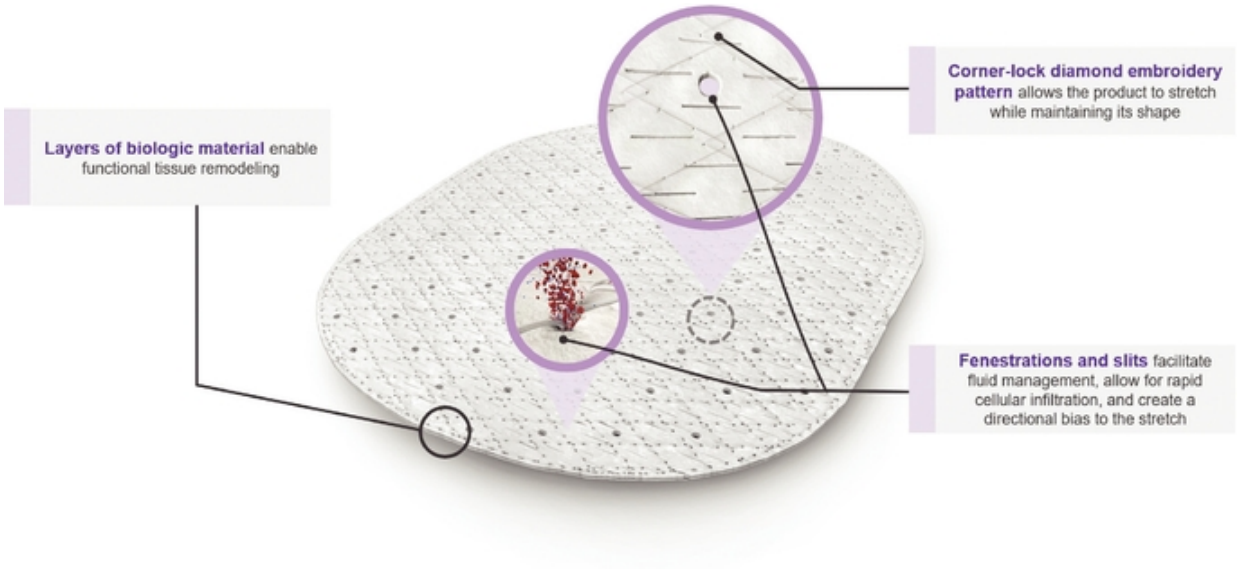
stretch, known as compliance. Each of our products is designed to exhibit a degree of compliance appropriate for its intended clinical application.

The graphics below illustrate the key features of our OviTex and OviTex PRS products:

OviTex



OviTex PRS



We believe the principal benefits of our reinforced tissue matrices are:

§ ***Reduced foreign body inflammatory response.*** The biologic material utilized in our reinforced tissue matrices acts to reduce the body's inflammatory response to the device. Our unique embroidered

patterns create a macroporous grid within the biologic material. The biologic material largely surrounds the polymer and helps attenuate and localize inflammation to zones immediately surrounding the polymer. In our non-human primate comparative study in which we compared our OviTex products to several commercially available synthetic mesh and biologic matrix products, our OviTex products demonstrated a minimal foreign body inflammatory response, similar to biologic matrices, and less foreign body inflammatory response than all of the synthetic mesh tested at 24 weeks.

§ ***Enhanced remodeling of soft tissue and rate of healing.*** Our reinforced tissue matrices are constructed to provide increased surface area and permeability, allowing for rapid absorption of wound fluids and blood during implantation and enabling improved supply of oxygen, cellular infiltration, migration, and repopulation for revascularization and functional tissue remodeling during healing. In our non-human primate comparative study, at 24 weeks the pattern of collagen formation in our OviTex products was reminiscent of connective tissue as opposed to the random fibers typical of scar tissue that were seen adjacent to the synthetic mesh. By contrast, the synthetic mesh showed no signs of remodeling of soft tissue and exhibited a high level of mesh contraction.

§ ***Ability to tolerate a contaminated wound environment.*** Our reinforced tissue matrices are engineered to create hundreds of micro-channels to promote fluid exchange to allow host cells and new blood vessels to penetrate the reinforced tissue matrix. In our non-human primate comparative study, at four weeks our OviTex products had host cells between and within the layers of the reinforced tissue matrix. We believe this early cell infiltration may reduce the potential for bacterial colonization and the risk for infection. In our OviTex BRAVO study, there were no wound infections that required surgical intervention or device removal in the first 32 patients who reached one year follow-up.

§ ***Highly engineered biomechanical properties with durability of results.*** Our reinforced tissue matrices are reinforced with interwoven polymer fibers to provide mid-term and long-term strength. The interwoven polymer increases the strength of our OviTex products by approximately 25% compared to the biologic material alone. When tensile forces are applied, this design allows for load sharing between the biologic material and the polymer during the remodeling process. Data from our strength testing demonstrated that our OviTex products meet or exceed that of published data from market-leading permanent and resorbable synthetic mesh. In our BRAVO study, there were no hernia recurrences in the first 32 patients who reached one year follow-up, despite 80% of these patients having one or more factors known to increase the risk of recurrence. Based on this interim data, we believe that this 0% recurrence rate is the lowest reported rate in any prospective study that includes either our biologic or resorbable synthetic mesh competitors. The addition of polymer to our reinforced tissue matrices allows each product to maintain its physiologic compliance properties, while resisting stretching and elongation. In our non-human primate comparative study, our OviTex devices best preserved their original shape, experiencing less contraction compared to biologic and synthetic mesh.

§ ***Enhanced surgeon handling and satisfaction.*** Each of our embroidery patterns was designed specifically to allow the surgeon to trim and shape the product without the polymer unraveling. In addition, based upon our survey of approximately 50 surgeons, our OviTex products conform readily to the contours of surgical sites and are easy to handle, trim, suture, and tack in all surgical approaches. In interim data presented from our BRAVO study, of 26 subjects who received minimally invasive surgery, 100% of the surgeons who operated on those subjects cited the product as being easy to place and the average surgeon satisfaction with the product was 9.7/10 at both 30 and 90 days. In addition, we have designed an OviTex product for use in laparoscopic and robotic-assisted surgery.

§ ***Lower upfront cost products.*** Our reinforced tissue matrices provide our customers with meaningful cost savings over leading competitive products across a broad range of clinical uses so that more patients can experience the benefits of an advanced biologic repair solution. We price our OviTex products competitively, and on average, our customers realize 20% to 40% cost savings over leading biologic matrices and resorbable synthetic mesh. Our OviTex PRS portfolio is priced below leading biologic matrices.

Our Strengths

We are focused on developing and commercializing a new category of tissue reinforcement materials for surgeons and patients that aim to address the shortcomings of existing products. We believe the following strengths will allow us to build our business and potentially increase our market penetration:

- ***Innovative and broad portfolio of products.*** Our OviTex and OviTex PRS products are the only FDA-cleared products to incorporate polymer fibers interwoven through layers of biologic material in a lockstitch pattern creating an embroidered construction. The biologic matrix is derived from ovine rumen and utilizes a patented process to create a reinforced tissue matrix that is optimized for soft tissue reconstruction. Our OviTex and OviTex PRS products are available in resorbable and permanent polymer versions in a variety of configurations and sizes. For example, our OviTex devices are currently available in sizes ranging from 4 × 8 cm to 25 × 40 cm, and our OviTex LPR device is designed in an ellipse shape, with specific thickness and handling properties optimized for use in laparoscopic and robotic-assisted surgery.

- ***Disruptive technology supported by compelling clinical evidence.*** The safety, efficacy and durability of our OviTex products are supported by compelling clinical evidence that includes studies in more than 200 non-human primates, and our BRAVO study. Our non-human primate data demonstrated that use of our OviTex products resulted in more rapid tissue integration and revascularization compared to biologic matrices and lower inflammatory response and better functional tissue remodeling compared to permanent and resorbable synthetic mesh. In our BRAVO study, the first 32 patients who reached one year at follow-up had demonstrated no ventral hernia recurrence, no explantations and no surgical site occurrences requiring follow-up surgery.

- ***Long-term supply agreement that provides pricing flexibility.*** Our Aroa License provides for the exclusive supply of ovine rumen and manufacture of our OviTex and OviTex PRS products, which gives us a low and fixed cost of raw materials. We purchase product from Aroa at a fixed cost equal to 27% of our net sales of licensed products.

- ***Potential cost savings to healthcare systems and hospitals.*** Our pricing flexibility allows us to sell our OviTex and OviTex PRS products to hospitals and healthcare systems at prices substantially below competitive products based on national average competitive pricing. Our OviTex products are sold at prices approximately 20% to 40% lower than other biologic matrices and resorbable synthetic mesh. We believe our pricing flexibility will drive greater adoption of our products. Our OviTex PRS products are priced below leading biologic matrices, and as we launch our OviTex PRS portfolio, we anticipate that our customers will realize cost savings over biologic matrices based on national average competitive pricing. We believe that the average selling prices across our products will provide financial benefits to our customers in addition to improving clinical outcomes.

- ***Established reimbursement pathway for hernia repair.*** The implantation of biologic matrices and synthetic mesh for hernia repair is coded using an established fixed procedure payment system known as a Medicare Severity Diagnosis Related Groups, or MS-DRG, that consists of a lump sum payment rate that varies based on the degree of complications and comorbidities of each hernia. In addition, surgeons receive payment for their services depending on the coding associated with the procedure. The MS-DRG-based reimbursement system encourages hospitals to become more efficient in treating patients due to its fixed per-patient reimbursement nature.

- ***Broad intellectual property portfolio.*** Our products are covered by intellectual property that broadly covers changing a biologic matrix's biomechanical properties by interweaving a polymer thread through the biologic matrix. Specifically, our patents claim the ability to tailor stretch resistance. The ability to predictably control the biomechanical properties of a biologic matrix is the cornerstone of our product portfolio. Our intellectual property also covers the development of extracellular matrix scaffolds derived from ovine rumen, methods for isolating these scaffolds from ovine rumen, layering multiple sheets of these ovine rumen scaffolds together, sewing in an anti-adhesive layer into a scaffold, and adding unique patterns sewn or embroidered into these scaffolds using different polymers to impart reinforcing strength. Through our exclusive license, product development and

supply and manufacturing agreement with Aroa, the Aroa License, and our issued or allowed patents and patent applications, we have a broad portfolio of intellectual property that is leveraged in all of our reinforced tissue matrix products. In addition, we believe that the trade secrets developed with Aroa create additional barriers to entry.

- ***Industry leading executive team with proven track record.*** Our executive team consists of seasoned medical device professionals with deep industry experience, and a broad network of relationships within the industry and the medical community. Our executive team has led and managed companies through significant growth and introduction and commercialization of multiple new products, including driving surgeon adoption of biologic and biosurgery technologies. Members of our team have held leading positions with medical technology companies such as Orthovita Inc., Stryker Corporation, Integra LifeSciences, LifeCell and Medtronic plc. We believe this team is well-positioned to lead us through the commercial expansion of our products and development and launch of future products.

Our Growth Strategy

Our goal is to become the leading provider of soft tissue reconstruction products. The key elements of our strategy include:

- ***Expand our U.S. commercial organization to support our growth.*** We sell our products through a single direct sales organization in the United States. As of June 30, 2019, we had approximately 200 active hospital accounts, which are supported by 44 employees in our United States based commercial organization. We plan to continue to invest in our commercial organization by adding account managers, clinical development specialists, business managers and administrative support staff in order to cover the top 500 hospitals that we believe perform approximately 55% of our targeted soft tissue reconstruction procedures.

- ***Promote awareness of our products to drive surgeon use.*** We educate surgeons regarding the value proposition of our products through presentations and exhibits at industry conferences, medical education symposia, direct training and education, webinars and publishing additional clinical data demonstrating the benefits of our products. We plan to continue to drive awareness of our products through these programs, while expanding their geographic reach and increasing the number of surgeon interactions. In addition, surgeons frequently use DocMatter, an online peer-to-peer community for surgeons to share experiences, share clinical cases, pose clinical questions, present the latest clinical data and develop best practices. DocMatter maintains more than 300 general surgeons in its OviTex peer-to-peer community. We believe a significant peer-to-peer community will develop for our OviTex PRS products on this platform.

- ***Increase access to group purchasing organizations and integrated delivery networks.*** We continue to pursue contracts with several large GPOs and IDNs. GPO and IDN contracts enable greater access to geographies with high procedural volumes and provide prioritized status within a hospital's procurement department. We believe that the addition of multiple contracts with national GPOs and high-volume IDNs will materially increase our access to surgeon customers, broaden awareness of our products and help drive utilization of our products within a larger number of hospitals and healthcare systems.

- ***Continue to build upon clinical evidence of the effectiveness and safety of our products.*** We are committed to evidence-based medicine and investing in clinical data to support the use of our products. We plan to publish 90-day, 12-month and 24-month follow-up data from our BRAVO study over the next several years. In addition, we are tracking the health economic outcomes within our BRAVO study. We also plan to initiate a post-market study of our OviTex products for robotic-assisted ventral hernia repair surgery in 2020. We also intend to support independent investigator-led post-market clinical studies on the effectiveness and safety of our OviTex PRS products.

- ***Advance our portfolio of reinforced tissue matrices with the introduction of new product features and designs.*** We plan to continue to expand our product offerings and the treatment capabilities of our

products to address a broader patient base within soft tissue reconstruction. New product features and designs that we plan to introduce, subject to receiving any required regulatory approval or clearance, include:

— additional sizes and shapes of our OviTex LPR product line;

— a self-grip technology designed to enhance the use of our OviTex products in robotic-assisted surgery for inguinal and ventral hernia repair and enhancements to our OviTex PRS products to assist with surgical placement and tissue integration;

— larger OviTex sizes in our resorbable product line; and

— the use of additional polymers, including for instance a longer-acting resorbable and high strength permanent synthetic, to incorporate into our OviTex and OviTex PRS products.

Our Products

Our Technology Platform

Our advanced reinforced tissue matrix technology consists of multiple layers of minimally-processed, acellular extracellular matrix derived from ovine rumen with interwoven polymer fibers in a unique embroidered pattern. The extracellular matrix is the collagen component of the rumen that is retained following removal of the epithelium, muscle and cellular content, and has an optimal biomechanical profile and open collagen architecture that allows for rapid cellular infiltration. These thin, strong layers of ovine rumen are plentiful in supply and serve as building blocks from which we can construct multilayered devices to customize products to adapt to clinical needs and surgeon preferences. The layers of extracellular matrix provide a high degree of surface area for tissue remodeling. We strengthen these reinforced tissue matrix layers with interwoven polymers, that are either permanent, polypropylene, or resorbable, PGA. These polymers were selected because they are well characterized suture materials with a history of significant clinical use and recognized safety profile. Polypropylene has a high tensile strength and a low inflammatory response in small quantities. PGA is the fastest resorbing polymer and within three months it tends to be fully absorbed into the body.

Our highly specialized and customizable textile engineering capability allows us to tailor the degree and direction of stretch, overall strength, handling properties, permeability, thickness, texture, size and shape of each reinforced tissue matrix to suit the needs of particular clinical applications and surgical techniques. Our textile engineering utilizes a computer-controlled fabrication method that is scalable, reproducible, efficient and customizable. This embroidery process uses steel gauge needles to interweave the polymer while also creating hundreds of micro-channels to allow the multi-directional passage of the patients' native cells and fluids throughout the product. The interwoven polymers are embroidered using a lockstitch pattern, which allows for the device to be trimmed without fraying, and we can use a patented corner-lock pattern, which creates a stable polymer fabric within the biologic material. We manipulate the polymer thread patterns to control the degree and stretch of our products. Denser grid patterns increase the amount of reinforcement and less dense patterns of different geometry allow for greater stretch. We are also able to manufacture products with smooth external layers that minimize the amount of exposed polymer to allow for direct contact with patients' internal organs.

OviTex Reinforced Tissue Matrix

Our OviTex Reinforced Tissue Matrix has received 510(k) clearance from the FDA, which clearance was obtained and is currently held by Aroa, and is intended for use as a surgical mesh to reinforce and/or repair soft tissue where weakness exists. Indications for use include the repair of hernias and/or abdominal wall defects that require the use of reinforcing or bridging material to obtain the desired surgical outcome. Our OviTex products can be used in a variety of hernia repairs, including simple and complex ventral, inguinal and hiatal hernias, as well as abdominal wall reconstructions.

Our OviTex products are sterile reinforced tissue matrices derived from ovine rumen with either polypropylene or PGA. The product is provided in a dry and hydratable form and packaged in a double pouched configuration. The product can be stored at room temperature and only needs five minutes from rehydration to use. To be used in surgery our OviTex product is placed in a sterile dish, rehydrated with sterile saline for five minutes, trimmed to fit the site, if needed, and then positioned to achieve maximum contact between the device and the surrounding tissue. The device may be sutured, stapled or tacked into place to avoid excess tension.

All of our OviTex products were designed to minimize the amount of polymer material implanted in patients. The synthetic material in our OviTex products comprise less than 5% of our final product. Depending on the configuration selected, the amount of polymer is approximately 75% less than the polymer content of the most widely implanted permanent synthetic mesh, thereby reducing the patient's foreign body inflammatory response to the polymer.

We market a variety of OviTex products in a range of sizes, thicknesses and degrees of reinforcement in order to suit surgeon preference and desired surgical technique. Our OviTex portfolio is designed to allow surgeons to select a device appropriate for any abdominal tissue plane. Generally, surgeons may place the reinforced tissue matrix in direct contact with internal organs, known as intraperitoneal placement, or away from these internal organs in a variety of tissue planes, known as pre-peritoneal placement. When selecting a product for intraperitoneal placement, surgeons require a surface that minimizes the risk of tissue attachment, whereas when selecting a product for pre-peritoneal placement, surgeons are able to use a product with polymer exposure on both sides. Surgeons may select the most appropriate product from our OviTex portfolio based on the size of the defect, necessity or surgeon preference for internal organ contact, use of a minimally invasive or open surgical technique and risk of infection.

OviTex Laparoscopic and Robotic Procedures

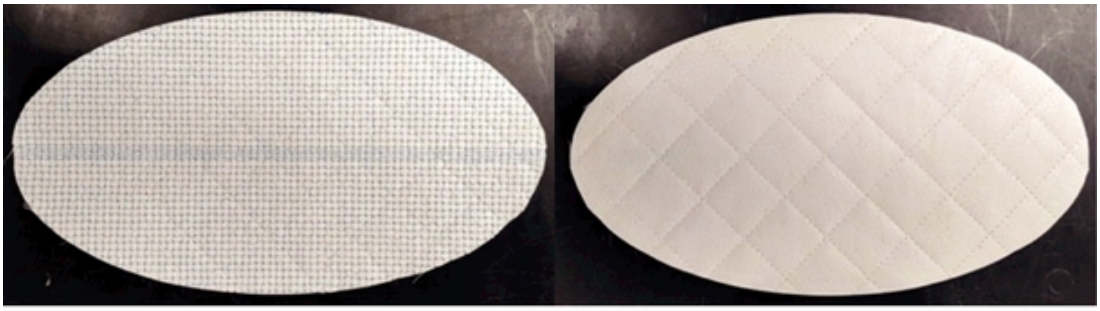
Our OviTex for Laparoscopic and Robotic Procedures, or OviTex LPR, is a sterile reinforced tissue matrix derived from ovine rumen with polypropylene fiber intended to be used in laparoscopic and robotic-assisted hernia surgical repairs. OviTex LPR was designed for use with a trocar and requires the same rehydration and fixation as our other OviTex products. This product includes design elements to improve surgical handling, including two extra embroidered lines of blue colored polypropylene fibers to enhance endoscopic orientation and alignment. This product can be introduced into the patient's body through various sized trocar ports. Based on surgeon feedback, OviTex LPR was designed in an elliptical shape to minimize trimming.

	OviTex	**OviTex 1S**	**OviTex 2S**	**OviTex LPR**
				
Size and Shape	4 × 8 cm to 25 × 40 cm* (Rectangle or Square)	4 × 8 cm to 25 × 40 cm* (Rectangle or Square)	4 × 8 cm to 25 × 40 cm* (Rectangle or Square)	12 × 18cm (Ellipse)
Strength	+	++	+++	+

	OviTex	OviTex 1S	OviTex 2S	OviTex LPR
Layers of Ovine Rumen	Four	Six	Eight	Four
Common Procedures	Moderate ventral hernia (pre-peritoneal placement), inguinal hernia, hiatal hernia	Moderate to complex ventral hernia, can be placed intraperitoneally	Complex ventral hernia and abdominal wall reconstruction and can be used for bridging, can be placed intraperitoneally	Laparoscopic or Robotic-assisted surgery
Polymer	Resorbable (PGA) or Permanent (Polypropylene)	Resorbable (PGA) or Permanent (Polypropylene)	Resorbable (PGA) or Permanent (Polypropylene)	Permanent (Polypropylene)
Shelf Life		Resorbable-18 months Permanent-24 months		24 months
Configuration	Exposed polymer on both sides	Exposed polymer on one side, and one smooth side	Two smooth sides	Exposed polymer on one side, and one smooth side
Commercial Availability	§ United States § Europe (up to 20 × 20 cm)	§ United States § Europe (up to 20 × 20 cm)	§ United States § Europe (up to 20 × 20 cm)	United States

* 25 x 30 cm and 25 x 40 cm sizes currently only available with permanent (polypropylene) polymer.
† Denotes relative level of strength

OviTex LPR

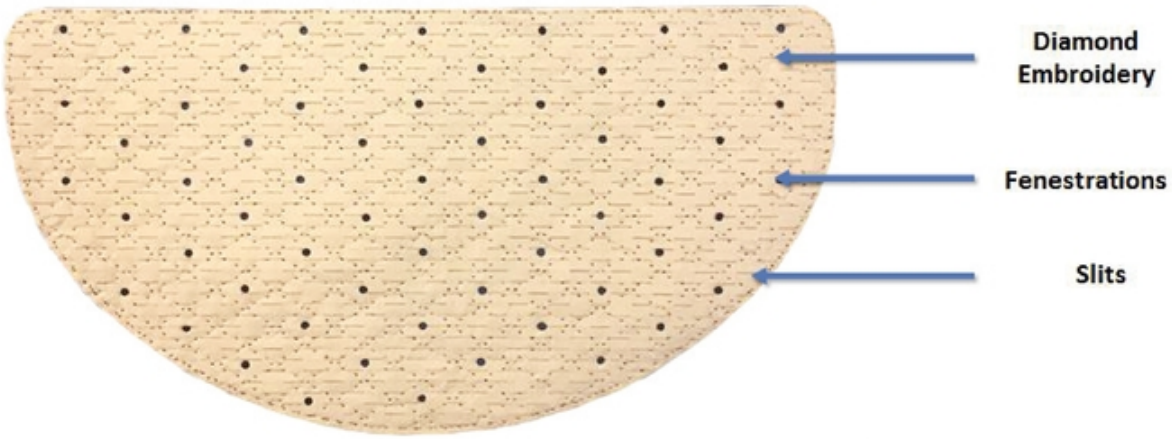


OviTex Plastic and Reconstructive Surgery — OviTex PRS

OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, has received 510(k) clearance from the FDA, which clearance was obtained and is currently held by Aroa, and is indicated for use in implantation to reinforce soft tissue where weakness exists in patients requiring soft tissue repair or reinforcement in plastic and reconstructive surgery. Our OviTex PRS product can be stored at room temperature and comes in the same packaging and requires the same rehydration and fixation as our OviTex products.

Our OviTex PRS product is a sterile reconstructive reinforced tissue matrix composed of three layers of ovine rumen joined by a patented corner-lock embroidered diamond patterned polymer (PGA or polypropylene) that allows the product to stretch while also maintaining its shape. Machine punched regularly spaced fenestrations, or holes, and die-cut slits in the product facilitate fluid management, allow for rapid cellular infiltration and create a directional bias to the stretch. Our OviTex PRS product is available in arced rectangle, half-moon and oval shapes in a range of sizes (8 × 15 cm through 20 × 25 cm) to suit surgeon preference and nature of the soft tissue repair in plastic and reconstructive surgery. The device may be trimmed to a desired shape to further accommodate individual anatomy. The shelf life of permanent OviTex PRS is 24 months and the shelf life of resorbable OviTex PRS is 12 months.

OviTex PRS



Product Pipeline and Research and Development

We continue to expand our product pipeline and the treatment capabilities of our products through innovation, which we believe will expand the patient population that can benefit from our products to maximize their utility across surgical techniques and clinical applications for soft tissue reinforcement. New product features and designs that we plan to introduce, subject to receiving any required regulatory approval or clearance, include:

- additional sizes and shapes of our OviTex LPR product line;
- a self-grip technology designed to enhance the use of our OviTex products in robotic-assisted surgery for inguinal and ventral hernia repair and enhancements to our OviTex PRS products to assist with surgical placement and tissue integration of our OviTex PRS products;
- larger OviTex sizes in our resorbable product line; and
- the use of additional polymers, including for instance a longer-acting resorbable and high strength permanent synthetic, to incorporate into our OviTex and OviTex PRS products.

Clinical Results and Studies

Overview of Preclinical and Clinical Programs

One of our key strategies is to continuously obtain evidence to support the safety and effectiveness of our products, which we believe will differentiate us from our competitors. As part of our strategy to gather and analyze high-quality data, we seek to ensure rigorous and reliable data collection and reporting. The data from our preclinical and clinical studies strengthens our ability to raise surgeon awareness and drive adoption of our products as a new category of soft tissue reconstruction products. We expect our clinical evidence will provide surgeons with safety and efficacy data on the appropriate use of our products and we plan to obtain further clinical evidence to support additional regulatory clearances or approvals of our reinforced tissue matrices for additional indications for use in the future.

We believe we have completed the largest non-human primate preclinical studies conducted in soft tissue reconstruction surgery. Non-human primates are considered the most suitable animal model to predict the human immune and inflammatory response to a soft tissue reconstruction device. Although not required for FDA clearance of our reinforced tissue matrices, we completed these preclinical studies prior to implantation of our products in human patients. In these studies, we compared our OviTex and OviTex PRS products to market leading competitive materials. In these studies, our reinforced tissue matrices exhibited a minimal inflammatory response, rapid cellular infiltration and revascularization and allowed for earlier and complete remodeling into functional tissue.

We are currently sponsoring our BRAVO study. An analysis of the first 32 patients who underwent surgery and completed the twelve-month follow-up visit showed a 0% rate of hernia recurrence, no device explantations and no predefined surgical site complications or wound-related events requiring surgical intervention. This clinical study included patients with a range of comorbidities, prior hernia repairs and history of surgical infections, predisposing them to complications. These patients were treated using either an open or minimally invasive surgical approach. These findings are generally corroborated by similar clinical data from multiple published retrospective studies in a variety of hernia repairs utilizing our OviTex products.

Our OviTex PRS products, designed for plastic and reconstructive surgery, utilize the same ovine rumen biologic material and interwoven polymer fibers as our OviTex products, but differ in their overall design. Our OviTex PRS reinforced tissue matrices have also been evaluated in a non-human primate model and demonstrated less inflammation and earlier remodeling into functional tissue than the leading biologic matrix used in plastic and reconstructive surgical procedures. Surgeons are beginning to utilize our OviTex PRS reinforced tissue matrices in their surgeries and we plan to continuously collect, analyze and support the presentation of clinical data to characterize the performance of our reconstructive reinforced tissue matrices.

Our BRAVO Study

We are sponsoring our BRAVO study, a prospective, single arm, multicenter study evaluating the clinical outcomes of 91 patients with simple and complex ventral hernias repaired with our OviTex 1S with permanent polymer. The study recently completed enrollment of 91 adult patients who underwent open, laparoscopic or robotic-assisted ventral hernia repair at seven centers in the United States between April 2017 and June 2019. The study was designed to test the hypothesis that the strong preclinical biologic performance and predictable biomechanics of our OviTex reinforced tissue matrices would translate into better clinical performance than that of biologic or synthetic devices for hernia repair. No study center contributed more than 19% of patients enrolled.

The primary endpoints of this study are the incidence of early postoperative surgical site occurrences or wound-related events noted at the hernia repair site and the incidence of other postoperative complications, in each case occurring within the first three months of the ventral hernia repair. These include deep or superficial wound infection, seroma, hematoma, wound dehiscence, skin necrosis and fistulas. Hernia recurrence is evaluated at each follow-up visit. In the case of a clinical suspicion by the surgeon of a recurrence, imaging studies are performed. Patients enrolled in the study are evaluated at 30 days, three months, 12 months and 24 months, with interim analysis of patients being conducted for each 25 patient cohort that reaches the three- and twelve-month follow-up period after implantation of our OviTex product. Patients presenting with a primary or recurrent ventral hernia were eligible for the study, with the exception of those with a Body Mass Index, or BMI, of over 40 kg/m^2, a Center for Disease Control, or CDC, Class IV/Dirty-Infected wound, or defects requiring devices larger than 20 × 20 cm or 18 × 22 cm, and other typical exclusion criteria. The secondary endpoints of this study are incidence of late postoperative surgical site occurrences or wound-related events noted at the hernia repair site and occurring more than three months after surgery, incidence of other late postoperative complications occurring more than three months after surgery or true hernia recurrence at the site of surgery at three months, 12 months or 24 months after the hernia repair.

The first 32 patients who have undergone surgery and completed the one-year follow-up visit have been evaluated. Excluded were two patients who withdrew from the study, one patient who is still active but has missed their one-year visit, and three subjects who died within three weeks of surgery due to causes unrelated to our OviTex product or the study procedure.

While many factors can influence surgical wound healing and postoperative infection, bacterial burden is the most significant risk factor. The CDC wound class is a surgical wound classification system designed by the CDC to help clinicians preemptively identify patients at risk of surgical site infection and assess the degree of bacterial contamination of a surgical wound at the time of operation. The CDC identifies four surgical wound classification categories: Class I/Clean; Class II/Clean-Contaminated; Class III/Contaminated; and Class IV/Dirty-Infected. The Ventral Hernia Working Group, or VHWG, grade is a hernia grading system based on risk factor characteristics of the patient and the wound that helps surgeons develop patient assessment strategies, including the selection of appropriate repair material, the appropriate surgical technique and overall clinical approach based on each patient's risk for developing a surgical site occurrence and postoperative complications. This surgical site occurrence-risk grading system consists of four grades: Grade 1/Low Risk; Grade 2/Co-Morbid; Grade 3/Potentially Contaminated; and Grade 4/Infected. This grading system represents salient points along a continuum of risk from low risk (healthy patients with uncomplicated wounds) to high-risk (patients with multiple comorbidities and uncontrolled infection). The demographics of the 32 patients, as well as the number of previous hernia repairs, history of surgical infection, wound status, VHWG classification, obesity classification approach and self-reported patient and surgeon satisfaction are presented in the table below.

BRAVO Study Data

	N[(1)]	%
Comorbidities		
Diabetes Mellitus	6	18.8%
Hypertension	16	50.0%
Previous Ventral Hernia Repair	14	43.8%
Obesity	21	65.6%
COPD/Asthma	4	12.5%
Smoking History	9	28.1%
Prior Hernia Repairs		
Yes	14	43.8%
No	18	56.3%
History of Surgical Infection		
Yes	6	18.8%
No	26	81.3%
Wound Status		
Class I	27	84.4%
Class II	3	9.4%
Class III	2	6.3%
VHWG Grade		
Grade 1	5	15.6%
Grade 2	21	65.6%
Grade 3	6	18.8%
Obesity Classification		
Not Obese	11	34.4%
Obese	15	46.9%
Morbidly Obese	6	18.8%

	N[1]	%
Approach		
Open	24	75.0%
Robotic-assisted	6	18.8%
Laparoscopic	2	6.3%

(1) Represents the number of patients out of the first 32 patients

	Month 12 Average	Range
Satisfaction		
Patient	9.3 (n=27)	2-10
Surgeon	9.8 (n=32)	8-10

The table below presents publicly available recurrence data for other biological matrix and resorbable synthetic mesh products in prospective clinical studies in ventral hernia repair presented in published clinical literature and conference presentations. Recurrence rates are calculated as the number of hernia recurrence at the time of follow-up divided by the number of patients who completed follow-up at the same time period.

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate[1]	Number of Hernia Recurrence[1]	Number of Patients who Completed Follow-up[1]	Follow-up Period in Months
Phasix[1]	Resorbable Synthetic Mesh	5%	5	95	12
Phasix[1]	Resorbable Synthetic Mesh	12%	11	95	18
Phasix[1]	Resorbable Synthetic Mesh	23%	19	82	36
Strattice[1]	Biologic Matrix	22%	15	69	12
Strattice[1]	Biologic Matrix	33%	22	67	24

(1) Hernia Recurrence Rate based on number of hernia recurrences reported in patients who completed follow up and patients who reported recurrent hernia before the specified follow up period. Clinical literature and conference presentations included hernia recurrence rates based on number of hernia recurrences in patients who comprised the initial intent-to-treat population (including those who did not complete the follow up period and did not report a hernia recurrence).

The table below presents the recurrence rate for the first 32 patients who reached 12-month follow-up in our BRAVO study.

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate	Number of Hernia Recurrence	Number of Patients who Completed Follow-up	Follow-up Period in Months
OviTex	**Reinforced Tissue Matrix**	**0%**	**0**	**32**	**12**

None of the first 32 patients who reached the one-year follow-up period had experienced a recurrence at that time (0 of 32; 0%). In this study, nine patients experienced surgical site occurrences, of which five were considered possibly related to the device (5 of 32; 15.6%). Of these five surgical site occurrences, four were infections (abdominal wall abscesses), and one was a seroma. None of the surgical site occurrences required further surgery or removal of the device, and all surgical site occurrences had resolved by the time of the 90-day follow-up visit. All nine patients had comorbidities that are known to increase the risks of surgical site occurrences, including obesity in seven, diabetes mellitus in one, chronic obstructive pulmonary disease in one, hypertension in five, one to five previous ventral hernia repairs in seven (average of 2.7 prior ventral hernia repairs) and previous surgical infections in three. Patient satisfaction for the completed patients was 9.3 out of 10 at the one-year follow-up and surgeon satisfaction at that time was 9.8 out of 10. Our OviTex product was considered easy or very easy to use in all cases, whether open or minimally invasive.

The first planned 12-month analysis of this study showed no device failures requiring explantation, reoperation or recurrences, thereby demonstrating the strong biologic and biomechanical performance of our OviTex reinforced tissue matrices. Our 0% 12-month recurrence rate compares favorably to the reported 12-month recurrence rates in published prospective studies for Phasix, and Strattice, which were 5.0%, and 22%, respectively. We believe that our OviTex reinforced tissue matrices better tolerate an infected environment as demonstrated by our 0% explantation rate.

Preclinical In Vivo Evaluation of our OviTex Product in Non-Human Primates

We evaluated the biologic performance of two configurations of our OviTex reinforced tissue matrices in comparison to five currently available reconstruction materials and two other reconstruction materials that are no longer commercially available, including permanent synthetic mesh, resorbable synthetic mesh and biologic matrices in non-human primate studies, with 73 non-human primates. We selected the African Green monkeys for use in this study because this primate is closely related to and shares greater than 98% of their genetic code with humans. This non-human primate model has been used extensively to evaluate clinical and immune responses to pathogens, vaccines, and pharmaceuticals, and to predict xenograft biocompatibility for abdominal wall repair.

In accordance with the study protocol, the animals were anesthetized and a 7 × 3 cm full thickness "window" defect was created in the midline of the abdominal wall. The defect was then repaired with a reconstruction material of equal size, which was sutured in place to repair the defect and the skin was then sutured closed. Next the animals were euthanized at four, 12 or 24 weeks and the skin of the abdomen was dissected back to expose the site of the device. The graft site was evaluated for signs of herniation, inflammation, adhesions, contractions or other abnormalities. Then the length and width of the grafts were measured and the entire grafts and surrounding tissues were removed and photographed. Samples of the grafts were then prepared for analysis by an independent histopathologist. The most relevant data from this study came from the 24 week analysis.

Test Articles, Material Classification, Source Materials and Explant Time Points

Material	Manufacturer	Classification	Source Materials	Explant Time Point (weeks)
OviTex PGA 1S	TELA Bio	Reinforced Biologic	Ovine rumen embroidered with polyglycolic acid	4, 12, 24
OviTex PP 1S	TELA Bio	Reinforced Biologic	Ovine rumen embroidered with polypropylene	4, 12, 24
Strattice Firm	LifeCell Corporation (now Allergan)	Biologic	Porcine dermis	4, 12, 24
Phasix	C.R. Bard, Inc. (now BD)	Resorbable Synthetic	Poly-4-hydroxybutyrate (P4HB)	4, 12, 24
Ventralight ST	C.R. Bard, Inc. (now BD)	Permanent Synthetic	Polypropylene with hydrogel barrier	4, 12, 24

OviTex

At 24 weeks, our OviTex reinforced tissue matrices best preserved their original geometry and exhibited limited contraction, had minimal inflammation, had rapid cellular infiltration and vascularization, and the grafts fully remodeled into host tissue (fastest rate of remodeling) with a higher degree of organized collagen than synthetics and biologics (on average).

Biologic Matrices

At 24 weeks, the biologics significantly contracted in length and expanded in width, had minimal inflammation, slow cellular infiltration and vascularization, and the grafts fully remodeled into host tissue (slower rate of remodeling than our OviTex product) and exhibited varying degrees of organized remodeled collagen.

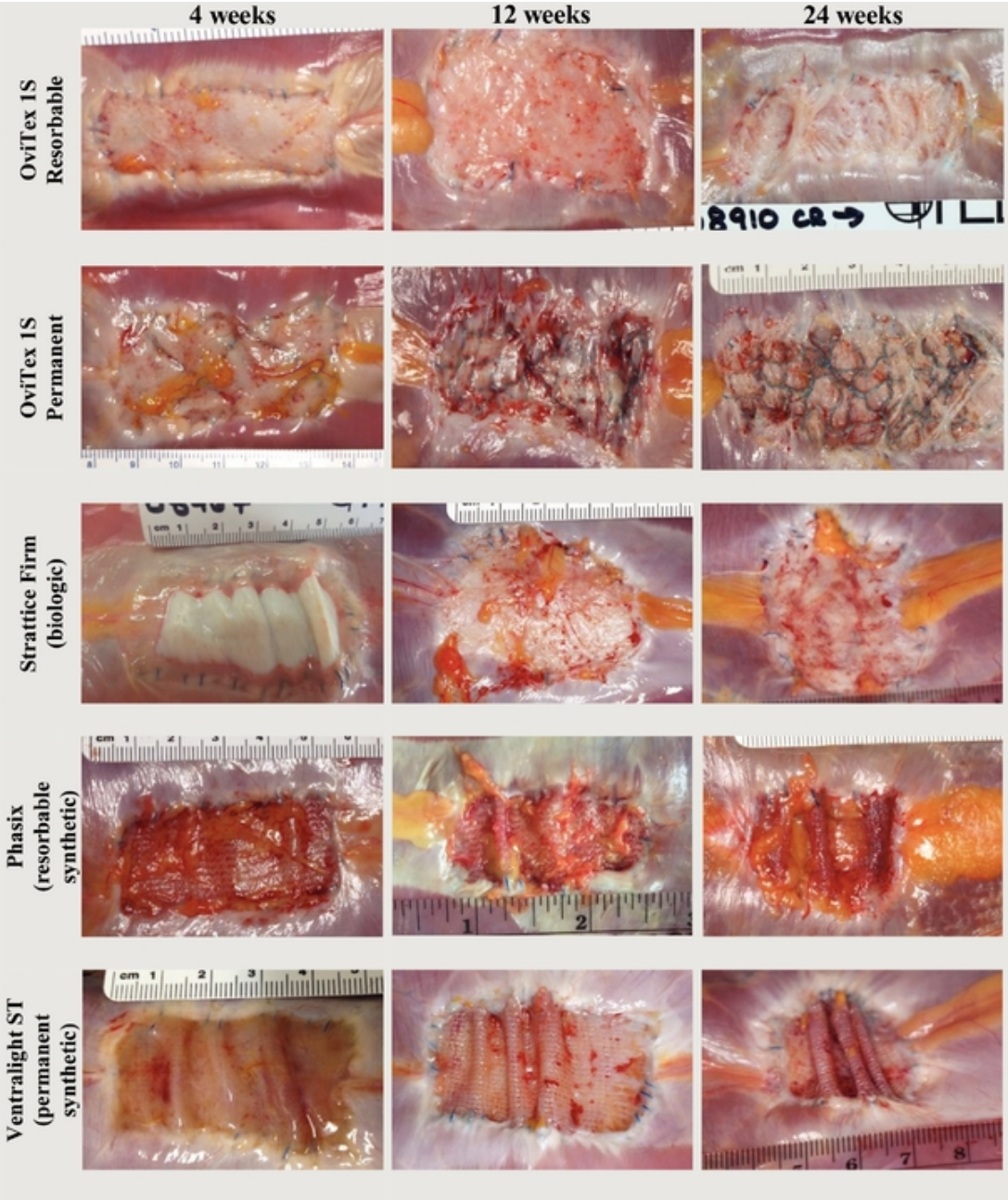
Resorbable Synthetics

At 24 weeks, the resorbable synthetic material exhibited significant contraction, had mild to moderate inflammation (which persisted at elevated levels throughout the study), showed a substantial layer of early amorphous inflamed tissue adjacent to the device, and given that they contain no biologic material that can be remodeled, the scar-like collagen formed adjacent to the persistent synthetic mesh material, separated by a layer of loose connective and adipose tissue, which was also present between the mesh fibers.

Permanent Synthetics

At 24 weeks, the permanent synthetics exhibited a high degree of contraction in length and width, had mild to moderate inflammation (which persisted at elevated levels throughout the study), showed substantial layers of

early amorphous tissue formed next to the device, and given that they have no biologic that can be remodeled, they exhibited disorganized and scar-like collagen surrounding the persistent synthetic mesh material.



* Illustrative samples.

Figure: Our OviTex product exhibited less contraction over time compared to other materials

The outcome of this preclinical study to evaluate our OviTex product in a non-human primate model confirms the utility of our reinforced tissue matrices for hernia repair as a viable alternative to available biologic and synthetic hernia repair materials.

Other Clinical Studies Using Our OviTex Products

Clinical experience with ventral hernias and abdominal wall reconstruction

A growing body of clinical evidence supports the safety, durability and effectiveness of our OviTex products for use in ventral hernia repair and abdominal wall reconstruction procedures.

An independent investigator-initiated, observational, retrospective cohort study on a consecutive series of 23 adult patients was conducted to evaluate the clinical outcomes of abdominal wall reconstruction in complex incisional ventral hernias repaired with our OviTex 1S and OviTex 2S with both permanent polymer and resorbable polymer. These patients underwent open ventral hernia repair with our OviTex products at a single center in the United States between June 2016 and June 2018. The primary endpoints of this study include rates of recurrence, surgical site infections and surgical site occurrences. The majority of patients were female (56.5%), mean age of 60.8 ± 11.1 years, and mean body mass index of 33.1 ± 5.3. Comorbidities included obesity (60.9%), hypertension (56.5%), previous wound infection (39.1%), diabetes mellitus (34.8%), and recent smoking history (26.1%). The mean comorbidities per patient were 3.4. Mean VHWG Grade was 2.8 ± 0.8. There were eight Grade 3 (34.8%) and five Grade 4 (21.7%) patients. Concomitant procedures were performed in twelve patients (52.1%). These included small bowel resection in four, enterocutaneous fistula resection with associated small bowel in three, colon resection in one, gastric bypass reversal in one, and panniculectomy in three. Fifteen patients presented with recurrent hernias (65.2%). During the abdominal wall reconstruction procedure, twelve patients had a previous synthetic mesh removed (52.2%) and three patients had a previous biologic removed (13.0%). These 23 patients completed follow-up visits at nine to 33 months and were evaluated. Two of the 23 patients experienced a recurrence (8.7%) at the mean 18.7 ± 8.2 months follow-up. Postoperative surgical site occurrences at the hernia repair site occurred in seven patients (30.4%), including four superficial infections, two seromas, and one superficial wound necrosis. All were effectively treated without the need for removal of the device. Patient satisfaction with the repair was excellent. We believe the results of this study demonstrate that our OviTex products have an acceptably low rate of recurrence in this challenging patient population. The results of this study were presented at the American Hernia Society Annual Meeting in March 2019.

Another independent investigator-initiated, observational, retrospective study of 100 patients in two cohorts of 50 consecutive adult patients was conducted to evaluate the clinical outcomes of abdominal wall reconstruction in ventral hernias classified as VHWG Grade 2 and Grade 3 and CDC Wound Class I through IV repaired with our OviTex 1S and OviTex 2S or synthetic mesh. These patients underwent open ventral hernia repair at multiple hospitals within a university hospital system in the United States in 2017. The primary endpoints of this study include rates of recurrence, surgical site infections and surgical site occurrences at six months follow-up. Fifty patients underwent ventral hernia repair with our OviTex product. The majority of patients were female (58%), mean age of 55 ± 14 years, and body mass index of 34 ± 6. Comorbidities included obesity, hypertension, diabetes mellitus, and recent smoking history. VHWG Grade distribution included Grade 2 (32%) and Grade 3 (68%) and CDC Wound Class distribution included CDC Class I (30%), 2 (44%), 3 (10%), and 4 (16%). Concomitant procedures were performed in 70% of patients. Fifty patients completed follow-up visits at six months and were evaluated. Hernia recurrence was 8%. Postoperative surgical site occurrences at the hernia repair site occurred in 18 patients (36%), including eight infections, five seromas, and five wound drainage or dehiscence, or disruption of the wound closure. In the fifty patients who underwent ventral hernia repair with synthetic mesh, the majority of patients were male (54%), mean age of 52 ± 12 years, and body mass index of 33 ± 7. These patients had similar comorbidities. VHWG Class distribution included Grade 2 (94%) and Grade 3 (6%) and CDC Wound Class distribution included CDC Class I (94%), II (4%), III (2%), and IV (0%). Concomitant procedures were performed in 10% of patients. Fifty patients completed follow-up visits at six months and were evaluated. Hernia recurrence was 12%. Postoperative surgical site occurrences at the hernia repair site occurred in 11 patients (22%). This study demonstrated that patients treated with our OviTex product experienced a lower hernia recurrence rate at six months follow-up compared to those treated with synthetic

mesh, despite our OviTex product being implanted in a much higher risk patient population. These results are in contrast with prior clinical results published in peer-reviewed clinical literature that demonstrate that higher risk patients exhibit higher recurrence rates compared to those exhibited in low risk patients. We believe the results of this study demonstrate that our OviTex products may be better suited for definitive hernia repair in higher risk patients in place of synthetic mesh. The results of this study were presented at the Western Surgical Association Scientific Session Annual Meeting in November 2018.

Clinical experience with inguinal hernias

An independent investigator-initiated, observational, retrospective study on a consecutive series of 31 adult patients was conducted to evaluate the clinical outcomes of inguinal hernia repaired with our OviTex product with permanent polymer and its role in reducing chronic postoperative inguinal pain. These patients underwent open inguinal hernia repair at a single center in the United States from 2016 to 2017. The primary endpoints of this study include rates of recurrence, surgical site infections, surgical site occurrences, device explantation, chronic postoperative inguinal pain, and refill of narcotic pain medications during the follow-up period. The vast majority of patients were male (94%), mean age of 56 years (range 27 to 83), and mean body mass index of 27 (range 21 to 33). Six patients presented with recurrent hernias (19%). These 31 patients completed follow-up visits at three to 18 months and were evaluated. No patients experienced a recurrence (0%) and no patients required explantation (0%) of the device for infection, chronic pain, meshoma, which is a complication of mesh implantation in which the mesh shrinks in the form of a rounded mass manifestation, or any other reason at the mean 12.6 months follow-up. There were no postoperative surgical site occurrences at the hernia repair site that required surgical intervention. There were no reported surgical site infections during the initial 30 days postoperatively. All patients were prescribed standard postoperative narcotics for pain control. There were no requests for refills for pain medication. There was no reported incidence of chronic postoperative inguinal pain, a common problem with synthetic mesh products. This study demonstrated that our OviTex product is effective and a viable alternative to synthetic mesh in inguinal hernia repair. We believe the results of this study demonstrate that our OviTex products may lead to less postoperative pain and potentially help minimize the inflammatory response seen in hernia patients treated with synthetic mesh in this most common hernia type. The results of this study were published in the *International Journal of Surgery Open* in June 2018.

Clinical experience with hiatal hernias

Hiatal hernias are a type of hernia in the diaphragm through which the esophagus passes to the stomach. Repair of hiatal hernias is preferentially done using biologic matrices due to a rare but serious complication seen when permanent synthetic mesh is used. However, most surgeons prefer to use robotic or laparoscopic techniques, which are challenging with biologics due to limitations with their thickness and flexibility, which make them difficult to shape, handle, and fixate.

An independent investigator-initiated, observational, retrospective cohort study on a consecutive series of 25 adult patients was conducted to evaluate the clinical outcomes of hiatal hernias repaired with our OviTex and OviTex 1S with resorbable polymer. These patients underwent laparoscopic or open hiatal hernia repair with our OviTex products at a single center in the United States between August 2016 and May 2017. The primary endpoints of this study include rates of recurrence and complications and symptom control or resolution. The majority of patients were female (72%%), mean age of 59.8 ± 14.8 years, and mean body mass index of 29.6 ± 7.3. Comorbidities included hypertension (64%), obesity (44%), hyperlipidemia (32%), diabetes mellitus (20%), obstructive sleep apnea (20%), chronic obstructive pulmonary disease or asthma (20%), coronary artery disease (16%), and prior heart attack (12%). Three patients presented with recurrent hernias (12%). Laparoscopic repair was completed in 23 of 24 patients and one case was straight open due to strangulation and perforation of the hernia. These patients completed follow-up visits at one to 20 months and were evaluated. No patients experienced a recurrence (0%) at the mean 14.2 ± 4.7 months follow-up. Most preoperative symptoms resolved or were significantly improved, specifically

heartburn in 20 of 21 (95%) patients, dysphagia, or difficulty swallowing, in 18 of 19 (95%) patients, regurgitation in all 10 (100%) patients, nausea and vomiting in all three (100%) patients, dyspnea, or shortness of breath, in all four (100%) patients, and chest discomfort or pain in six of seven (86%) patients. One of one patient did not achieve symptom relief for abdominal bloating which was also present preoperatively. There were no intraoperative complications and specifically no complications attributable to the use of our OviTex products. The products were found to be easy to shape, handle, and fixate. We believe the results of this study demonstrate that our OviTex products provide a viable treatment alternative for patients with hiatal hernias and that our OviTex products can be shaped, handled and fixated with ease using laparoscopic techniques. The results of this study were published in the *Journal of the Society of Laparoendoscopic Surgeons* in October-December 2018.

Preclinical Animal Testing of OviTex PRS

Our resorbable and permanent OviTex PRS products were evaluated in a non-human primate study, in which our OviTex PRS product was compared to AlloDerm at two, four, 12 and 24 weeks for differences in healing kinetics, as evidenced through inflammatory response, cellular infiltration, and the morphological quality of the newly remodeled tissue associated with each device. The inflammatory response for both the OviTex PRS groups and AlloDerm was minimal, though when comparing the two the response was slightly lower in our resorbable OviTex PRS product at all time points, including the last 24 weeks. At four weeks, the highly permeable nature of our OviTex PRS product design enhanced fluid exchange evidenced by more effective and rapid infiltration of host cells in the collagen network. In comparison, the collagen network of AlloDerm developed a superficial layer of fibroblasts, covering the device, which macroscopically appeared white and largely inert. The earlier infiltration and faster recruitment of fibroblasts and host cells in our OviTex PRS product helped "jump start" the remodeling process into host tissue. At 12 weeks, our OviTex PRS product was fully remodeled and the maturation of the product was slightly ahead of that of AlloDerm at all time points. At 24 weeks, significant contraction was seen in all AlloDerm devices, as well as calcifications. The collagen in the AlloDerm specimens showed signs of maturation, much like our OviTex PRS products, which remodeled into mature collagen, consistent of compact lamellar bundles of low cellularity, occupying the entire defect site with functional tissue. After 24 weeks our OviTex PRS product was associated with a favorable tissue response, demonstrating rapid infiltration, earlier and more rapid tissue integration and slightly more advanced tissue remodeling in comparison to AlloDerm.

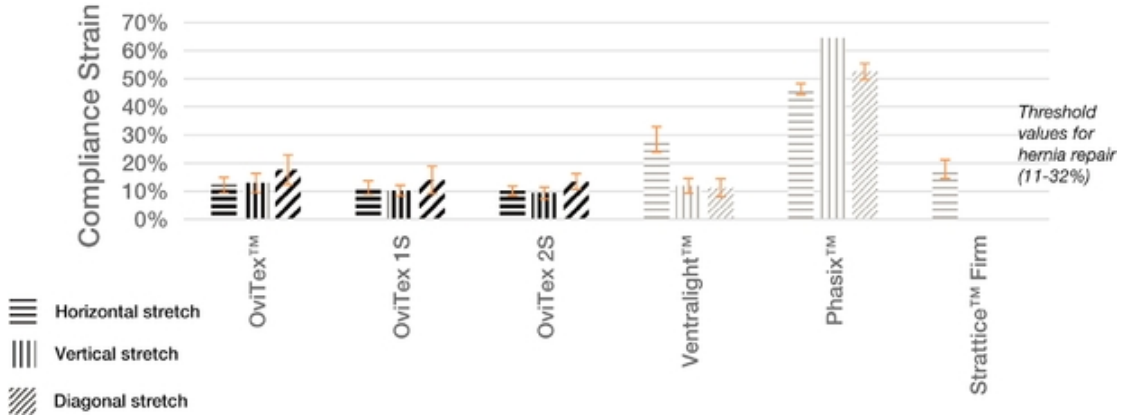
OviTex Tensile Testing Studies

While strength of a soft tissue reconstruction material is important, the degree to which it stretches, known as compliance, is also critical. These materials must offload the tension of the repaired soft tissue in order for the repaired tissue to heal properly and allow for the most durable repair. We utilize ASTM, or American Society for Testing and Materials, tensile testing techniques and standards to evaluate the biomechanical characteristics of our products. ASTM is an international standards organization that develops and publishes voluntary consensus technical standards for a wide range of materials. Compliance is a key measurement for our products, under these standards compliance is defined as the percentage change in length of material per unit of tensile load applied. A high compliance product means that little tensile load, or force per unit area, is required to stretch a high percentage. The compliance requirements of the abdominal wall have been well characterized with an ability to stretch between 11% and 32% when subjected to typical anatomical loads.

We utilize tensile machines to test our products and those of our competitors to the same anatomical loads as the abdominal wall structure to determine their compliance. An ideal hernia repair and abdominal wall reconstruction product would trend or match the compliance of the native abdominal wall structure at typical anatomical loads. Based on our ASTM tensile testing studies, OviTex, OviTex 1S and OviTex 2S all exhibited compliance of approximately 11%, within the ideal compliance range that mirrors that of the native abdominal wall structure. Most of our competitors' products do not meet this biomechanical target compliance range, which means they are subject to excessive stretching, resulting in the inability to offload the forces of the hernia or abdominal wall defect. We believe our OviTex products exhibit compliance

characteristics that most closely match those of the native abdominal wall structure, compared to our competitors' products. The chart below summarizes the compliance measurements of our OviTex products compared to those of other commercially available soft tissue reconstruction products.

Average Uniaxial Compliance Strain per Direction



Intellectual Property

Our success depends in part on our ability to obtain, maintain, protect and enforce our proprietary technology and intellectual property rights, in particular, our patent and trademark rights, preserving the confidentiality of our trade secrets, and operating without infringing the valid and enforceable patents and other proprietary rights of third parties. We rely on a combination of patent, trademark, trade secret and other intellectual property rights and measures to protect the intellectual property rights that we consider important to our business. We also rely on know-how and continuing technological innovation to develop and maintain our competitive position.

Aroa License

In August 2012, we entered into the Aroa License, which was amended and restated in July 2015, pursuant to which we obtained an exclusive license to certain patents and know-how to develop, commercialize and sell bovine and ovine extracellular matrix products for hernia repair, abdominal wall and breast reconstruction in North America and Europe, which we refer to as the Licensed Territory. In addition, under the Aroa License, Aroa is our exclusive manufacturer and supplier for the development of our products.

Pursuant to the terms of the Aroa License we made upfront payments to Aroa totaling $2.3 million and granted Aroa 1,834,867 newly issued shares of our restricted common stock. We have made additional payments in the aggregate of $2.0 million to Aroa following the achievement of certain regulatory and operational milestones, including FDA 510(k) clearance of our OviTex products, which clearance was obtained and is currently held by Aroa, for use in surgical soft tissue reinforcement and the receipt of the first CE mark for sale of our products in the European Economic Area for use in abdominal wall reconstruction and hernia repair and our acceptance of certain supply quantities manufactured by Aroa for our commercial launch in Europe. In addition, we are obligated to pay Aroa up to an aggregate of $4 million in revenue-based milestone payments upon our achievement of certain net sales thresholds for sales of our products within the Licensed Territory, of which we have already paid $1.0 million.

We are responsible for marketing the products manufactured for us by Aroa. We pay Aroa for the supply and manufacturing of our products through a revenue sharing agreement. Pursuant to the Aroa License, we retain 73% of the net sales of all of our products and pay Aroa the remaining 27%. If at any point during

the term of the Aroa License we and Aroa determine that our anticipated product needs exceed Aroa's manufacturing capabilities, we and Aroa will mutually approve an expansion and equally share the cost of such expansion. Our share of such expansion costs may be offset by us against future revenue share payments.

The initial term of the Aroa License terminates on the later of (i) August 3, 2022, or (ii) the expiration of the last patent covering bovine and ovine products currently July 30, 2029, with an option to extend for an additional ten year period. Either party may terminate the Aroa License upon the other party's material breach, subject to a ninety-day notice and cure period or upon thirty-days written notice in the event of bankruptcy. We may terminate manufacture and production of a specific product upon thirty-days prior written notice upon (i) a reasonable determination that such product infringes the intellectual property rights of a third party, (ii) an uncured supply failure by Aroa or (iii) such product proves unfeasible, and immediately upon written notice from a regulatory authority that such product must be withdrawn from the market. If we materially breach the Aroa License in one of the Licensed Territories, Aroa may terminate the Aroa License solely with respect to the Licensed Territory in which the breach occurred. Upon termination of the Aroa License, we have the right to purchase all or any part of the unsold portion of any completed products from Aroa and the right to continue to sell all products remaining in our inventory.

The Aroa License also contains customary representations and warranties, confidentiality, insurance, audit, indemnification and non-competition provisions.

Patents

As of September 30, 2019, we exclusively license two issued U.S. patents that will expire in 2029 and 2031. We own six U.S. issued or allowed patents which will expire between 2035 and 2037 and six pending U.S. patent applications, which subject to issuance, are projected to expire between 2035 and 2040, without taking into account potential patent term extensions or adjustments. In addition to our U.S. intellectual property, we also own four non-U.S. patent applications, which, subject to issuance, would be projected to expire between 2036 and 2037 and have exclusively licensed issued patents in Europe and Canada that will expire in 2029.

Our patents and patent applications cover, among other things, our corner-lock embroidery pattern, the use of adhesion barriers sewn into soft tissue and compliance associated with stretching.

Although the term of individual patents varies depending upon the country in which they were granted, in most countries, including the United States, the patent term is 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the United States Patent and Trademark Office in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date.

We cannot be sure that our pending patent applications that we have filed or may file in the future will result in issued patents, and we can give no assurance that any patents that have issued or might issue in the future will protect our current or future products, will provide us with any competitive advantage, and will not be challenged, invalidated, or circumvented.

Trade Secrets

We seek to protect our proprietary rights through a variety of methods, including confidentiality agreements and proprietary information agreements with suppliers, employees, consultants and others who may have access to our proprietary information. However, trade secrets and proprietary information can be difficult to protect. While we have confidence in the measures we take to protect and preserve our trade secrets and proprietary information, such measures can be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets and proprietary information may otherwise become known or be independently discovered by competitors.

Trademarks

We also rely on trademarks and trade designs to develop and maintain our competitive position. TELA Bio®, OviTex® and OviTex PRS® are registered trademarks of ours in the United States.

For more information regarding the risks related to our intellectual property, please see the section titled "Risk Factors — Risks Related to Our Intellectual Property."

Research and Development

We invest in research and development to advance our reinforced tissue matrix products with the goal of improving upon and supplementing our existing product offerings. We believe our ability to rapidly develop, manufacture, and obtain regulatory approval or clearance of our products is attributable to the dynamic product innovation process that we have implemented, the versatility and leveragability of our core technology and the management philosophy behind that process. We have recruited and retained engineers and scientists with significant experience in the development of polymer science, biologics, textile engineering and analytical testing. We have a number of design improvements for our reinforced tissue matrices in various stages of development that are expected to enhance our current products and increase surgeon adoption of our products. In addition, we intend to engage in discussions with the FDA regarding an IDE protocol to study the safety and effectiveness of our OviTex PRS portfolio for an indication in breast reconstruction surgery. Our research and development efforts are based at our facility in Malvern, Pennsylvania.

Commercial Strategy

We have established strong relationships in the United States with key constituencies, including hospitals, ambulatory surgery centers, GPOs, IDN, third-party payors and other key clinical and economic decision makers by offering a unique high quality, cost-effective product. As part of our overall commercial strategy, we intend to contract with GPOs and IDNs to increase access and penetration with hospital accounts. We have invested in our direct sales and marketing infrastructure in order to expand our presence to promote awareness and adoption of our products. There are currently more than 200 active hospital accounts in the United States that have incorporated our products into their practices.

We market our products to hospitals, ambulatory surgery centers, surgeons, GPOs, IDNs and medical device supply chain participants primarily through our direct sales force. Our sales representatives and sales managers have substantial medical device experience. As of June 30, 2019, we had 44 employees in our United States based commercial organization in 22 sales territories, which includes account managers and administrative support staff. We intend to expand our commercial organization to approximately 60 employees by December 31, 2019. We plan to continue to invest in our commercial organization by adding account managers, clinical development specialists, business managers and administrative support staff in order to cover the top 500 hospitals that we believe perform approximately 55% of our targeted soft tissue reconstruction procedures.

Manufacturing

All of our raw materials are sourced through and manufactured by Aroa in their Auckland, New Zealand facility under the terms of the Aroa License. Aroa's facility is approximately 25,000 square feet of which approximately 10,000 square feet is dedicated to manufacturing, with approximately 100 employees. This facility is currently undergoing a short-term expansion to increase capacity with additional process equipment and work shifts, and a further intermediate-term expansion is planned, with approximately 15,000 square feet of additional manufacturing space available. Expansions are mutually agreed between us and Aroa, and under the terms of the Aroa License we share 50% of the expansion cost, which we may later offset against our revenue share payment to Aroa. The Auckland facility is FDA registered and ISO 13485 certified. We believe that Aroa will be capable of providing sufficient quantities of our products to meet anticipated customer demands. In the event of an uncured supply failure by Aroa, we have the right

to, directly or through a third-party, step in and operate the Aroa Auckland facility to manufacture our products on behalf of Aroa.

The proprietary ovine rumen used in the manufacturing of our products is obtained from sheep raised for human consumption in New Zealand and is currently sourced by Aroa from two abattoirs, or slaughterhouses. Although only two abattoirs are currently used, there are more than 30 additional abattoirs in New Zealand that could be used to source the ovine rumen. New Zealand cattle and sheep are considered by the USDA to be free of prion disease (progressive neurodegenerative disorders, including scrapie). The sheep receive veterinary inspection prior to slaughter and then each carcass is inspected post-mortem for the presence of disease according to USDA approved standards. Only sheep which pass full inspection can be used as a raw tissue source for our products and all of the ovine rumen is processed in compliance with the FDA's regulations for Medical Devices Containing Materials Derived from Animal Sources. Once the ovine rumen is procured, our reinforced tissue matrix products are then manufactured by Aroa at its facility in Auckland, New Zealand.

Distribution

All of our products are shipped directly from Auckland, New Zealand to our headquarters in Malvern, Pennsylvania. We sell our products directly to our customers, which are hospitals and ambulatory surgery centers. Except for our stocking distributors in Europe, we do not use distributors to sell our products.

Competition

The medical device industry is intensely competitive, subject to change and significantly affected by new product introductions and other market activities of industry participants.

In the hernia repair market our primary competitors are Davol Inc., a subsidiary of C.R. Bard, Inc., which produces Phasix and Ventralight ST, and LifeCell, a subsidiary of Allergan, which produces Strattice. In the plastic and reconstructive surgery market, our primary competitor is LifeCell, a subsidiary of Allergan, which produces AlloDerm.

Many of these competitors are large, well-capitalized companies with significantly greater market share and resources than we have. As a consequence, they are able to spend more on product development, marketing, sales and other product initiatives than we can. We also compete with smaller medical device companies that have single products or a limited range of products. Some of our competitors have:

- significantly greater name recognition;
- broader or deeper relations with healthcare professionals, customers and third-party payors;
- more established distribution networks;
- greater experience in conducting research and development, manufacturing, clinical trials, marketing and obtaining regulatory clearance or approval for products; and
- greater financial and human resources for product development, sales and marketing and patent prosecution.

We believe that our continued ability to compete favorably depends on:

- successfully expanding our commercial operations;
- continuing to innovate and maintain scientifically-advanced technology;
- attracting and retaining skilled personnel;
- maintaining and obtaining intellectual property protection for our products; and
- conducting clinical studies and obtaining and maintaining regulatory approvals.

Government Regulation

Our products and operations are subject to extensive and rigorous regulation by the FDA and other federal, state and local authorities, as well as foreign regulatory authorities. The FDA regulates, among other things, the research, development, testing, design, manufacturing, approval, labeling, storage, recordkeeping, advertising, promotion and marketing, distribution, post approval monitoring and reporting and import and export of medical devices in the United States to assure the safety and effectiveness of medical products for their intended use. The Federal Trade Commission also regulates the advertising of our products in the United States. Further, we are subject to laws directed at preventing fraud and abuse, which subject our sales and marketing, training and other practices to government scrutiny.

Regulatory System for Medical Devices in the United States

All of our medical devices sold in the United States are subject to the Federal Food, Drug, and Cosmetic Act, or FDCA, as implemented and enforced by the FDA.

Unless an exemption applies, each new or significantly modified medical device we seek to commercially distribute in the United States will require either a premarket notification to the FDA requesting permission for commercial distribution under Section 510(k) of the FDCA also referred to as a 510(k) clearance, or approval from the FDA of a Premarket Approval application, also referred to as a PMA. Both the 510(k) clearance and PMA processes can be resource intensive, expensive, and lengthy, and require payment of significant user fees, unless an exemption is available.

Device Classification

Under the FDCA, medical devices are classified into one of three classes — Class I, Class II or Class III — depending on the degree of risk associated with each medical device and the extent of control needed to provide reasonable assurances with respect to safety and effectiveness.

Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be reasonably assured by adherence to a set of FDA regulations, referred to as the General Controls for Medical Devices, which require compliance with the applicable portions of the Quality Systems Regulations, or QSR, facility registration and product listing, reporting of adverse events and malfunctions, and appropriate, truthful and non-misleading labeling and promotional materials. Some Class I devices, also called Class I reserved devices, also require premarket clearance by the FDA through the 510(k) premarket notification process described below. Most Class I products are exempt from the premarket notification requirements.

Class II devices are those that are subject to the General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, patient registries, FDA guidance documents and post-market surveillance. Most Class II devices are subject to premarket review and clearance by the FDA. Premarket review and clearance by the FDA for Class II devices is accomplished through the 510(k) premarket notification process.

Class III devices include devices deemed by the FDA to pose the greatest risk such as life-supporting or life-sustaining devices, or implantable devices, in addition to those deemed novel and not substantially equivalent to a medical device cleared through the 510(k) process. The safety and effectiveness of Class III devices cannot be reasonably assured solely by the General Controls and special controls described above. Therefore, these devices are subject to the PMA application process, which is generally more costly and time consuming than the 510(k) process. Through the PMA application process, the applicant must submit data and information demonstrating reasonable assurance of the safety and effectiveness of the device for its intended use to the FDA's satisfaction. Accordingly, a PMA application typically includes, but is not limited to, extensive technical information regarding device design and development, preclinical and clinical trial data, manufacturing information, labeling and financial disclosure information for the clinical investigators in device studies. The PMA application must provide valid scientific evidence that

demonstrates to the FDA's satisfaction a reasonable assurance of the safety and effectiveness of the device for its intended use.

510(k) Clearance Pathway

Our current products are subject to premarket notification and clearance under section 510(k) of the FDCA.

When a 510(k) clearance is required, we must submit a pre-market notification to the FDA demonstrating that our proposed device is substantially equivalent to a predicate device, which is a previously cleared and legally marketed 510(k) device or a device that was in commercial distribution before May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. By regulation, a pre-market notification must be submitted to the FDA at least 90 days before we intend to distribute a device. As a practical matter, clearance often takes nine to twelve months, but may take significantly longer. To demonstrate substantial equivalence, the manufacturer must show that the proposed device has the same intended use as the predicate device, and it either has the same technological characteristics, or different technological characteristics and the information in the pre-market notification demonstrates that the device is equally safe and effective and does not raise different questions of safety and effectiveness. The FDA may require further information, including clinical data, to make a determination regarding substantial equivalence.

If the FDA agrees that the device is substantially equivalent to a predicate device currently on the market, it will grant 510(k) clearance to commercially market the device. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous PMA requirements, or can request a risk-based classification determination for the device in accordance with the *de novo* classification procedure, which is a route to market for novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) marketing clearance or, depending on the modification, a *de novo* classification or PMA approval. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but the FDA can review any such decision and disagree with a manufacturer's determination.

Many minor modifications today are accomplished by a manufacturer documenting the change in an internal letter-to-file. The letter-to-file is in lieu of submitting a new 510(k) to obtain clearance for every change. The FDA can always review these letters-to-file in an inspection. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or PMA approval is obtained. Also, in these circumstances, we may be subject to significant regulatory fines or penalties.

The FDA is currently considering proposals to reform its 510(k) marketing clearance process, and such proposals could include increased requirements for clinical data and a longer review period. In November 2018, FDA officials announced forthcoming steps that the FDA intends to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it plans to develop proposals to drive manufacturers using the 510(k) pathway toward the use of newer predicates. These proposals include plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. The FDA also announced that it intends to finalize guidance to establish a premarket review pathway for "manufacturers of certain well-understood device types" as an alternative to the 510(k) clearance pathway and that such premarket review pathway would allow manufacturers to rely on objective

safety and performance criteria recognized by the FDA to demonstrate substantial equivalence, obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. These proposals have not yet been finalized or adopted, and the FDA announced that it would seek public feedback prior to publication of any such proposals, and may work with Congress to implement such proposals through legislation.

De Novo Classification

Medical device types that the FDA has not previously classified as Class I, II or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernization Act of 1997, or FDAMA, established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *de novo* classification procedure.

This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Prior to the enactment of the Food and Drug Administration Safety and Innovation Act of 2012, or FDASIA, a medical device could only be eligible for *de novo* classification if the manufacturer first submitted a 510(k) pre-market notification and received a determination from the FDA that the device was not substantially equivalent to a predicate device. FDASIA streamlined the *de novo* classification pathway by permitting manufacturers to request *de novo* classification directly without first submitting a 510(k) pre-market notification to the FDA and receiving a not substantially equivalent determination. Under FDASIA, the FDA is required to classify the device within 120 days following receipt of the *de novo* application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, the FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would support a 510(k) or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed.

The PMA Approval Process

Class III devices require PMA approval before they can be marketed although some pre-amendment Class III devices for which the FDA has not yet required a PMA are cleared through the 510(k) process. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective, and the PMA must be supported by extensive data, including data from preclinical studies and human clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities and controls used for manufacturing, and proposed labeling. While our current products are subject to the 510(k) clearance pathway, any future products or modifications to our existing products that we plan to develop for a breast reconstruction indication would be subject to the PMA approval process.

Following receipt of a PMA application, the FDA determines whether the application is sufficiently complete to permit a substantive review. If it is not, the agency will refuse to file the PMA. If it is, the FDA will accept the application for filing and begin the review. The FDA has 180 days to review a filed PMA application, although the review of an application can occur over a significantly longer period of time, and can take up to several years. During this review period, the FDA may request additional information or clarification of information already provided, or the FDA may issue a major deficiency letter to the applicant, requesting the applicant's response to deficiencies communicated by the FDA. The FDA considers a PMA or PMA supplement to have been voluntarily withdrawn if an applicant fails to respond to an FDA request for information (e.g., a major deficiency letter) within 360 days. Before approving or denying a PMA, an FDA advisory committee may review the PMA at a public meeting and provide the FDA with the committee's recommendation on whether the FDA should approve the submission, approve it with specific conditions, or not approve it. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Prior to approval of a PMA, the FDA may conduct inspections of the clinical trial data and clinical trial sites, as well as inspections of the manufacturing facility and processes. Overall, the FDA review of a PMA application generally takes between one and three years, but may take significantly longer.

The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s).

If the FDA evaluation of a PMA is favorable, the FDA will issue either an approval letter, or an approvable letter, the latter of which usually contains a number of conditions that must be met in order to secure final approval of the PMA. When and if those conditions have been fulfilled to the satisfaction of the FDA, the agency will issue a PMA approval letter authorizing commercial marketing of the device, subject to the conditions of approval and the limitations established in the approval letter. If the FDA's evaluation of a PMA application or manufacturing facilities is not favorable, the FDA will deny approval of the PMA or issue a not approvable letter. The FDA also may determine that additional tests or clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and data is submitted in an amendment to the PMA, or the PMA is withdrawn and resubmitted when the data are available. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and efficacy data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval.

New PMA applications or PMA supplements are required for changes to an approved device, such as modifications to the manufacturing process, equipment or facility, quality control procedures, sterilization, packaging, expiration date, labeling, device specifications, ingredients, materials or design. PMA supplements often require submission of the same type of information as an initial PMA application, except that the supplement is limited to information needed to support any changes from the device covered by the approved PMA application and may or may not require extensive technical or clinical data or the convening of an advisory committee, depending on the nature of the proposed change.

In approving a PMA application, as a condition of approval, the FDA may also require some form of post-approval study or post-market surveillance, whereby the applicant conducts a follow-up study or follows certain patient groups for a number of years and makes periodic reports to the FDA on the clinical status of those patients when necessary to protect the public health or to provide additional or longer term safety and effectiveness data for the device. The FDA may also require post-market surveillance for certain devices cleared under a 510(k) notification, such as implants or life-supporting or life-sustaining devices. The FDA may also approve a PMA application with other post-approval conditions intended to ensure the safety and effectiveness of the device, such as, among other things, restrictions on labeling, promotion, sale, distribution and use.

The Investigational Device Process

Clinical trials are almost always required to support a PMA and are sometimes required to support a 510(k) submission. All clinical investigations of investigational devices to determine safety and effectiveness must be conducted in accordance with the FDA's IDE regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. Some types of studies deemed to present a "non-significant risk" are deemed to have an approved IDE once certain requirements are addressed and Institutional Review Board, or IRB approval is obtained. If the device presents a "significant risk" to human health, as defined by the FDA, the sponsor must submit an IDE application to the FDA and obtain IDE approval prior to commencing the human clinical trials. The IDE will automatically become effective 30 days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. Generally,

clinical trials for a significant risk device may begin once the IDE application is approved by the FDA and the study protocol and informed consent are approved by an appropriate IRB. There can be no assurance that submission of an IDE will result in the ability to commence clinical trials, and although the FDA's approval of an IDE allows clinical testing to go forward for a specified number of subjects, it does not bind the FDA to accept the results of the trial as sufficient to prove the product's safety and efficacy, even if the trial meets its intended success criteria.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA good clinical practice regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits. The results of clinical testing may be unfavorable, or, even if the intended safety and efficacy success criteria are achieved, may not be considered sufficient for the FDA to grant marketing approval or clearance of a product.

Pervasive and Continuing FDA Regulation

After the FDA permits a device to enter commercial distribution, numerous and pervasive regulatory requirements continue to apply to our business operations, products and technologies. These include:

- the FDA's QSR, which requires manufacturers, including third party manufacturers, to follow stringent design, testing, production, control, supplier/contractor selection, complaint handling, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labeling and marketing regulations which require that promotion is truthful, not misleading, fairly balanced and provide adequate directions for use and that all claims are substantiated;
- complying with new requirements for Unique Device Identifiers (UDI) on devices and also requiring the submission of certain information about each device to the FDA's Global Unique Device Identification Database (GUDID);
- advertising and promotion requirements, including FDA prohibitions against the promotion of products for uncleared, unapproved or off-label uses and FDA guidance on off-label dissemination of information and responding to unsolicited requests for information;
- restrictions on sale, distribution or use of a device;
- device establishment, registration and listing requirements and annual reporting requirements;
- approval or clearance of modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices;
- medical device reporting, or MDR, regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- medical device correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- recall requirements, including a mandatory recall if there is a reasonable probability that the device would cause serious adverse health consequences or death;
- an order of repair, replacement or refund;
- device tracking requirements; and

- post-market surveillance activities and regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

The FDA has broad post-market and regulatory enforcement powers. Medical device manufacturers are subject to unannounced inspections by the FDA and other state, local and foreign regulatory authorities to assess compliance with the QSR and other applicable regulations, and these inspections may include the manufacturing facilities of any suppliers.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- warning letters, untitled letters, Form 483s, fines, injunctions, consent decrees and civil penalties;
- recall or seizure of products;
- operating restrictions, partial suspension or total shutdown of production;
- the FDA's refusal of requests for 510(k) clearance or premarket approval of new products, new intended uses or modifications to existing products;
- the FDA's refusal to issue certificates to foreign governments needed to export products for sale in other countries;
- withdrawing 510(k) clearance or premarket approvals that have already been granted; and
- criminal prosecution.

Regulatory System for Medical Devices in Europe

The European Union, or the EU, and the European Economic Area, or the EEA (which is comprised of the 28 Member States of the EU plus Norway, Liechtenstein and Iceland) has a coordinated system for the authorization of medical devices. The European Union Medical Devices Directive, or MDD, sets out the basic regulatory framework for medical devices in the European Union. This directive has been separately enacted in more detail in the national legislation of the individual member states of the European Union.

The system of regulating medical devices operates by way of a certification for each medical device. Each certificated device is marked with a CE mark which shows that the device has a Certificat de Conformité, also referred to as a Certificate of Conformance. There are national bodies known as Competent Authorities in each member state which oversee the implementation of the MDD within their jurisdiction. The means for achieving the requirements for CE mark varies according to the nature of the device. Devices are classified in accordance with their perceived risks, similarly to the U.S. system. The class of a product determines the requirements to be fulfilled before a CE mark can be placed on a product, known as a conformity assessment. Conformity assessments for products are carried out as required by the MDD. Except for low-risk medical devices (Class I non-sterile, non-measuring devices), where the manufacturer can self-certify compliance with the MDD based on a self-assessment of the conformity of its products with the essential requirements of the EU Medical Devices Directive, a conformity assessment procedure requires the intervention of an organization accredited by a member state of the EEA to conduct conformity assessments, or a Notified Body. If a Notified Body of one member state has issued a Certificat de Conformité, the device can be sold throughout the European Union without further conformance tests being required in other member states.

On April 5, 2017, the European Parliament passed the Medical Devices Regulation (Regulation 2017/745), which repeals and replaces the MDD and the Active Implantable Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA member states, the regulations would be directly applicable, i.e., without the need for adoption of EEA member state laws implementing them, in all EEA member states and are intended to eliminate current differences in the regulation of medical devices among EEA member States. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation. The

Medical Devices Regulation will, however, only become applicable three years after publication (in 2020). Once applicable, the new regulations will among other things:

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

Privacy and Security Laws

There are numerous U.S. federal and state laws and regulations related to the privacy and security of personal information, including health information. Among others, the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, (collectively referred to as HIPAA), establish privacy and security standards that limit the use and disclosure of protected health information, or PHI, and require covered entities and business associates to implement administrative, physical, and technical safeguards to ensure the confidentiality, integrity and availability of individually identifiable health information in electronic form, among other requirements.

Violations of HIPAA may result in civil and criminal penalties. Companies subject to HIPAA must also comply with HIPAA's breach notification rule which requires notification of affected patients and the U.S. Department of Health and Human Services, or HHS, and in certain cases of media outlets, in the case of a breach of unsecured PHI. The regulations also require business associates of covered entities to notify the covered entity of breaches by the business associate. State attorneys general also have the right to prosecute HIPAA violations committed against residents of their states, and HIPAA standards have been used as the basis for the duty of care in state civil suits, such as those for negligence or recklessness in misusing personal information. In addition, HIPAA mandates that HHS conduct periodic compliance audits of HIPAA covered entities and their business associates for compliance.

Many states have laws that protect the privacy and security of sensitive and personal information, including health information, to which we are subject. These laws may be similar to or even more protective than HIPAA and other federal privacy laws. For example, California enacted the California Consumer Privacy Act, or CCPA, which creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA goes into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. The CCPA has been amended from time to time, and it remains unclear what, if any, further modifications will be made to this legislation or how it will be interpreted.

We may be subject to other state and federal privacy laws, including laws that prohibit unfair privacy and security practices and deceptive statements about privacy and security, laws that place specific requirements on certain types of activities, such as data security and texting, and laws requiring holders of personal information to maintain safeguards and to take certain actions in response to a data breach.

European Union member states, the United Kingdom, Switzerland and other jurisdictions have also adopted data protection laws and regulations, which impose significant compliance obligations. In the EEA and the United Kingdom, the collection and use of personal data, including clinical trial data, is governed by the provisions of the General Data Protection Regulation, or GDPR. The GDPR became effective on May 25, 2018, repealing its predecessor directive and increasing responsibility and liability of pharmaceutical and

medical device companies in relation to the processing of personal data of EU data subjects. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. In particular, these obligations and restrictions concern the consent of the individuals to whom the personal data relates, the information provided to the individuals, the transfer of personal data out of the EEA or the United Kingdom, security breach notifications, security and confidentiality of the personal data and imposition of substantial potential fines for breaches of the data protection obligations. European data protection authorities may interpret the GDPR and national laws differently and impose additional requirements, which add to the complexity of processing personal data in or from the EEA or United Kingdom. Guidance on implementation and compliance practices are often updated or otherwise revised.

Anti-Kickback Statutes

The federal Anti-Kickback Statute prohibits persons from (among other things) knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce the referral of an individual, or the recommending, furnishing or arranging for a good or service, for which payment may be made under a federal healthcare program such as Medicare or Medicaid.

Courts have interpreted the Anti-Kickback Statute quite broadly, holding that the statute will be violated if even one purpose of a payment — though not its sole or primary purpose — is to induce an act prohibited by the statute with a willful intent to act improperly. The statute prohibits many arrangements and practices that are otherwise lawful in businesses outside of the healthcare industry. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Prosecutors may infer intent from the surrounding circumstances and, because courts have interpreted the statute to be violated if even one purpose of a payment is to induce the purchase of items or services paid for by federal healthcare programs, prosecutors have broad discretion in choosing arrangements to prosecute under the statute. There are statutory exceptions and regulatory "safe harbors" available to protect certain appropriately structured arrangements that otherwise would implicate the Anti-Kickback Statute. Those who structure their business arrangements to satisfy all of the criteria of a safe harbor are protected from liability under the statute. The failure of a transaction or arrangement to fit precisely within one or more safe harbors does not necessarily mean that it is illegal or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the Department of Health and Human Services Office of Inspector General. Our business is subject to these laws.

Many states have adopted anti-kickback and self-referral laws similar to the Anti-Kickback Statute; however, some of these state prohibitions are broader in scope and apply to arrangements involving healthcare items or services reimbursed by any source, and not only by Medicare, Medicaid or another federal healthcare program. These state laws do not always have the same exceptions or safe harbors as the federal Anti-Kickback Statute.

False Claims Laws

The federal False Claims Act imposes liability on any individual or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal healthcare program. The qui tam or "whistleblower" provisions of the False Claims Act allow a private individual to bring actions on behalf of the federal government alleging that the defendant has violated the False Claims Act and to share in any monetary recovery. In recent years, the number of lawsuits brought against healthcare industry participants by private individuals has increased dramatically.

There are many potential bases for liability under the False Claims Act. Liability arises, primarily, when an entity knowingly submits, or causes another to submit, a false claim for reimbursement to the federal government, but also may arise when an entity knowingly makes a false statement material to an obligation to pay or transmit money or property to the federal government or knowingly conceals or knowingly and

improperly avoids or decreases an obligation to pay or transmit money or property to the federal government. Various states have also enacted false claims and insurance fraud laws that are analogous to the federal False Claims Act. Many of these state laws apply to claims submitted to any third-party payor and are not limited to claims submitted to a federal healthcare program. The scope of these laws and the interpretations of them vary from state to state and are enforced by state courts and regulatory authorities, each with broad discretion. A determination of liability under such laws could result in fines and penalties and restrictions on a company's ability to operate in these jurisdictions.

Transparency Laws

The federal Physician Payment Sunshine Act, or the Sunshine Act, which was enacted as part of the Patient Protection and Affordable Care Act, or the PPACA, generally requires certain manufacturers of a drug, device, biologic or other medical supply that is covered by Medicare, Medicaid or the Children's Health Insurance Program and applicable GPOs to report on an annual basis: (i) certain payments and other transfers of value given to certain healthcare professionals and teaching hospitals and (ii) any ownership or investment interest that certain healthcare professionals, or their immediate family members, have in their company. The payments required to be reported include the cost of meals provided to a healthcare professional, travel reimbursements and other transfers of value, including those provided as part of contracted services such as speaker programs, advisory boards, consultation services and clinical trial services. Under the statute, the federal government makes reported information available to the public. Failure to comply with the reporting requirements can result in significant civil monetary penalties ranging from $1,128 to $11,278 for each payment or other transfer of value that is not reported (up to a maximum per annual report of $169,170) and from $11,278 to $112,780 for each knowing failure to report (up to a maximum per annual report of $1.128 million). Additionally, there are criminal penalties if an entity intentionally makes false statements in the reports.

There has been a recent trend of separate state regulation of payments and transfers of value by manufacturers of medical devices to healthcare professionals and entities, however, and some state transparency laws apply more broadly than the federal Sunshine Act. There are also an increasing number of analogous state laws that require manufacturers to file reports with states on pricing and marketing information. Many of these laws contain ambiguities as to what is required to comply with the laws. For example, several states have enacted legislation requiring manufacturers to, among other things, establish and implement commercial compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities and/or register their sales representatives. Certain state laws also regulate manufacturers' use of physician and patient identifiable data. These laws may affect our sales, marketing and other promotional activities by imposing administrative and compliance burdens. In addition, given the lack of clarity with respect to these laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent state and federal authorities. All of our activities are also potentially subject to federal and state consumer protection and unfair competition.

Other Federal Healthcare Fraud and Abuse Laws

We may also be subject to other federal healthcare fraud and abuse laws, including provisions of HIPAA, which prohibit knowingly and recklessly executing a scheme or artifice to defraud any healthcare benefit program, including private payors, as well as knowingly and willfully falsifying, concealing or covering up a material fact by any trick, scheme or device or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines, imprisonment or exclusion from government-sponsored programs. Similar to the federal Anti-Kickback Statute, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation.

Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act, or FCPA, prohibits U.S. businesses and their representatives from offering to pay, paying, promising to pay or authorizing the payment of money or anything of value to a

foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring us to maintain books and records, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the corporation, including international subsidiaries, if any, and to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements. The scope of the FCPA includes interactions with certain healthcare professionals in many countries.

International Laws

In Europe, and throughout the world, other countries have enacted anti-bribery laws and/or regulations similar to the FCPA. Violations of any of these anti-bribery laws, or allegations of such violations, could have a negative impact on our business, results of operations and reputation.

There are also international privacy laws that impose restrictions on the access, use, and disclosure of health information. All of these laws may impact our business. Our failure to comply with these privacy laws or significant changes in the laws restricting our ability to obtain required patient information could significantly impact our business and our future business plans.

U.S. Healthcare Reform

Changes in healthcare policy could increase our costs and subject us to additional regulatory requirements that may interrupt commercialization of our products. By way of example, the Patient Protection and Affordable Care Act, or PPACA substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the medical device industry. PPACA, among other things, imposed a 2.3% excise tax on any entity that manufactures or imports medical devices offered for sale in the United States, with limited exceptions. Although the excise tax was suspended from 2016 through 2019, absent further legislative action, the tax will be reinstated starting January 1, 2020.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the PPACA, and we expect there will be additional challenges and amendments to the PPACA in the future. For example, in 2017, Congress enacted the Tax Cuts and Jobs Act, which eliminated the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, or the Texas District Court Judge, ruled that the individual mandate is a critical and inseverable feature of the PPACA, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the PPACA are invalid as well. While the Texas District Court Judge, as well as the Trump Administration and CMS, have stated that the ruling will have no immediate effect, and on December 30, 2018 the Texas District Court Judge issued an order staying the judgment pending appeal, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the PPACA will impact the PPACA.

There will continue to be proposals by legislators at both the federal and state levels, regulators and third-party payors to reduce costs while expanding individual healthcare benefits. Certain of these changes could impose additional limitations on the prices we will be able to charge and/or patients' willingness to pay for our products. While in general it is too early to predict what effect, if any, any future healthcare reform legislation or policies will have on our business, current and future healthcare reform legislation and policies could have a material adverse effect on our business and financial condition.

Pricing and Reimbursement

In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of reimbursement from third party payors. Third party payors include government health administrative authorities, managed care providers, private health insurers, and other organizations. These third party payors are increasingly challenging the

price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and efforts are underway by the current U.S. administration and states to reduce the cost of medical products and services overall. We may need to conduct expensive studies in order to demonstrate the cost-effectiveness of our products. Our product candidates may not be considered cost-effective. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. One third-party payor's decision to cover a particular product or procedure using the product does not ensure that other payors will also provide coverage for the product. Adequate third party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate revenue levels. Future legislation could limit payments for medical devices, including our products and our future products.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of less costly products. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for our products. The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third party payors fail to provide adequate coverage and reimbursement. In addition, an increasing emphasis on managed care in the United States has increased and will continue to increase the pressure on medical product and service pricing.

Employees

As of September 30, 2019, we had 88 employees worldwide. None of our employees are represented by a collective bargaining agreement and we have never experienced a work stoppage. We believe we have good relationships with our employees.

Properties

Our products are manufactured by our exclusive manufacturer and supplier of our products, Aroa, at their facility in Auckland, New Zealand which currently totals approximately 25,000 square feet.

We lease our corporate headquarters in Malvern, Pennsylvania, which houses our research and development operations, controlled environment room, and office space, and currently totals approximately 15,000 square feet.

We believe that our current facilities meet our current and future anticipated needs, although we may seek to negotiate new leases or evaluate additional or alternate space for our operations. We believe appropriate office space will be readily available on commercially reasonable terms.

Legal Proceedings

On November 18, 2016, we entered into a Settlement and Release Agreement, or the Settlement Agreement with Antony Koblish, Maarten Persenaire and LifeCell, to settle litigation initiated by LifeCell in 2015. The Agreement governs the terms of the release of claims and non-exclusive license arising out of litigations initially brought by LifeCell in the Superior Court of New Jersey, Chancery Division, Somerset County, and the U.S. District Court for the District of New Jersey, collectively, the Litigations. The Litigations alleged that we misappropriated LifeCell's trade secrets, hired various former LifeCell employees in violation of their noncompetition covenants and nonsolicitation agreements and infringed a LifeCell patent.

Under the terms of the Agreement, LifeCell granted us a non-exclusive, irrevocable, worldwide, fully paid up, perpetual license to LifeCell's patent to make, have made, use, sell and import our products in the United States that would otherwise infringe upon such patent and agreed not to sue us with respect to our

OviTex products. Under the terms of the Agreement, we agreed to pay LifeCell $4.0 million as full payment of all amounts owing under the Agreement. Through December 31, 2018, we have paid $3.0 million to LifeCell. The remaining $1.0 million is due upon achievement of certain OviTex sales milestones.

We may be subject to other legal proceedings and claims in the ordinary course of business. We cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on us due to diversion of management time and attention as well as the financial costs related to resolving such disputes.

MANAGEMENT

The following table sets forth information regarding our executive officers and directors, including their ages as of September 30, 2019:

NAME	AGE	POSITION(S)
Executive Officers		
Antony Koblish	53	President and Chief Executive Officer and Director
Nora Brennan	51	Chief Financial Officer
Maarten Persenaire, MD	63	Chief Medical Officer
E. Skott Greenhalgh, PhD	52	Chief Technology Officer
Non-Employee Directors		
Kurt Azarbarzin[2]	57	Chairman of the Board of Directors
Vince Burgess[2]	55	Director
Ronald Ellis[1][3]	48	Director
Ashley Friedman[1][3]	41	Director
Adele Oliva[3]	53	Director
Matt Zuga[2]	54	Director

(1) Member of our audit committee.
(2) Member of our compensation committee.
(3) Member of our nominating and corporate governance committee.

Executive Officers

Antony Koblish. Mr. Koblish is one of our co-founders and has served as our President and Chief Executive Officer and as a member of the board of directors since our founding in April 2012. Previously, Mr. Koblish was President and Chief Executive Officer of Orthovita, Inc., a publicly traded orthobiologics and biosurgery medical device company. Mr. Koblish co-founded and currently serves as Chairman of the Board of Onkos Surgical, a surgical oncology company, and is an operating partner with 1315 Capital, a private investment firm that provides expansion and growth capital to commercial-stage specialty pharmaceutical, medical technology, and health care services companies. Mr. Koblish also serves as the Chairman of the Board of Cerapedics, a private ortho-biologics company. As Chairman of the Board of Cerapedics and Onkos Surgical Mr. Koblish attends one board meeting per quarter, respectively, and as an operating partner for 1315 Capital Mr. Koblish attends one to two meetings per quarter. The remainder of Mr. Koblish's time is dedicated to serving as our Chief Executive Officer. Mr. Koblish earned a Master of Science in Engineering degree in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania, and holds a Bachelor of Science degree in Mechanical Engineering from Worcester Polytechnic Institute.

Mr. Koblish's knowledge of our business, as well as his extensive leadership experience and successful record of commercial operation and product pipeline development provide him with the qualifications and skills to serve on our board of directors.

Nora Brennan. Ms. Brennan has served as our Chief Financial Officer since January 2019. Previously, Ms. Brennan performed consulting services from April 2018 until January 2019 and served as Chief Financial Officer at Xeris Pharmaceuticals, Inc., a specialty pharmaceutical company, from June 2017 until April 2018. From 2006 to June 2017, she was employed at Integra Lifesciences Corporation, a global medical device company, where she held various senior leadership roles, including Senior Vice President, Investor Relations and Corporate Treasurer. Prior to joining Integra, Ms. Brennan worked at Citigroup and JP

Morgan in various finance and investment banking roles. Ms. Brennan holds a Master of Business Administration degree from the University of Chicago Booth School of Business and a Bachelor of Arts from the University of Illinois.

Maarten Persenaire, MD. Dr. Persenaire is one of our co-founders and has served as our Chief Medical Officer since December 2012. From 1999 to 2011, Dr. Persenaire was Chief Medical Officer at Orthovita, Inc. Dr. Persenaire received his Doctor of Medicine degree at Groningen University in The Netherlands.

E. Skott Greenhalgh, PhD. Dr. Greenhalgh has served as our Chief Technology Officer since December 2016, and as our Vice President of Research and Development from January 2013 through November 2016. Previously, Dr. Greenhalgh served as Chief Technology Officer at Stout Medical Group LP and US Biodesign Inc. Dr. Greenhalgh received his Doctor of Philosophy degree in Fiber and Polymer Science and his Master's degree in Textile Engineering from North Carolina State University, and his Bachelor of Science degree in Mechanical Engineering is from Drexel University.

Non-Employee Directors

Kurt Azarbarzin. Mr. Azarbarzin has been a member of our board of directors since November 2018. Mr. Azarbarzin has served as Chief Executive Officer and a member of the board of directors of Verb Surgical Inc., a robotic surgery company, since July 2019. Mr. Azarbarzin previously served as Chief Technology Officer for CONMED Corporation, a global, publicly-traded medical device company dedicated to helping customers improve patient outcomes, from 2016 to July 2019. Mr. Azarbarzin is the former Founder of SurgiQuest, Inc., a medical device company focused on advancing minimally invasive surgery, and served as its Chief Executive Officer from 2005 until June 2016. Mr. Azarbarzin is a member of the executive board at Center for Biomedical Innovation and Technology at Yale University. Mr. Azarbarzin previously held leadership roles in Research and Development at U.S. Surgical & Tyco Healthcare. He earned a Bachelor of Science from the University of Bridgeport and completed advanced graduate studies in mechanical design at Bridgeport Engineering Institute and manufacturing engineering at Bradley University.

Mr. Azarbarzin's expertise in the medical device industry and experience as an executive officer in the medical device field provide him with the qualifications and skills to serve on our board of directors.

Vince Burgess. Mr. Burgess has been a member of our board of directors since June 2014. Mr. Burgess has served as President, Chief Executive Officer and member of the board of directors of Acutus Medical, a medical device company, since October 2017 and he has served as a Venture Partner with OrbiMed Advisors, LLC, a healthcare investment firm, since September 2011. Prior to joining OrbiMed, Mr. Burgess was a member of the initial executive team at Volcano Corporation, where he served as President of Advanced Imaging Systems. He also led marketing and business development at Volcano from 2002 to 2010. He currently serves as a member of the board of directors of NeuroPace, Inc., Sonendo Inc. and Ornim Medical. He has previously served on the boards of Keystone Heart, Inc., Vessix Vasular, Cryterion Medical and CardiAQ, Inc. He earned his Bachelor of Science degree in Business Administration from the University of South Carolina and his Masters of Business Administration from the University of California, Los Angeles.

Mr. Burgess' expertise in marketing and business development, as well as his operational and board experience in the surgical tool field provide him with the qualifications and skills to serve on our board of directors.

Ronald Ellis. Dr. Ellis has been a member of our board of directors since February 2018. Dr. Ellis has served as Vice President of Corporate Strategy & Business Development at Pacira Pharmaceuticals, since October 2016. Dr. Ellis was a Managing Director at Leerink Partners, a boutique health care investment bank, from January 2013 to September 2016. Prior to working at Leerink Partners, Dr. Ellis was the Healthcare Trading Specialist at Citigroup Global Markets and Deutsche Bank Securities. He previously

served as a Biotechnology Analyst in Equity Research at Prudential and Leerink Swann. Dr. Ellis also worked as an associate on the specialty pharmaceuticals equity research team at ING Barings, which was subsequently acquired by ABN AMRO. Dr. Ellis did his post-doctoral work in pharmacoeconomics and health outcomes, as a Wyeth-Ayerst fellow. He earned his medical degree from the Philadelphia College of Osteopathic Medicine and a Masters of Business Administration with a concentration in Medical Management from St. Joseph's University, where he also studied pharmaceutical marketing.

Dr. Ellis' extensive experience in the health care industry and health care investment investing as well as the leadership positions he has served in over his 20 years of experience provide him with the qualifications and skills to serve on our board of directors.

Ashley Friedman. Mr. Friedman has been a member of our board of directors since October 2014. Mr. Friedman has served as a Managing Director at Signet Healthcare Partners, a private equity firm focused on growth-stage health care investments, since March 2016 and a Venture Partner at Signet Healthcare Partners from June 2014 to March 2016. From June 2003 until February 2015, Mr. Friedman worked for Investor Growth Capital, a venture capital firm focused on health care investments. He began his career as a health care investment banker at Lehman Brothers. Mr. Friedman holds a Bachelor of Science from Yale University in both Economics and Molecular, Cellular & Developmental Biology, with a concentration in biotechnology.

Mr. Friedman's insight into life science investing and finance matters and his extensive experience in health care venture capital and private equity provide him with the qualifications and skills to serve on our board of directors.

Adele Oliva. Ms. Oliva has been a member of our board of directors since 2012. Ms. Oliva co-founded 1315 Capital, a firm focused on health care — growth investing, in 2014. Since 2007, Ms. Oliva has served as a partner of Quaker Partners, a healthcare investment firm. Prior to joining Quaker Partners, she was Co-Head of US Healthcare at Apax Partners, a global private equity firm. Ms. Oliva serves a member of the board of directors of Novasom, Inc., Onkos Surgical, Innovative Health, Greenbrook TMS Inc., ColorScience and Sprout Pharmaceuticals. She received a Bachelor of Science degree from St. Joseph's University and a Masters of Business Administration from Cornell University, where she was awarded the Albert Fried fellowship.

Ms. Oliva's extensive finance and health care experience, as well as her insight into commercial-stage specialty medical technology companies provide her with the qualifications and skills to serve on our board of directors.

Matt Zuga. Mr. Zuga has been a member of our board of directors since May 2019. Mr. Zuga is co-founder of HighCape Partners, a growth equity fund, where he has served as a Partner since 2013. Mr. Zuga served as Managing Director of Syngenta Ventures, an investment vehicle of Syngenta Corp, from 2012 to 2013. Prior to that, he was a founder and managing member of Red Abbey Venture Partners, where he is currently a member of the Investment Committee. His current board memberships include Aziyo Biologics and Alba Therapeutics (Co-Chairman). He has previously served as a Board member for Arginetix, Inc. and Board observer at Advanced BioHealing, Aegerion Pharmaceutical, Sirtris Pharmaceuticals and Stromedix, Inc. Prior to RAVP, Mr. Zuga was Head of Life Sciences investment banking at Legg Mason. Mr. Zuga received a Masters of Business Administration from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and a Bachelor of Science in Business Administration/Finance from The Ohio State University.

Mr. Zuga's insight into financial and investment matters from his life sciences investment and banking experience, his financial and corporate governance experience from serving on numerous boards of directors, provide him with the qualifications and skills to serve on our board of directors.

Family Relationships

There are no family relationships among our directors and executive officers.

Board Composition and Election of Directors

Our board of directors is currently composed of seven members. In accordance with our fourth amended and restated certificate of incorporation, which will be filed immediately prior to the completion of this offering, our directors will be divided into three classes serving staggered three-year terms. At each annual meeting of stockholders, our directors will be elected to succeed the class of directors whose terms have expired. Our current directors will be divided among the three classes as follows:

- the Class I directors will consist of , and , and their terms will expire at the annual meeting of stockholders to be held in 2020;
- the Class II directors will consist of , and , and their terms will expire at the annual meeting of stockholders to be held in 2021; and
- the Class III directors will consist of , and , and their terms will expire at the annual meeting of stockholders to be held in 2022.

The classification of our board of directors, together with the ability of the stockholders to remove our directors only for cause and the inability of stockholders to call special meetings, may have the effect of delaying or preventing a change in control or management. See "Description of Capital Stock — Anti-Takeover Provisions of Delaware Law and our Charter Documents" for a discussion of other anti-takeover provisions that are included in our fourth amended and restated Certificate of Incorporation.

Board Leadership Structure

Role of Board in Risk Oversight

One of the key functions of our board of directors is to oversee our risk management process. Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address the risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. While our board of directors maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. For example:

- Our audit committee oversees management of financial reporting, compliance and litigation risks, including risks related to our insurance, information technology, human resources and regulatory matters, as well as the steps management has taken to monitor and control such exposures.
- Our compensation committee is responsible for overseeing the management of risks relating to our executive compensation policies, plans and arrangements and the extent to which those policies or practices increase or decrease risks for our company.
- Our nominating and corporate governance committee manages risks associated with the independence of our board of directors, potential conflicts of interest and the effectiveness of our board of directors.

Director Independence

Under the Nasdaq Marketplace Rules, or the Nasdaq Listing Rules, each committee of our board of directors must be comprised of at least one independent member at the time of listing, a majority of independent directors no later than 90 days after such date and solely independent directors within one year after such date.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information provided by each director, our board of directors has determined that none of our directors, with the exception of Mr. Koblish, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is independent under applicable Nasdaq rules. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Director Compensation

Upon completion of this offering, directors who are also full-time officers or employees of our company will receive no additional compensation for serving as directors, and directors who are not full-time officers or employees of our company, or non-employee directors, will receive the following compensation.

In connection with this offering, we expect to implement a compensation policy for our non-employee directors.

Board Committees

Audit Committee

Our audit committee consists of Ronald Ellis, Ashley Friedman and . Our board of directors has determined that each of Ronald Ellis, Ashley Friedman and are independent under the Nasdaq Listing Rules and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, or the Exchange Act. The chair of our audit committee is . Our board of directors has determined that Ashley Friedman is an "audit committee financial expert" as such term is currently defined in Item 407(d)(5) of Regulation S-K. This designation does not impose any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls and internal audit function;
- monitoring compliance with the code of business and conduct and ethics for financial management;
- reviewing material related party transactions or those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable rules of the Securities and Exchange Commission, or the SEC, and the Nasdaq Listing Rules.

Compensation Committee

Our compensation committee consists of Kurt Azarbarzin, Vince Burgess and Matt Zuga. Each member of this committee is a non-employee director, as defined by Rule 16b-3 promulgated under the Exchange Act and meets the requirements for independence under the current Nasdaq Listing Rules. The chair of our compensation committee is Vince Burgess. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Adele Oliva, Ashley Friedman and Ronald Ellis. The chair of our nominating and corporate governance committee is Adele Olivia. Each member of the nominating and corporate governance committee meets the requirements for independence under the current Nasdaq Listing Rules. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing proposed waivers of the code of conduct for directors and executive officers;
- overseeing the process of evaluating the performance of our board of directors; and
- assisting our board of directors on corporate governance matters.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our executive officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or on our compensation committee.

Code of Business Conduct and Ethics

In connection with this offering, our board of directors will adopt a written code of business conduct and ethics that will apply to all of our directors, officers and employees. The code of business conduct and ethics will cover fundamental ethics and compliance-related principles and practices such as accurate accounting records and financial reporting, avoiding conflicts of interest, the protection and use of our property and information and compliance with legal and regulatory requirements. Our code of business conduct and ethics will be posted on the investor relations section of our website at www.telabio.com. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website to the extent required by the applicable rules and exchange requirements.

Limitations on Liability and Indemnification Matters

Our fourth amended and restated certificate of incorporation, which will be effective immediately prior to the completion of this offering, and our second amended and restated bylaws, which will become effective immediately prior to the completion of this offering, limits our directors' liability, and may indemnify our directors and officers to the fullest extent permitted under the DGCL. The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- transaction from which the director derives an improper personal benefit;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

The DGCL and our second amended and restated bylaws provide that we will, in certain situations, indemnify our directors and officers and may indemnify other employees and other agents, to the fullest extent permitted by law. Any indemnified person is also entitled, subject to certain limitations, to payment or reimbursement of reasonable expenses, including attorneys' fees and disbursements, in advance of the final disposition of the proceeding.

We have entered or intend to enter into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

We maintain a directors' and officers' insurance policy pursuant to which our directors and officers are insured against liability for actions taken in their capacities as directors and officers. We believe that these provisions in our fourth amended and restated certificate of incorporation and second amended and restated bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers or control persons, in the opinion of the SEC, such indemnification is against public policy, as expressed in the Securities Act and is therefore unenforceable.

The limitation of liability and indemnification provisions in our fourth amended and restated certificate of incorporation and second amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and our stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought and we are not aware of any threatened litigation that may result in claims for indemnification.

EXECUTIVE AND DIRECTOR COMPENSATION

Our "named executive officers" for the year ended December 31, 2018, which consists of our principal executive officer and our two other most highly compensated executive officers, are:

- Antony Koblish, our President and Chief Executive Officer
- Maarten Persenaire, our Chief Medical Officer; and
- E. Skott Greenhalgh, our Chief Technology Officer.

Summary Compensation Table

The following table sets forth information regarding the compensation of our named executive officers for the year ended December 31, 2018.

Name and Principal Position	Year	Salary ($)	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)	Total
Antony Koblish	2018	375,000	29,840	164,063	—	568,903
President and Chief Executive Officer						
Maarten Persenaire	2018	280,000	7,510	122,500	—	410,010
Chief Medical Officer						
E. Skott Greenhalgh	2018	275,000	7,638	120,312	—	402,950
Chief Technology Officer						

(1) Amounts shown in this column do not reflect dollar amounts actually received by our named executive officers. Instead, these amounts reflect the aggregate grant date fair value of each stock option granted in 2018 computed in accordance with the provisions of FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 8 to our audited consolidated financial statements included in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our named executive officers will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options.

(2) Amounts for Mr. Koblish and Drs. Persenaire and Greenhalgh represent 2018 earned annual bonuses paid in February 2019 under our corporate bonus program of $164,063, $122,500 and $120,312, respectively.

Narrative Disclosure to Summary Compensation Table

Elements of Compensation

The compensation of our named executive officers generally consists of base salary, annual cash bonus opportunities, long term incentive compensation in the form of equity awards and other benefits, as described below.

Base Salary

The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role, responsibilities, and contributions. Mr. Koblish and Dr. Persenaire have had no increase in their base salary since our inception in 2012. In 2018, the compensation committee approved a 12% merit-based increase for Dr. Greenhalgh's base salary (from $250,000 to $280,000), effective March 15, 2018, in recognition of his efforts in developing OviTex, the identification of future product inventions (including OviTex PRS) and to increase his base salary to equal the base salary of Dr. Persenaire, our only other management-level executive officer at that time.

Annual Cash Bonus Opportunities

Each of our named executive officers' performance-based cash bonus opportunity is expressed as a percentage of base salary that can be achieved at a target level by meeting predetermined corporate and

individual performance objectives. Our compensation committee annually sets each executive's target bonus for the year. The 2018 annual bonus for Mr. Koblish and Drs. Persenaire and Greenhalgh were targeted at 43.8% of their respective base salaries.

For 2018, all named executive officers were eligible to earn their annual bonuses pursuant to the achievement of corporate and/or individual performance goals. These goals primarily included the achievement of revenue targets, the development and launch of large size OviTex products, the technology transfer of OviTex PRS to Aroa and progress made in gaining market acceptance of OviTex with integrated delivery networks and group purchasing organizations. Following a review of the corporate goals attained in 2018, our compensation committee recommended, and our board of directors approved, 2018 annual bonus payments to each of Mr. Koblish and Drs. Persenaire and Greenhalgh in an amount equal to 95.5% of their respective target bonus amounts, totaling $164,063, $122,500 and $120,312, respectively. Such amounts represented approximately 43.8% of each named executive officer's annual base salary for the year ended December 31, 2018. The employment agreements of Mr. Koblish and Drs. Persenaire and Greenhalgh do not contain bonus percentage targets. The bonus percentage and bonus percentage targets were determined by the compensation committee of the board of directors and approved by the full board of directors.

Long Term Equity Incentives

Our equity-based incentive awards are designed to align our interests and the interests of our stockholders with those of our employees and consultants, including our named executive officers. Our board of directors or compensation committee approves equity grants. All of our named executive officers received options to purchase shares of our common stock in 2018. See "— Outstanding Equity Awards at Fiscal Year End" for more information regarding equity awards made in 2018 to our named executive officers.

Stock option awards to our named executive officers in 2018 vest 25% on the first anniversary of the grant date, with the remaining 75% vesting in equal monthly installments on the last day of each of the 36 calendar months immediately following the first anniversary of the grant date, subject to the named executive officer's continuous service through the relevant vesting dates; provided, however, that such stock options will vest in full upon a change in control if the named executive officer remains in service through the date of that transaction.

Such stock options allow for exercise prior to vesting in exchange for restricted shares of common stock subject to the same vesting schedule as the original option. With respect to stock option awards granted prior to 2018, our named executive officers have utilized these early exercise provisions from time to time.

Other Benefits

We currently provide broad-based welfare benefits that are available to all of our employees, including our named executive officers, including health, dental, life, vision and disability insurance.

In addition, we maintain, and the named executive officers participate in, a 401(k) plan that provides eligible employees with an opportunity to save for retirement on a tax advantage basis and under which we are permitted to make discretionary employer contributions. Employees' pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. The 401(k) plan is intended to be qualified under Section 401(a) of the Code. Since inception of the 401(k) plan, we have not made any discretionary employer contributions.

We do not maintain any defined benefit pension plans or nonqualified deferred compensation plans.

Executive Officer Employment Agreements

We have entered into employment agreements with each of our named executive officers, the key terms of which are described below. The following is a summary of the material terms of each agreement. For

complete terms, please see the respective agreements attached as exhibits to the registration statement of which this prospectus forms a part.

Mr. Koblish

We entered into an employment agreement, or the Koblish Employment Agreement, with Mr. Koblish, dated December 3, 2012, providing for his position as President and Chief Executive Officer, which was subsequently amended on April 11, 2013. The Koblish Employment Agreement provides for an initial base salary of $375,000 and eligibility to participate in the employee benefit plans, policies or arrangements maintained by us for our senior executive employees generally.

If Mr. Koblish's employment is terminated by us without "cause," as defined below, or by Mr. Koblish for "good reason," as defined below, Mr. Koblish will be eligible to receive, subject to Mr. Koblish's execution and nonrevocation of a general release of claims and continued compliance with his restrictive covenant obligations:

- 12 months of base salary continuation; and
- 12 months continued provision of health, dental, and vision insurance.

In addition, upon the occurrence of a "change in control," as defined below, the vesting of all of Mr. Koblish's outstanding equity awards will be fully accelerated immediately prior to the change in control unless (a) the acquiror honors, assumes or substitutes new rights, terms, conditions, and value for the award that are substantially equivalent or better than the rights, terms, conditions of the rights existing at the change in control, and (b) immediately after the change in control, Mr. Koblish is an employee of us or our successor entity; provided that, in such case, if Mr. Koblish's employment is thereafter terminated by us or our successor without cause or by Mr. Koblish for good reason within 12 months following the change in control, the vesting of all of Mr. Koblish's outstanding equity awards will be fully accelerated as of the termination date.

The Koblish Employment Agreement contains non-competition and non-solicitation covenants that apply during the term of Mr. Koblish's employment and for one year following termination of employment.

Dr. Persenaire

We entered into an amended and restated employment agreement, or the Persenaire Employment Agreement, with Dr. Persenaire, dated January 29, 2013, providing for his position as Chief Medical Officer, which was subsequently amended on April 11, 2013. The Persenaire Employment Agreement provides for an initial base salary of $280,000 and eligibility to participate in the employee benefit plans, policies or arrangements maintained by us for our senior executive employees generally.

If Dr. Persenaire's employment is terminated by us without "cause," as defined below, or by Dr. Persenaire for "good reason," as defined below, Dr. Persenaire will be eligible to receive, subject to Dr. Persenaire's execution and nonrevocation of a general release of claims and continued compliance with his restrictive covenant obligations, severance benefits that are substantially similar to the severance benefits provided to Mr. Koblish under such circumstances, with the exception that the continuation period for salary and health, dental and vision insurance would be nine months rather than 12 months.

The Persenaire Employment Agreement contains non-competition and non-solicitation covenants that apply during the term of Dr. Persenaire's employment and for one year following termination of employment.

Dr. Greenhalgh

We entered into an employment agreement, or the Greenhalgh Employment Agreement, with Dr. Greenhalgh, dated December 16, 2016, providing for his position as Chief Technology Officer. The Greenhalgh Employment Agreement provides for an initial base salary of $250,000 (which has subsequently been raised to $280,000) and eligibility to participate in the employee benefit plans, policies or arrangements maintained by us for our senior executive employees generally.

If Dr. Greenhalgh's employment is terminated by us without "cause," as defined below, or by Dr. Greenhalgh for "good reason," as defined below, Dr. Greenhalgh will be eligible to receive, subject to Dr. Greenhalgh's execution and nonrevocation of a general release of claims and continued compliance with his restrictive covenant obligations

- 9 months of base salary continuation; and
- 9 months continued provision of health, dental, and vision insurance.

The Greenhalgh Employment Agreement contains non-competition and non-solicitation covenants that apply during the term of Dr. Greenhalgh's employment and for one year following termination of employment.

For purposes of each of the employment agreements:

- "cause" means (i) indictment, commission of, or the entry of a plea of guilty or no contest to, (A) a felony or (B) any crime (other than a felony) that causes us or our affiliates public disgrace or disrepute, or adversely affects our or our affiliates' operations or financial performance or the relationship we have with our affiliates, customers and suppliers, (ii) commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to us or any of our affiliates, (iii) a breach of the executive's fiduciary duty of loyalty to us or any of our affiliates, (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription), (v) material breach of any agreement with us or any of our affiliates, including the employment agreement, (vi) a material breach of any of our policies regarding employment practices, or (vii) refusal to perform the lawful directives of our board of directors, if not cured within 30 days following receipt by the executive from us of written notice thereof.
- "good reason" means one or more of the following: (i) a material reduction in title, duties, authority or responsibilities, (ii) a material breach by us of the employment agreement, (iii) a material reduction in aggregate compensation, or, except with respect to Dr. Greenhalgh, (iv) any requirement following a change in control that the executive be based 50 miles or more from the facility where the executive is based prior to the change of control.
- "change of control" means: (i) any sale, of all or substantially all of our assets; or (ii) our acquisition by another entity by means of any transaction (including a series of related transactions, but excluding our sale of securities for the purpose of raising additional funds) unless our stockholders of record immediately prior to such transaction hold, immediately after such transactions, at least 50% of the voting power of the surviving or acquiring entity.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information for each of our named executive officers regarding the number of shares of common stock underlying outstanding equity awards as of December 31, 2018.

Name	Option Awards				
	Grant Date[1]	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Antony Koblish	7/23/2015[2]	2,289,167	390,833	0.24	7/23/2025
	2/28/2018	—	1,004,787	0.24	2/28/2028
Maarten Persenaire	7/23/2015[2]	223,398	38,141	0.24	7/23/2025
	2/28/2018	—	252,867	0.24	2/28/2028
E. Skott Greenhalgh	3/20/2013	93,750	—	0.18	3/20/2023
	5/1/2013	31,250	—	0.18	5/1/2023
	12/11/2013	145,000	—	0.18	12/11/2023
	7/23/2015[2]	440,332	75,179	0.24	7/23/2025
	2/28/2018	—	257,200	0.24	2/28/2028

(1) Each stock option award was granted under our 2012 Plan and has the same vesting schedule, which provides for 25% of the award to vest on the first anniversary of the grant date and the remaining 75% of the award to vest in equal monthly installments on the last day of each of the 36 calendar months immediately following the first anniversary of the grant date, subject to the recipient's continuous service with us through the relevant vesting dates. In addition, the vesting of each stock option is subject to full acceleration in the event of a change in control, subject to the recipient's continuous service with us through the date of such transaction. Each stock option may be exercised prior to vesting in exchange for restricted shares of common stock subject to the same vesting schedule.

(2) Each stock option award granted in 2015 became fully vested and exercisable on July 31, 2019, prior to the completion of this offering.

Equity Compensation Plans

2019 Equity Incentive Plan

Prior to the completion of this offering, we intend to adopt and ask our stockholders to approve the 2019 Plan under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain talent for which we compete. The material terms of the 2019 Plan as it is currently contemplated are summarized below. Our board of directors is still in the process of developing, approving and implementing the 2019 Plan and, accordingly, this summary is subject to change.

Administration

The 2019 Plan authorizes our board of directors to appoint a committee to administer and interpret the 2019 Plan; however, in its sole discretion, our board of directors may at any time and from time to time exercise any and all rights and duties of the committee except with respect to matters which under applicable law are required to be determined in the sole discretion of the committee. Our board of directors will designate our compensation committee to administer and interpret the 2019 Plan. Except when limited by the terms of the 2019 Plan, our compensation committee has the authority to, among other things: select the individuals to whom awards are granted; determine the type of award to be granted; determine the number of shares, if any, to be covered by each award; establish the other terms and conditions of each award; approve forms of agreements for use under the 2019 Plan; and modify or amend each award. To the extent permitted by applicable law, our compensation committee may delegate to one or more of our officers the authority to grant awards to participants who are not subject to the requirements of Section 16 of the Exchange Act and the rules and regulations thereunder.

Subject to any stockholder approval that may be required under applicable law, the 2019 Plan may be amended or terminated at any time or from time to time by our board of directors.

Eligibility

Any of our employees, directors, consultants, and other service providers, or those of our affiliates, are eligible to participate in the 2019 Plan and may be selected by our compensation committee to receive an award.

Shares of Our Common Stock Available for Issuance

Subject to certain adjustments, the maximum number of shares of common stock that may be issued under the 2019 Plan in connection with awards, or 2019 Plan Limit, is equal to the sum of: (i) shares of our common stock and (ii) an annual increase on the first day of each year beginning in and ending in , equal to the lesser of (A) shares of our common stock, (B) % of the shares of our common stock outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year, and (C) such smaller number of shares of our common stock as determined by our board of directors, all of which may be issued in respect of incentive stock options, or ISOs. Any shares of common stock issued under the 2019 Plan may consist, in whole or in part, of authorized and unissued shares of our common stock or treasury shares. Any shares of our common stock issued by us through the assumption or substitution of outstanding grants in connection with the acquisition of another entity will not reduce the 2019 Plan Limit. In the event of any corporate event or transaction such as a merger, consolidation, reorganization, recapitalization, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, stock dividend, dividend in kind, or other like change in capital structure (other than ordinary cash dividends) to our stockholders, or other similar corporate event or transaction that affects our shares of common stock, our compensation committee shall make appropriate adjustments or substitutions in the number and kind of shares that may be issued under the 2019 Plan, the number and kind of shares subject to outstanding awards, the exercise price, or base price applicable to outstanding awards, and/or any other affected terms and conditions of the 2019 Plan or outstanding awards, in each case as it determines appropriate and equitable. Shares of our common stock subject to awards that expire, terminate, or are cancelled or forfeited for any reason, as well as shares of our common stock withheld in settlement of a tax withholding obligation associated with an award or in satisfaction of the exercise price payable upon exercise of a stock option, will again be available for grant under the 2019 Plan.

Non-employee directors (in their capacity as such) may not be granted awards under the 2019 Plan with an aggregate grant date fair value in excess of $ in any single calendar year.

Types of Awards

The 2019 Plan provides for the grant of the following equity-based and cash-based incentive awards to participants: (i) stock options, (ii) stock appreciation rights, (iii) restricted stock, (iv) restricted stock units, or RSUs, and (v) cash or other stock based awards.

Stock Options

An option entitles the holder to purchase from us a stated number of shares of our common stock. An ISO may only be granted to an employee of ours or our eligible affiliates. Our compensation committee will specify the number of shares of our common stock subject to each option, the vesting conditions, and the exercise price for such option, provided that the exercise price may not be less than the fair market value of a share of our common stock on the date the option is granted. Notwithstanding the foregoing, if ISOs are granted to any 10% stockholder, the exercise price shall not be less than 110% of the fair market value of our common stock on the date the option is granted.

Generally, options may be exercised in whole or in part through a cash payment. Our compensation committee may, in its sole discretion, permit payment of the exercise price of an option in the form of previously acquired shares of our common stock based on the fair market value of such shares on the date the option is exercised or through means of "net settlement", which involves the cancellation of a portion of the option to cover the cost of exercising the balance of the option.

All options shall be exercisable in accordance with the terms of the applicable award agreement. Our compensation committee may provide in the terms of the applicable award agreement that the participant

may exercise the unvested portion of an option in whole or in part in exchange for restricted stock subject to the same vesting terms as the portion of the option so exercised and such additional terms and conditions as determined by our compensation committee. The maximum term of an option shall be determined by our compensation committee on the date of grant but shall not exceed 10 years (5 years in the case of ISOs granted to any 10% stockholder). In the case of ISOs, the aggregate fair market value (determined as of the date of grant) of our common stock with respect to which such ISOs become exercisable for the first time during any calendar year cannot exceed $100,000. ISOs granted in excess of this limitation will be treated as non-qualified stock options.

Stock Appreciation Rights

A stock appreciation right represents the right to receive, upon exercise, any appreciation in a share of our common stock over a particular time period. The base price of a stock appreciation right shall not be less than the fair market value of a share of our common stock on the date the stock appreciation right is granted. The maximum term of a stock appreciation right shall be determined by our compensation committee on the date of grant but shall not exceed 10 years. Distributions with respect to stock appreciation rights may be made in cash, shares of our common stock, or a combination of both, at our compensation committee's discretion.

Unless otherwise provided by our compensation committee, any portion of an option or stock appreciation right that is not exercisable at the time of termination of service shall expire and automatically be forfeited on the termination date. If a participant terminates service with us (or our affiliates) due to death or disability, the participant's unexercised options and stock appreciation rights may be exercised, to the extent they were exercisable on the termination date, for a period expiring (i) at such time as may be specified by our compensation committee at or after grant, (ii) if not specified by our compensation committee at or after grant, twelve months from the termination date, or (iii) if sooner, the expiration of the stated term. If a participant terminates service with us (or our affiliates) for cause (as defined in the 2019 Plan) or if a participant resigns at a time that there was a cause basis for the participant's termination, (a) all unexercised options and stock appreciation rights (whether vested or unvested) shall expire and automatically be forfeited on the termination date, and (b) any shares of our common stock in respect of exercised options or stock appreciation rights for which we have not yet delivered share certificates will be forfeited and we will refund to the participant the option exercise price paid for those shares, if any. If a participant terminates service with us (or our affiliates) for any other reason, any vested but unexercised options and stock appreciation rights may be exercised by the participant, to the extent exercisable at the time of termination, for a period expiring (x) at such time as may be specified by our compensation committee at or after grant, (ii) if not specified by our compensation committee at or after grant, 90 days from the termination date, or (iii) if sooner, the expiration of the stated term.

Restricted Stock

A restricted stock award is a grant of shares of our common stock, which are subject to forfeiture restrictions during a restriction period. Our compensation committee will determine the price, if any, to be paid by the participant for each share of our common stock subject to a restricted stock award. If the specified vesting conditions are not attained, the participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying shares of our common stock will be forfeited to us. At the end of the restriction period, if the vesting conditions have been satisfied, the restrictions imposed will lapse with respect to the applicable number of shares. During the restriction period, a participant will have the right to vote shares of restricted stock and receive dividends with respect to restricted stock, provided that our compensation committee may specify that any such dividends are subject to the same vesting schedule as restricted stock in respect of which the dividends are paid. Unless otherwise provided in an award agreement or determined by our compensation committee, upon a termination of service, a participant will forfeit any portion of the participant's restricted stock awards that then remains subject to forfeiture restrictions.

Restricted Stock Units

An RSU represents a right to receive, on the achievement of specified vesting conditions, an amount equal to the fair market value (at the time of distribution) of one share of our common stock . An RSU may be settled in shares of our common stock, cash, or a combination of both, at the discretion of our compensation committee. Unless otherwise provided in an award agreement or determined by our compensation committee, upon a termination of service, a participant will forfeit all of the participant's RSUs that then remain subject to forfeiture.

Cash or Other Stock Based Awards

Cash or other stock based awards (including awards to receive unrestricted shares of our common stock or immediate cash payments) may be granted to participants. Our compensation committee will determine the terms and conditions of each such award, including, as applicable, the term, any exercise or purchase price, performance goals, vesting conditions and other terms and conditions. Payment in respect of a cash or other stock based award may be made in cash, shares of our common stock, or a combination of both, at the discretion of our compensation committee.

Change in Control

Upon or in anticipation of a change in control (as defined in the 2019 Plan), our compensation committee may, on a participant-by-participant basis: (i) cause any or all outstanding awards to become vested and immediately exercisable (as applicable), in whole or in part; (ii) cause any outstanding option or stock appreciation right to become fully vested and immediately exercisable for a reasonable period in advance of the change in control and, to the extent not exercised prior to that change in control, cancel that option or stock appreciation right upon closing of the change in control; (iii) cancel any unvested award or unvested portion thereof, with or without consideration; (iv) cancel any award in exchange for a substitute award; (v) redeem any restricted stock or RSU for cash and/or other substitute consideration with value equal to the fair market value of an unrestricted share of our common stock on the date of the change in control; (vi) cancel any outstanding option or stock appreciation right with respect to all shares of our common stock for which the award remains unexercised in exchange for a cash payment equal to the excess (if any) of the fair market value of the shares of our common stock subject to the option or stock appreciation right over the exercise or base price of the option or stock appreciation right (and if the fair market value does not exceed the exercise or base price of the award, cancel the award without payment of any consideration); and/or (vii) take such other action as our compensation committee shall determine to be reasonable under the circumstances. In the discretion of our compensation committee, any cash of substitute consideration payable upon cancellation of an award may be subject to vesting terms substantially identical to those that applied to the cancelled award immediately prior to the change in control, or earn-out, escrow, holdback or similar arrangements, to the extent such arrangements are applicable to any consideration paid to stockholders in connection with the change in control.

Repricing

Neither our board of directors nor our compensation committee may, without obtaining prior approval of our stockholders: (i) implement any cancellation/re-grant program pursuant to which outstanding options or stock appreciation rights under the 2019 Plan are cancelled and new options or stock appreciation rights are granted in replacement with a lower exercise or base price per share; (ii) cancel outstanding options or stock appreciation rights under the 2019 Plan with an exercise or base price per share in excess of the then current fair market value per share for consideration payable in our equity securities; or (iii) otherwise directly reduce the exercise or base price in effect for outstanding options or stock appreciation rights under the 2019 Plan.

Miscellaneous

Generally, awards granted under the 2019 Plan shall be nontransferable except by will or by the laws of descent and distribution. No participant shall have any rights as a stockholder with respect to shares of our common stock covered by options, stock appreciate rights or RSUs, unless and until such awards are settled in shares of our common stock of common stock. No option shall be exercisable, no shares of our common

stock shall be issued, no certificates for shares of our common stock shall be delivered and no payment shall be made under the 2019 Plan except in compliance with all applicable laws. The awards will be subject to our stock ownership and clawback policies, as may be in effect from time to time. The 2019 Plan will expire ten years after it becomes effective.

2012 Stock Incentive Plan

The 2012 Plan was originally adopted our board of directors and approved by our stockholders on December 3, 2012. The 2012 Plan has been amended from time to time to increase the number of shares available for issuance pursuant to plan awards and was most recently amended on April 5, 2019. The 2012 Plan permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and other awards from time to time to selected employees, officers, directors and consultants. Subject to adjustment, the maximum number of shares that may be granted under the 2012 Plan is 17,040,673. It is expected that the 2012 Plan will terminate immediately prior to the consummation of this offering and we will not grant any additional awards under our 2012 Plan. Thereafter, however, our 2012 Plan will continue to govern the outstanding awards previously granted under the 2012 Plan.

Administration

The 2012 Plan is currently administered by a committee appointed by our board of directors. At the discretion of our board of directors, the 2012 Plan may be administered directly by our board of directors. To the extent permitted by applicable law, our board of directors may delegate to one or more of our executive officers the power to grant awards to employees or officers and to exercise other powers under the 2012 Plan as our board of directors may determine, provided that the Board shall fix the terms of the award and the maximum number of shares subject to awards that the executive officers may grant.

Transferability

A participant in the 2012 Plan may not sell, assign, transfer, or pledge an award under the 2012 Plan other than by will or the laws of descent and distribution or, except in the case of an incentive stock option, pursuant to a domestic relations order, provided however that the committee may (but need not) permit other transfers where the committee concludes that the such transfer (i) would not result in accelerated taxation, (ii) would not cause an incentive stock option to no longer qualify as an incentive stock option or (iii) is otherwise appropriate and desirable.

Changes in Capital Structure

In the event of a corporate event or transaction (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the committee in its sole discretion may:

- adjust the number and kind of shares which may be delivered under the 2012 Plan;
- adjust the number and kind of shares subject to outstanding awards;
- adjust the exercise price of outstanding awards or the measure to be used to determine the amount of the benefit payable under the terms of an award; or
- make any other adjustments determined appropriate.

In addition, upon the occurrence or in anticipation of a change in control, the committee may in its sole discretion provide that:

- awards be settled in cash rather than stock;
- awards become immediately vested and exercisable for a designated period of time;
- awards will be assumed by another party to transaction or otherwise be equitably converted or substituted in connection with such transaction;
- outstanding awards may be settled by payment of cash or cash equivalents equal to the excess of the fair market value of the underlying stock over the exercise or base price of the award; or
- any combination any of the foregoing.

Amendment, Modification and Termination

Our board of directors may, at any time and from time to time, amend, modify or terminate the 2012 Plan without stockholder approval; provided, however, our board of directors may condition any other amendment or modification on the approval of stockholders for any reason, including by reason of such approval being necessary or deemed advisable to satisfy any other tax, securities or other applicable laws, policies or regulations.

Director Compensation

We have not historically provided any compensation to any member of our board of directors who has been designated to serve on our board by one of our significant investors. Mr. Koblish, our President and Chief Executive Officer, did not receive additional compensation for his services as a director. We additionally reimburse our non-employee directors for reasonable travel and out-of-pocket expenses incurred in connection with attending board of directors and committee meetings.

Our board of directors intends to adopt a non-management director compensation policy following the completion of this offering.

Director Compensation Table

The table below sets forth information for the fiscal year ended December 31, 2018 regarding the compensation awarded to, earned by or paid to our non-employee directors. Other than Messrs. Azarbarzin, Burgess, and Touhey, none of our non-employee directors received compensation for the year ended December 31, 2018.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)[1][2][3]	Total ($)
Kurt Azarbarzin	5,727	54,696	60,423
Vincent Burgess	24,000	7,660	31,661
Paul Touhey[4]	45,000	7,660	52,661

(1) Amounts shown in this column do not reflect dollar amounts actually received by our directors. Instead, these amounts reflect the aggregate grant date fair value of each stock option granted in 2018 computed in accordance with the provisions of FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 8 to our audited consolidated financial statements included in this prospectus. Our directors will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options.

(2) As of December 31, 2018, Messrs. Azarbarzin, Burgess, and Touhey held options to purchase 530,000, 467,205, and 263,432 shares of our common stock, respectively. No directors other than Messrs. Azarbarzin, Burgess, and Touhey held outstanding equity awards as of December 31, 2018.

(3) These options have exercise prices equal to $0.24, which our board of directors has determined to be the fair value of our common stock on the date of grant, and vest 25% on the first anniversary of the grant date and the remaining 75% vests ratably in equal monthly installments on the last day of each of the thirty-six calendar months following the first anniversary of the grant date, subject to the director's continuous service with us through the relevant vesting dates.

(4) Mr. Touhey resigned from our board of directors in November 2018.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years or currently proposed, to which we were a party or will be a party, in which:

- the amounts involved exceeded $120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting this criteria to which we have been or will be a party other than compensation arrangements, which are described where required under the sections titled "Management — Board Leadership Structure" and "Executive and Director Compensation."

January 2017 Convertible Promissory Note Financing

On January 18, 2017, we issued a total of $7.4 million in aggregate principal amount of convertible promissory notes to holders of our preferred stock, which advanced loans to us in the aggregate amount of $7.4 million. The convertible notes accrued interest at a rate of 12% per year and matured on October 20, 2017, and $8.1 million of convertible notes, which included $0.7 million of interest thereon, converted into 6,951,175 shares of our Series B Preferred Stock.

In connection with the January 18, 2017 issuance of convertible promissory notes, we issued warrants the investors to purchase a total of 1,591,864 shares of our Series B Preferred Stock at a weighted exercise price of $1.16 per share. The shares of Series B Preferred Stock that are issuable upon exercise of the warrants issued January 18, 2017 are referred to herein as warrant shares. Upon completion of this offering, the warrants will automatically convert into warrants to purchase shares of our common stock at an exercise price of $ per share.

The table below sets forth the aggregate principal amount of convertible promissory notes issued to, and the number of warrant shares underlying the warrants issued to, our executive officers, directors, holders of more than 5% of our capital stock and their affiliated entities or immediate family members.

NAME[1]	Aggregate Principal Amount of Notes	Warrant Shares
OrbiMed Private Investments IV, LP[2]	$ 3,520,015.09	758,623
Quaker Bioventures II, L.P.[3]	2,073,213.23	446,813
Entities associated with HighCape Partners QP, L.P.[4]	581,481.00	125,318
Entities associated with Signet Healthcare Partners QP[5]	833,663.37	179,667
Antony Koblish[6]	50,000.00	10,775
Maarten Persenaire, MD[7]	60,000.00	12,931
E. Skott Greenhalgh[8]	9,170.39	1,976
Paul Touhey[9]	57,020.38	12,288

(1) Additional details regarding these participants and other equity holders are provided in the section titled "Principal Stockholders."
(2) Vince Burgess, a member of our board of directors, was designated to our board of directors by OrbiMed Private Investments IV, LP.
(3) Adele Oliva, a member of our board of directors, was designated to our board of directors by Quaker Bioventures II, L.P.
(4) Matt Zuga, a member of our board of directors, was designated to our board of directors by HighCape Partners QP, L.P.
(5) Ashley Friedman, a member of our board of directors, was designated to our board of directors by Signet Healthcare Partners QP Partnership III LP and Signet Healthcare Partners Accredited Partnership III, LP.
(6) Antony Koblish is our President and Chief Executive Officer and a member of our board of directors.
(7) Maarten Persenaire, MD is our Chief Medical Officer.

(8) E. Skott Greenhalgh is our Chief Technology Officer.
(9) Paul Touhey resigned from our board of directors in November 2018.

2019 Series B Preferred Stock Offerings

In June and July 2019, we issued an aggregate of 11,587,439 shares of our Series B Preferred Stock in two closings at a price per share of $1.16. The first closing occurred on June 28, 2019, at which time we issued 10,123,480 shares of our Series B Preferred Stock for gross cash proceeds of $11.7 million. The second closing occurred on July 31, 2019, at which time we issued an additional 1,463,959 shares of our Series B Preferred Stock for gross cash proceeds of approximately $1.7 million.

In August 2019, we issued an aggregate of 509,483 shares of our Series B Preferred Stock at a price per share of $1.16. The closing occurred on August 30, 2019, for gross cash proceeds of approximately $0.6 million.

The table below sets forth the number of shares of Series B Preferred Stock purchased by our executive officers, directors, holders of more than 5% of our capital stock and their affiliated entities or immediate family members in such 2019 Series B Preferred Stock offerings. Each share of Series B Preferred Stock in the table below will automatically convert into shares of our common stock immediately prior to the completion of this offering. The Series A and Series B preferred stock are entitled to receive non-compounding cumulative dividends at a rate per year of 8% of the original issuance price of $1.00 and $1.16, respectively.

NAME	Series B Preferred Stock (#)	Aggregate Cash Purchase Price for Series B Preferred Stock ($)
OrbiMed Private Investments IV, LP(1)	3,588,383	$ 4,162,523.70
Quaker Bioventures II, L.P.(2)	2,191,660	2,542,325.23
Entities associated with HighCape Partners QP, L.P.(3)	592,774	687,617.92
Entities associated with Signet Healthcare Partners QP(4)	849,855	985,831.94
Pacira Pharmaceuticals, Inc.(5)	1,398,018	1,621,701.22
Nora Brennan(6)	86,200	99,992.00
Antony Koblish(7)	88,700	102,196.00
Maarten Persenaire, MD(8)	86,207	100,000.12
Paul Touhey(9)	105,369	122,228.04

(1) Vince Burgess, a member of our board of directors, was designated to our board of directors by OrbiMed Private Investments IV, LP.
(2) Adele Oliva, a member of our board of directors, was designated to our board of directors by Quaker Bioventures II, L.P.
(3) Matt Zuga, a member of our board of directors, was designated to our board of directors by HighCape Partners QP, L.P.
(4) Ashley Friedman, a member of our board of directors, was designated to our board of directors by Signet Healthcare Partners QP Partnership III LP and Signet Healthcare Partners Accredited Partnership III, LP.
(5) Ronald Ellis, a member of our board of directors, was designated to our board of directors by Pacira Pharmaceuticals, Inc.
(6) Nora Brennan is our Chief Financial Officer.
(7) Antony Koblish is our President and Chief Executive Officer and a member of our board of directors.
(8) Maarten Persenaire, MD is our Chief Medical Officer.
(9) Paul Touhey resigned from our board of directors in November 2018.

Stockholders Agreement

We are party to the Stockholders Agreement with each holder of our common stock and each holder of our preferred stock. The Stockholders Agreement, including all rights thereunder, will automatically terminate immediately prior to the completion of this offering.

Investors' Rights Agreement

We are party to an amended and restated investors' rights agreement, or the Investors' Rights Agreement, with each holder of our common stock and each holder of our preferred stock, which includes each holder of more than 5% of our capital stock and certain of our directors (or, in some cases, entities affiliated therewith). The Investors' Rights Agreement imposes certain affirmative obligations on us, including with respect to financial reporting, option vesting restrictions and investor inspections, and also grants certain rights to the holders, including demand and piggyback registration rights and, if we are eligible, Form S-3 registration rights, with respect to the registrable securities held by them. See the section titled "Description of Capital Stock — Registration Rights" for additional information. Certain provisions of the Investors' Rights Agreement, including our affirmative obligations and pre-emptive rights held by the holders of our preferred stock, will terminate upon completion of this offering, while the registration rights set forth in the investors' rights agreement will continue in effect after the completion of this offering until they expire in accordance with their terms.

Other Transactions

We have entered into various employment-related agreements with our executive officers that, among other things, provide for compensatory and certain change in control benefits. For a description of these agreements and arrangements with our named executives, see the section titled "Executive and Director Compensation — Executive Officer Employment Agreements."

We have also granted stock options to our executive officers and directors. For a description of these stock options, see the section titled "Executive and Director Compensation."

Indemnification Agreements

We have entered or intend to enter into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. For more information regarding these indemnification agreements, see "Management — Limitations on Liability and Indemnification Matters."

Policies and Procedures for Related Party Transactions

Our board of directors will adopt a written related party transaction policy, to be effective upon the completion of this offering, setting forth the policies and procedures for the review and approval or ratification of related-party transactions. This policy will cover any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant and a related party had or will have a direct or indirect material interest, as determined by the audit committee of our board of directors, including, without limitation, purchases of goods or services by or from the related party or entities in which the related party has a material interest, and indebtedness, guarantees of indebtedness or employment by us of a related party.

All related party transactions described in this section occurred prior to adoption of this policy and as such, these transactions were not subject to the approval and review procedures set forth in the policy. However, these transactions were reviewed and approved by our board of directors.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our capital stock as of September 30, 2019 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all of our current executive officers and directors as a group.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the shares issuable pursuant to stock options that are exercisable within 60 days of September 30, 2019. Shares issuable pursuant to stock options are deemed outstanding for computing the percentage of the person holding such options but are not outstanding for computing the percentage of any other person. The percentage ownership information under the column titled "Before Offering" is based on shares of common stock outstanding as of September 30, 2019 and includes shares of common stock subject to repurchase by us, assuming the automatic conversion of all our preferred stock outstanding into an aggregate of shares of our common stock and the conversion of all outstanding warrants to purchase shares of our Series B Preferred Stock into warrants to purchase 2,186,693 shares of our common stock, in each case immediately prior to the completion of this offering, but does not give effect to the accrued dividends to be paid in shares of our common stock in connection with the automatic conversion of our preferred stock into common stock. The percentage ownership information under the column titled "After Offering" is based on the sale of shares of common stock in this offering (assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus) and gives effect to the accrued dividends to be paid in shares of our common stock in connection with the automatic conversion of our preferred stock into common stock. The percentage ownership information assumes no exercise of the underwriters' option to purchase additional shares.

Except as indicated in the footnotes to this table, (i) the persons or entities named have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them, and (ii) the address for each person or entity listed in the table is c/o TELA Bio, Inc., 1 Great Valley Parkway, Suite 24, Malvern, PA 19355.

	NUMBER OF SHARES BENEFICIALLY OWNED BEFORE OFFERING	PERCENTAGE OF SHARES BENEFICIALLY OWNED BEFORE OFFERING	NUMBER OF SHARES BENEFICIALLY OWNED AFTER OFFERING	PERCENTAGE OF SHARES BENEFICIALLY OWNED AFTER OFFERING
Greater than 5% Stockholders:				
OrbiMed Private Investments IV, LP[1]	36,779,291	34.6%		
Quaker BioVentures II, L.P.[2]	22,463,516	21.2%		
HighCape Partners QP, L.P.[3]	6,075,663	5.8%		
Signet Healthcare Partners Accredited Partnership III, LP[4]	8,710,627	8.2%		
Pacira Pharmaceuticals, Inc.[5]	14,329,052	13.6%		
Directors and Named Executive Officers:				
Antony Koblish[6]	6,512,109	6.0%		
Maarten Persenaire, MD[7]	1,943,147	1.8%		
E. Skott Greenhalgh, PhD[8]	1,065,352	1.0%		
Kurt Azarbarzin	—	—		
Vince Burgess[9]	423,776	*		
Ronald Ellis[5]	14,329,052	13.6%		
Ashley Friedman[4]	8,710,627	8.2%		
Adele Oliva[2]	22,463,516	21.2%		
Matt Zuga[3]	6,075,663	5.8%		
All current executive officers and directors as a group (10 persons)	61,609,442	55.5%		

* Represents beneficial ownership of less than 1%.

(1) Consists of (i) 11,878,249 shares of common stock issuable upon conversion of Series A Preferred Stock; (ii) 24,142,419 shares of common stock issuable upon conversion of Series B Preferred Stock; and (iii) 758,623 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 758,623 shares of Series B Preferred Stock held by OrbiMed Private Investments IV, LP ("OPI IV"). OrbiMed Capital GP IV LLC ("GP IV") is the general partner of OPI IV. OrbiMed Advisors LLC ("OrbiMed Advisors") is the managing member of GP IV. By virtue of such relationships, GP IV and OrbiMed Advisors may be deemed to have voting and investment power with respect to the shares held by OPI IV. Both GP IV and OrbiMed Advisors may be deemed to directly or indirectly, including by reason of their mutual affiliation, to be the beneficial owners of the shares held by OPI IV. OrbiMed Advisors exercises this investment and voting power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein. Each of GP IV, OrbiMed Advisors, Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein disclaims beneficial ownership of the shares held by OPI IV, except to the extent of its or his pecuniary interest therein if any. The business address for OPI IV is c/o OrbiMed Advisors LLC, 601 Lexington Avenue, 54th Floor, New York, NY 10022.

(2) Consists of (i) 8,530,145 shares of common stock issuable upon conversion of Series A Preferred Stock; (ii) 12,763,434 shares of common stock issuable upon conversion of Series B Preferred Stock; (iii) 723,124 shares of common stock; and (iv) 446,813 shares of common stock issuable upon exercise of warrants to purchase common stock held upon conversion of warrants to purchase 446,813 shares of Series B Preferred Stock held by Quaker BioVentures, II, L.P. Quaker BioVentures Capital II, L.P. serves as the partner of Quaker BioVentures, II, L.P. Quaker BioVentures Capital II, LLC serves as the general partner of Quaker BioVentures Capital II, L.P and Quaker BioVentures Capital II, LLC may be deemed to have beneficial ownership of the shares held by Quaker BioVentures II, L.P. Quaker Bioventures Capital II, LLC exercises this investment and voting power through a management committee comprised of Adele C. Oliva, Richard S. Kollender, P. Sherrill Neff, and Ira M. Lubert. Each of Quaker Bioventures II, LLC, Adele C. Oliva, Richard S. Kollender, P. Sherrill Neff, and Ira M. Lubert disclaims beneficial ownership of the shares held by Quaker BioVentures , II, L.P., except to the extent of its or his pecuniary interest therein. The address for Quaker BioVentures II, L.P. is 150 Monument Road, Suite 207, Bala Cynwyd, PA 19004.

(3) Consists of (i) 493,357 shares of common stock issuable upon conversion of Series A Preferred Stock held by HighCape Partners QP, L.P.; (ii) 6,643 shares of common stock issuable upon conversion of Series A Preferred Stock held by HighCape Partners, L.P.; (iii) 5,377,928 shares of common stock issuable upon conversion of Series B Preferred stock held by HighCape Partners QP, L.P.; (iv) 72,417 shares of common stock issuable upon conversion of Series B Preferred Stock held by HighCape Partners, L.P.; (v) 123,653 shares of common stock issuable upon exercise of warrants to purchase common

stock resulting from the automatic conversion of warrants to purchase 123,653 shares of Series B Preferred Stock held by HighCape Partners QP, L.P.; and (vi) 1,665 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 1,665 shares of Series B Preferred Stock held by HighCape Partners, L.P. Voting and investment decisions with respect to these shares are made by an investment committee comprised of Matt Zuga and Kevin Rakin, each of whom may be deemed to have beneficial ownership over these shares. The address for HighCape Partners, QP, L.P. is 10751 Falls Road, Suite 300, Baltimore, MD 21093.

(4) Consists of (i) 1,479,951 shares of common stock issuable upon conversion of Series B Preferred Stock held by Signet Healthcare Partners Accredited Partnership III, LP; (ii) 7,051,009 shares of common stock issuable upon conversion of Series B Preferred Stock held by Signet Healthcare Partners QP Partnership III, LP; (iii) 31,168 shares of common stock issuable upon exercise of warrants to purchase common stock held upon conversion of warrants to purchase 31,168 shares of Series B Preferred Stock held by Signet Healthcare Partners Accredited Partnership III, LP; and (iv) 148,499 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 148,499 shares of Series B Preferred Stock held by Signet Healthcare Partners QP Partnership III, LP. Signet Healthcare GP III, LP is the general partner of Signet Healthcare Partners QP Partnership III LP and Signet Healthcare Partners Accredited Partnership III, LP, and as a result may be deemed to have beneficial ownership of such shares. James C. Gale exercises voting and dispositive power over the shares held by Signet Healthcare Partners Accredited Partnership II, LP and Signet Healthcare Partners QP Partnership II, LP. Each of Signet Healthcare GP III, LP and Mr. Gale disclaims beneficial ownership of the shares held by each of Signet Healthcare Partners Accredited Partnership II, LP and Signet Healthcare Partners QP Partnership II, LP, except to the extent of it or his pecuniary interest therein. The address for Signet Healthcare Partners Accredited Partnership III, LP is 152 West 57th Street, 19th Floor, New York, NY 10019.

(5) Consists of 14,329,052 shares of common stock issuable upon conversion of Series B Preferred Stock. Voting and investment decisions with respect to these shares are made by Ronald Ellis. The address for Pacira Pharmaceuticals, Inc. is 5 Sylvan Way, Suite 300, Parsippany, NJ 07054.

(6) Consists of (i) 2,871,717 shares of common stock; (ii) 179,685 shares of common stock issuable upon conversion of Series A Preferred Stock; (ii) 351,271 shares of common stock issuable upon conversion of Series B Preferred Stock; (iii) 10,775 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 10,775 shares of Series B Preferred Stock; and (iv) 3,098,661 shares of common stock issuable pursuant to options that are exercisable within 60 days of September 30, 2019.

(7) Consists of (i) 1,050,719 shares of common stock; (ii) 197,511 shares of common stock issuable upon conversion of Series A Preferred Stock; (ii) 315,086 shares of common stock issuable upon conversion of Series B Preferred Stock; (iii) 12,931 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 12,931 shares of Series B Preferred Stock; and (iv) 366,900 shares of common stock issuable pursuant to options that are exercisable within 60 days of September 30, 2019.

(8) Consists of (i) 50,000 shares of common stock issuable upon conversion of Series A Preferred Stock; (ii) 120,699 shares of common stock issuable upon conversion of Series B Preferred Stock; (iii) 1,976 shares of common stock issuable upon exercise of warrants to purchase common stock resulting from the automatic conversion of warrants to purchase 1,976 shares of Series B Preferred Stock; and (iv) 892,677 shares of common stock issuable pursuant to options that are exercisable within 60 days of September 30, 2019.

(9) Consists of 423,776 shares of common stock issuable pursuant to options that are exercisable within 60 days of September 30, 2019.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our fourth amended and restated certificate of incorporation, second amended and restated bylaws, the amended and restated investor rights agreement to which we and certain of our stockholders are parties and of the DGCL. Because the following is only a summary, it does not contain all of the information that may be important to you. For a complete description, you should refer to our fourth amended and restated certificate of incorporation, second amended and restated bylaws and amended and restated investors' rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is part.

General

Upon the completion of this offering and the filing of our fourth amended and restated certificate of incorporation, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share. All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Common Stock

Outstanding Shares

As of September 30, 2019, there would have been shares of common stock outstanding, held by stockholders of record, after giving effect to the automatic conversion of all our preferred stock outstanding into an aggregate of shares of our common stock immediately prior to the completion of this offering.

Voting Rights

Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors. In addition, the affirmative vote of holders of $66^{2}/_{3}\%$ of the voting power of all of the then outstanding voting stock will be required to take certain actions, including amending certain provisions of our fourth amended and restated certificate of incorporation, such as the provisions relating to amending our second amended and restated bylaws, procedures for our stockholder meetings, the classified board, director liability, and exclusive forum for proceedings.

Dividends

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Preferred Stock

Upon the completion of this offering, all outstanding shares of our preferred stock will be automatically converted into an aggregate of shares of common stock, including accrued dividends payable into an aggregate of shares of our common stock. Under the terms of our fourth amended and restated certificate of incorporation that will become effective immediately prior to the completion of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third-party to acquire, or could discourage a third-party from seeking to acquire, a majority of our outstanding voting stock. Upon the completion of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Warrants

As of September 30, 2019, we had warrants to purchase an aggregate of 2,186,693 shares of our Series B Preferred Stock outstanding with an exercise price of $1.16 per share. These warrants may be exercised at any time and from time to time, in whole or in part. Immediately prior to the completion of this offering, these warrants will become exercisable to purchase up to shares of our common stock at an exercise price of $ per share.

Stock Options and Equity Plan Shares

As of June 30, 2019, options to purchase 13,074,180 shares of our common stock were outstanding under our 2012 Plan, of which 7,649,251 options were vested of that date. 1,318,203 shares of our common stock remain available for future issuance under the 2012 plan and shares of our common stock are reserved for future issuance under the 2019 Plan.

Registration Rights

The Investors' Rights Agreement grants the parties thereto certain registration rights in respect of the "registrable securities" held by them, which securities include (1) the shares of our common stock issued upon the conversion of shares of our preferred stock and (2) any shares of our common stock issued as a dividend or other distribution with respect to the shares described in the foregoing clause (1). The registration of shares of our common stock pursuant to the exercise of these registration rights would enable the holders thereof to sell such shares without restriction under the Securities Act when the applicable registration statement is declared effective.

Holders of shares of our common stock (including shares issuable upon the conversion of our preferred stock) are entitled to such registration rights pursuant the Investors' Rights Agreement.

Expenses of Registration

Subject to specified conditions and limitations, we are required to pay all expenses, other than underwriting discounts and commissions and stock transfer taxes incurred in connection with any exercise of these registration rights.

Expiration of Registration Rights

These registration rights will expire on the earlier to occur of (1) the written agreement of us and 70% of the holders of the preferred stock on an as-converted basis and including any shares of common stock

which shares of preferred stock have been converted or (2) the date in which all registrable securities can be sold pursuant to Rule 144 of the Securities Act during any ninety-day period.

Demand Registration Rights

At any time beginning six months after the completion of this offering, the holders of not less than 70% of the registrable securities then outstanding may, on not more than two occasions, request that we prepare, file and maintain a registration statement on Form S-1 to register the sale of their registrable securities. Once we are eligible to use a registration statement on Form S-3, the stockholders party to the Investors' Rights Agreement may, not more than once in any twelve-month period, request that we prepare, file and maintain a registration statement on Form S-3 covering the sale of their registrable securities, but only if the anticipated offering price, net of underwriting discounts and commissions, would exceed $2.0 million.

Piggyback Registration Rights

In the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the stockholders party to the Investors' Rights Agreement will be entitled to certain "piggyback" registration rights allowing them to include their registrable securities in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act other than with respect to a demand registration or a registration statement on Form S-8, these holders will be entitled to notice of the registration and will have the right to include their registrable securities in the registration subject to certain limitations.

Indemnification

The Investors' Rights Agreement contains customary cross-indemnification provisions, pursuant to which we are obligated to indemnify the selling holders of registrable securities in the event of either material misstatements or omissions in the applicable registration statement attributable to us or our violation of the Securities Act, and the selling stockholders are obligated to indemnify us for material misstatements or omission in the registration statement attributable to them, subject to certain limitations.

Anti-Takeover Provisions of Delaware Law and Our Charter Documents

Some provisions of Delaware law and our fourth amended and restated certificate of incorporation and our second amended and restated bylaws that will become effective immediately prior to the completion of this offering contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the DGCL, which prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a publicly-held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did

own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, such as discouraging takeover attempts that might result in a premium over the market price of our common stock.

Elimination of Stockholder Action by Written Consent

Our fourth amended and restated certificate of incorporation, which will be in effect immediately prior to the completion of this offering, will provide that all stockholder actions must be effected at a duly called meeting of stockholders and not by consent in writing. A special meeting of stockholders may be called only by a majority of our board of directors, the chair of our board of directors, or our chief executive officer.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Amendment of Charter Provisions

Our fourth amended and restated certificate of incorporation will further provide that the affirmative vote of holders of at least $66^{2}/_{3}\%$ of the voting power of all of the then outstanding shares of voting stock, voting as a single class, will be required to amend certain provisions of our fourth amended and restated certificate of incorporation, including provisions relating to the size of the board, removal of directors, special meetings, actions by written consent and cumulative voting. The affirmative vote of holders of at least $66^{2}/_{3}\%$ of the voting power of all of the then outstanding shares of voting stock, voting as a single class, will be required to amend or repeal our second amended and restated bylaws, although our second amended and restated bylaws may be amended by a simple majority vote of our board of directors.

Classified Board; Election and Removal of Directors

Our fourth amended and restated certificate of incorporation will further provide that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms, and will give our board of directors the exclusive right to expand the size of our board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director.

Choice of Forum

Our fourth amended and restated certificate of incorporation will provide that, unless our board of directors consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our fourth amended and restated certificate of incorporation and our second amended and restated bylaws; or (iv) any action asserting a claim against us governed by the internal affairs doctrine, except, in each case, (A) any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than such court, or (C) for which such court does not have subject matter jurisdiction.

Limitations on Liability and Indemnification Matters

For a discussion of liability and indemnification, see "Management — Limitation on Liability and Indemnification Matters."

Listing

We have applied to list our common stock on The Nasdaq Global Market under the trading symbol "TELA".

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock in the public market after this offering, or the perception that those sales may occur, could adversely affect the prevailing market price for our common stock. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after the restrictions lapse could adversely affect the prevailing market price of our common stock as well as our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of September 30, 2019, upon the completion of this offering and assuming (i) the for reverse stock split of all outstanding shares of our common stock, (ii) the automatic conversion of all our preferred stock outstanding as of September 30, 2019 into an aggregate of shares of our common stock immediately prior to the completion of this offering, (iii) no exercise of the underwriters' option to purchase additional shares of common stock, and (iv) no exercise of outstanding options or warrants, we will have outstanding an aggregate of approximately shares of common stock. All of the shares sold in this offering will be freely tradable unless purchased by our "affiliates" as such term is defined in Rule 144 under the Securities Act or purchased by existing stockholders and their affiliated entities that are subject to lock-up agreements. All remaining shares of common stock held by existing stockholders immediately prior to the consummation of this offering will be "restricted securities," as such term is defined in Rule 144. These restricted securities were issued and sold in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701 of the Securities Act, or Rule 701, which rules are summarized below.

As a result of the lock-up agreements referred to below and the provisions of Rule 144 and Rule 701 under the Securities Act, based on the number of shares of our common stock outstanding as of June 30, 2019, the remaining shares of our common stock will generally become for sale in the public market are as follows:

Approximate Number of Shares	First Date Available For Sale on the Public Markets
shares	181 days after the date of this prospectus, upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume, manner of sale and other limitations under Rule 144 and Rule 701.

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes.

In the event that any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition and investment.

In addition, the shares of common stock reserved for future issuance under our 2012 Plan and 2019 Plan will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements, a registration statement under the Securities Act or an exemption from registration, including Rule 144 and Rule 701.

Rule 144

In general, pursuant to Rule 144 under the Securities Act, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, any person who is not an affiliate of ours at any

time during the three months preceding a sale and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, provided current public information about us is available. In addition, under Rule 144, any person who is not an affiliate of ours at any time during the three months preceding a sale and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately following the completion of this offering without regard to whether current public information about us is available.

Beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of restricted shares within any three-month period that does not exceed the greater of:

- 1% of the number of common shares then outstanding, which will equal approximately shares of common stock upon the completion of this offering; or
- the average weekly trading volume of our common stock on The Nasdaq Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales of restricted shares under Rule 144 held by our "affiliates" are also subject to requirements regarding the manner of sale, notice and the availability of current public information about us. Rule 144 also provides that affiliates relying on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

Rule 701

Pursuant to Rule 701 under the Securities Act, shares of our common stock acquired upon the exercise of currently outstanding options or pursuant to other rights granted under our stock incentive plans may be resold by:

- persons other than "affiliates," beginning 90 days after the effective date of the registration statement of which this prospectus is a part, subject only to the manner-of-sale provisions of Rule 144; and
- Our "affiliates," beginning 90 days after the effective date of the registration statement of which this prospectus is a part, subject to the manner-of-sale and volume limitations, current public information and filing requirements of Rule 144, in each case, without compliance with the six-month holding period requirement of Rule 144

Lock-Up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders and option holders, have agreed with the underwriters that for the period from the date of the lock-up agreement continuing through the date 180 days after the date of this prospectus we and they will not sell, offer to sell, contract to sell or lend, effect any short sale or establish or increase any put equivalent position or liquidate or decrease any call equivalent position, pledge, hypothecate, grant any security interest in or in any other way transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exchangeable for shares of common stock, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

After this offering, certain of our employees, including our executive officers and/or directors may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under

these trading plans would not be permitted until the expiration of the lock-up agreements relating to the offering described above.

Registration Rights

Upon the completion of this offering, the holders of shares of our common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act, subject to the lock-up agreements described under "— Lock-Up Agreements" above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of the registration. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. See the section titled "Description of Capital Stock — Registration Rights."

Equity Incentive Plans

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock reserved for issuance under our 2012 Plan and our 2019 Plan. The registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to vesting restrictions, Rule 144 volume limitations and the lock-up agreements described above, if applicable.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non- U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- "qualified foreign pension funds" and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our common stock being taken into account in an applicable financial statement.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF

THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or entity treated as a corporation that is created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (ii) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section titled "Dividend Policy," we do not currently intend to pay any cash dividends on our capital stock in the foreseeable future. However, if we make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "— Sale or Other Taxable Disposition."

Subject to the discussions below on effectively connected income, backup withholding and the Foreign Account Tax Compliance Act, or FATCA, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment or fixed base in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also generally will be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits attributable to such dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussions below regarding backup withholding and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment or fixed base in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also generally will be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits attributable to such gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period. If we are a USRPHC and either our common stock is not regularly traded on an established securities market or a Non-U.S. Holder holds more than 5% of our common stock, actually or constructively, during the applicable testing period, such Non-U.S. Holder will generally be taxed on any gain in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply.

Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the holder either certifies its non-U.S. status by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above or the holder otherwise establishes an exemption. Proceeds of a disposition of our common

stock conducted through a non-U.S. office of a non-U.S. broker that does not have certain enumerated relationships with the United States generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS also may be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (commonly referred to as FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertakes to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies currently to payments of dividends on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated , 2019, among us and Jefferies LLC and Piper Jaffray & Co., as the representatives of the underwriters named below and the joint book-running managers of this offering, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the respective number of shares of common stock shown opposite its name below:

Underwriter	Number of Shares
Jefferies LLC	
Piper Jaffray & Co.	
Canaccord Genuity LLC	
JMP Securities LLC	
Total	

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of common stock if any of them are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters have advised us that, following the completion of this offering, they currently intend to make a market in the common stock as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market-making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the common stock, that you will be able to sell any of the common stock held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters are offering the shares of common stock subject to their acceptance of the shares of common stock from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

Commission and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers, which may include the underwriters, at that price less a concession not in excess of $ per share of common stock. After the offering, the initial public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction will change the amount of proceeds to be received by us as set forth on the cover page of this prospectus.

The following table shows the public offering price, the underwriting discounts and commissions that we are to pay the underwriters and the proceeds, before expenses, to us in connection with this offering. Such

amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share		Total	
	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares
Public offering price	$	$	$	$
Underwriting discounts and commissions paid by us	$	$	$	$
Proceeds to us, before expenses	$	$	$	$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately $. We have agreed to reimburse the underwriters for certain of their expenses incurred in connection with this offering in an amount not to exceed $.

Determination of Offering Price

Prior to this offering, there has not been a public market for our common stock. Consequently, the initial public offering price for our common stock will be determined by negotiations between us and the representatives. Among the factors to be considered in these negotiations will be prevailing market conditions, our financial information, market valuations of other companies that we and the underwriters believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

We offer no assurances that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to the offering or that an active trading market for the common stock will develop and continue after the offering.

Listing

We have applied to have our common stock approved for listing on The Nasdaq Global Market under the trading symbol "TELA".

Stamp Taxes

If you purchase shares of common stock offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Option to Purchase Additional Shares

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of shares from us at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. If the underwriters exercise this option, each underwriter will be obligated, subject to specified conditions, to purchase a number of additional shares proportionate to that underwriter's initial purchase commitment as indicated in the table above. This option may be exercised only if the underwriters sell more shares than the total number set forth on the cover page of this prospectus.

No Sales of Similar Securities

We, our officers, directors and holders of all or substantially all our outstanding capital stock and other securities have agreed, subject to specified exceptions, not to directly or indirectly:

- sell, offer to sell, contract to sell or lend or effect any short sale or establish or increase "put equivalent position" within the meaning of Rule 16a-l(h) under the Exchange Act, pledge, hypothecate or grant any security interest in, enter into a swap;
- otherwise dispose of any shares of common stock, options or warrants to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock currently or hereafter owned either of record or beneficially; or
- publicly announce an intention to do any of the foregoing for a period of 180 days after the date of this prospectus without the prior written consent of Jefferies LLC and Piper Jaffray & Co.

This restriction terminates after the close of trading of the common stock on and including the 180th day after the date of this prospectus.

Jefferies LLC and Piper Jaffray & Co. may, in their sole discretion and at any time or from time to time before the termination of the 180-day period release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our stockholders who will execute a lock-up agreement, providing consent to the sale of shares prior to the expiration of the lock-up period.

Stabilization

The underwriters have advised us that, pursuant to Regulation M under the Exchange Act, certain persons participating in the offering may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These activities may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales.

"Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of our common stock in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of our common stock or purchasing shares of our common stock in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.

"Naked" short sales are sales in excess of the option to purchase additional shares of our common stock. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A syndicate covering transaction is the bid for or the purchase of shares of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriter's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the common stock

originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

The underwriters may also engage in passive market making transactions in our common stock on The Nasdaq Global Market in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of shares of our common stock in this offering and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or on the web sites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares of common stock for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' web sites and any information contained in any other web site maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price up to shares of common stock for our directors, officers and certain employees and other persons with whom we have a relationship who have expressed an interest in purchasing shares in the offering. The number of shares of common stock available for sale to the general public in the offering will be reduced to the extent these persons purchase the directed shares in the program. Any directed shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares. Except for certain participants who have entered into lock-up agreements as contemplated above, each person buying shares through the directed share program has agreed that, for a period of 180 days from and including the date of this prospectus, he or she will not, without the prior written consent of Jefferies LLC and Piper Jaffray & Co., dispose of or hedge any shares of common stock or any securities convertible into or exchangeable for shares of common stock with respect to shares purchased in the program. For those participants who have entered into lock-up agreements as contemplated above, the lock-up agreements contemplated therein shall govern with respect to their purchases of shares of common stock in the program. Jefferies LLC and Piper Jaffray & Co. in their sole discretion may release any of the securities subject to these lock-up agreements at any time. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the directed shares.

Other Activities and Relationships

The underwriter and certain of its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter and certain of its affiliates have, from time to time, performed, and may in the

future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriter and certain of its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments issued by us and our affiliates. If the underwriters or their respective affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. The underwriters and their respective affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the common stock offered hereby. Any such short positions could adversely affect future trading prices of the common stock offered hereby. The underwriters and certain of their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Notice to Prospective Investors in EEA

In relation to each member state of the European Economic Area which has implemented the Prospectus Regulation (each, a "Relevant Member State"), no offer of shares of our common stock which are the subject of the offering contemplated by this prospectus supplement has been or will be made to the public in that Relevant Member State, except that with effect from and including the Relevant Implementation Date, an offer of such shares of our common stock may be made to the public in that Relevant Member State:

- to any legal entity which is a "qualified investor" as defined in the Prospectus Regulation;
- to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the representatives of the underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Regulation, provided that no such offer of shares of our common stock shall require the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 16 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe the shares of our common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State, and the expression "Prospectus Regulation" means Prospectus Regulation (EU) 2017/1129 (and amendments thereto, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in United Kingdom

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together

being referred to as "relevant persons"). Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Bermuda

Securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Australia

This prospectus supplement is not a disclosure document for the purposes of Australia's Corporations Act 2001 (Cth) of Australia, or Corporations Act, has not been lodged with the Australian Securities & Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this prospectus supplement in Australia, you confirm and warrant that you are either:

- a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
- a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
- a person associated with the Company under Section 708(12) of the Corporations Act; or
- a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act.

To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this prospectus is void and incapable of acceptance.

You warrant and agree that you will not offer any of the shares of our common stock issued to you pursuant to this prospectus supplement for resale in Australia within 12 months of those shares of our common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Notice to Prospective Investors in Hong Kong

No shares of our common stock have been offered or sold, and no shares of our common stock may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) or the Securities and Futures Ordinance (Cap. 571) of Hong Kong. No document, invitation or advertisement relating to the shares of our common stock has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

This prospectus supplement has not been registered with the Registrar of Companies in Hong Kong.

Accordingly, this prospectus supplement may not be issued, circulated or distributed in Hong Kong, and the shares of our common stock may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the shares of our common stock will be required, and is deemed by the acquisition of the shares of our common stock, to confirm that he is aware of the restriction on offers of the shares of our common stock described in this prospectus supplement and the relevant offering documents and that he is not acquiring, and has not been offered any shares of our common stock in circumstances that contravene any such restrictions.

Notice to Prospective Investors in Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and the underwriters will not offer or sell any shares of our common stock, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means, unless otherwise provided herein, any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from S-30 the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase, of the shares of our common stock may not be issued, circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of our common stock pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Switzerland

The shares of our common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus supplement has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospect supplement nor any other offering or marketing material relating to the shares of our common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus supplement nor any other offering or marketing material relating to the offering, the Company or the shares of our common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with and the offer of shares of our common stock will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA) and the offer of shares of our common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares of our common stock.

Notice to Prospective Investors in Canada

(A) Resale Restrictions

The distribution of shares of our common stock in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these shares of our common stock are made. Any resale of the shares of our common stock in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the shares of our common stock.

(B) Representations of Canadian Purchasers

By purchasing shares of our common stock in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the shares of our common stock without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106 — Prospectus Exemptions,
- the purchaser is a "permitted client" as defined in National Instrument 31-103 — Registration Requirements, Exemptions and Ongoing Registrant Obligations,
- where required by law, the purchaser is purchasing as principal and not as agent, and
- the purchaser has reviewed the text above under Resale Restrictions.

(C) Conflicts of Interest

Canadian purchasers are hereby notified that each of the underwriters are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105 — Underwriting Conflicts from having to provide certain conflict of interest disclosure in this document.

(D) Statutory Rights of Action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the prospectus (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The

purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

(E) Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

(F) Taxation and Eligibility for Investment

Canadian purchasers of shares of our common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the shares of our common stock in their particular circumstances and about the eligibility of the shares of our common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Pepper Hamilton LLP, Philadelphia, Pennsylvania. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

EXPERTS

The consolidated financial statements of TELA Bio, Inc. as of December 31, 2018 and 2017, and for the years then ended, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2018 consolidated financial statements contains an explanatory paragraph the states that the Company's recurring losses and negative cash flows from operations raise substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustment that might result from the outcome of that uncertainty.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference. You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection at the web site of the SEC referred to above. We also maintain a website at www.telabio.com, at which, following the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

TELA BIO, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
TELA Bio, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TELA Bio, Inc. and its subsidiary (the Company) as of December 31, 2017 and 2018, the related consolidated statements of operations, redeemable convertible preferred stock and stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has incurred recurring losses and negative cash flows from operations, has limited resources available to fund current commercialization and research and development activities, and will require substantial additional financing to continue to fund its commercialization and research and development activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ KPMG LLP

We have served as the Company's auditors since 2012.

Philadelphia, Pennsylvania
August 16, 2019

TELA Bio, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	December 31, 2017	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 11,346	$ 17,278
Accounts receivable	757	1,298
Inventory	1,815	4,348
Prepaid expenses and other	429	330
Total current assets	14,347	23,254
Property and equipment, net	1,161	758
Intangible assets, net	—	3,215
Restricted cash	24	—
Total assets	$ 15,532	$ 27,227
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities:		
Current portion of debt	$ 905	$ —
Accounts payable	1,507	3,421
Accrued expenses	1,801	5,153
Other current liabilities	1,935	985
Total current liabilities	6,148	9,559
Long-term debt	3,610	—
Long-term debt with related party	—	29,733
Preferred stock warrant liability	1,697	1,640
Other long-term liabilities	899	5
Total liabilities	12,354	40,937
Contingencies and commitments (note 11)		
Redeemable convertible preferred stock; $0.001 par value:		
Series A Preferred stock: 22,501,174 shares authorized, 22,501,174 issued and outstanding at December 31, 2017 and 2018; liquidation value of $33,112 at December 31, 2018	30,940	33,112
Series B Preferred stock: 82,891,619 shares authorized, 59,425,431 and 63,032,500 issued and outstanding at December 31, 2017 and 2018, respectively; liquidation value of $91,010 at December 31, 2018	80,409	91,038
Total redeemable convertible preferred stock	111,349	124,150
Stockholders' deficit:		
Common stock; $0.001 par value: 127,157,585 shares authorized; 7,279,084 and 7,323,795 shares issued and 7,253,510 and 7,301,248 shares outstanding at December 31, 2017 and 2018, respectively	7	7
Accumulated deficit	(108,178)	(137,867)
Total stockholders' deficit	(108,171)	(137,860)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 15,532	$ 27,227

See accompanying notes to consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Year ended December 31,	
	2017	2018
Revenue	$ 4,245	$ 8,274
Cost of revenue (excluding amortization of intangible assets)	1,713	4,547
Amortization of intangible assets	—	785
Gross profit	2,532	2,942
Operating expenses:		
Sales and marketing	8,712	13,646
General and administrative	4,958	4,899
Research and development	5,786	4,339
Gain on litigation settlement	—	(2,160)
Total operating expenses	19,456	20,724
Loss from operations	(16,924)	(17,782)
Other (expense) income:		
Interest expense	(4,558)	(1,802)
Loss on extinguishment of debt	—	(1,822)
Change in fair value of preferred stock warrant liability	54	244
Other income	94	70
Total other (expense) income	(4,410)	(3,310)
Net loss	(21,334)	(21,092)
Accretion of redeemable convertible preferred stock to redemption value	(5,893)	(8,823)
Net loss attributable to common stockholders	$ (27,227)	$ (29,915)
Net loss per common share, basic and diluted	$ (3.78)	$ (4.11)
Weighted average common shares outstanding, basic and diluted	7,208,547	7,283,167
Pro forma net loss per common share basic and diluted (unaudited)		
Pro forma weighted average shares outstanding, basic and diluted (unaudited)		

See accompanying notes to consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(In thousands, except share amounts)

	Redeemable Convertible Preferred Stock				Stockholders' Deficit				
	Series A		Series B		Common stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2017	22,501,174	$ 28,811	39,543,222	$ 52,452	7,071,676	$ 7	$ —	$ (81,181)	$ (81,174)
Vesting of common stock previously subject to repurchase	—	—	—	—	171,834	—	31	—	31
Exercise of stock options	—	—	—	—	10,000	—	2	—	2
Issuance of Series B redeemable convertible preferred stock upon conversion of promissory notes	—	—	6,951,175	9,462	—	—	—	—	—
Sale of Series B redeemable convertible preferred stock, net of stock issue costs of $269	—	—	12,931,034	14,731	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	197	—	197
Accretion of redeemable convertible preferred stock to redemption value	—	2,129	—	3,764	—	—	(230)	(5,663)	(5,893)
Net loss	—	—	—	—	—	—	—	(21,334)	(21,334)
Balance at December 31, 2017	22,501,174	30,940	59,425,431	80,409	7,253,510	7	—	(108,178)	(108,171)
Vesting of common stock previously subject to repurchase	—	—	—	—	13,627	—	5	—	5
Exercise of stock options	—	—	—	—	34,111	—	5	—	5
Sale of Series B redeemable convertible preferred stock, net of stock issue costs of $206	—	—	3,607,069	3,978	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	216	—	216
Accretion of redeemable convertible preferred stock to redemption value	—	2,172	—	6,651	—	—	(226)	(8,597)	(8,823)
Net loss	—	—	—	—	—	—	—	(21,092)	(21,092)
Balance at December 31, 2018	22,501,174	$ 33,112	63,032,500	$ 91,038	7,301,248	$ 7	$ —	$ (137,867)	$ (137,860)

See accompanying notes to consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31,	
	2017	2018
Cash flows from operating activities:		
Net loss	$ (21,334)	$ (21,092)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	761	463
Noncash interest expense	2,113	712
Noncash loss on extinguishment of debt	—	1,469
Amortization of intangible assets	—	785
Inventory excess and obsolescence charge	452	2,224
Beneficial conversion feature upon conversion of promissory notes	1,408	—
Change in fair value of warrants	(54)	(244)
Stock-based compensation expense	197	216
Loss (gain) on sale of property and equipment	14	(2)
Change in operating assets and liabilities:		
Accounts receivable	(578)	(541)
Inventory	(127)	(4,757)
Prepaid expenses and other	(58)	99
Restricted cash	—	24
Accounts payable	(748)	1,914
Accrued expenses and other liabilities	1,586	(1,194)
Net cash used in operating activities	(16,368)	(19,924)
Cash flows from investing activities:		
Payment for intangible asset	—	(1,500)
Purchase of property and equipment	(114)	(62)
Proceeds from sale of property and equipment	13	4
Net cash used in investing activities	(101)	(1,558)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt with related party	—	30,000
Proceeds from issuance of long-term debt and preferred stock warrants	5,000	8,000
Repayment of long-term debt	—	(13,000)
Borrowings under revolving credit facility	—	5,732
Repayments of revolving credit facility	—	(5,732)
Proceeds from issuance of Series B redeemable convertible preferred stock, net of offering costs	14,731	3,978
Proceeds from issuance of convertible promissory notes and preferred stock warrants	7,386	—
Payment of deferred financing costs	(596)	(1,569)
Payment of capital lease obligations	(188)	—
Proceeds from exercise of stock options	2	5
Net cash provided by financing activities	26,335	27,414
Net increase in cash and cash equivalents	9,866	5,932
Cash and cash equivalents, beginning of year	1,480	11,346
Cash and cash equivalents, end of year	$ 11,346	$ 17,278
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 329	$ 1,090
Cash paid on loss on extinguishment of debt	$ —	$ 353
Supplemental disclosures of noncash investing and financing activities:		
Fair value of warrants issued in connection with equity and debt financing	$ 1,751	$ 187
Accretion of redeemable convertible preferred stock	$ 5,893	$ 8,823
Conversion of convertible promissory notes and accrued interest to Series B redeemable convertible preferred stock	$ 8,054	$ —
Intangible assets in accrued expenses and other liabilities	$ —	$ 2,500
Recognition of exit fee for debt discount	$ —	$ 3,400
Issuance of common stock for early exercised stock options	$ 31	$ 5

See accompanying notes to consolidated financial statements.

TELA BIO, INC.

Notes to Consolidated Financial Statements

(1) Background

TELA Bio, Inc. (the Company) was incorporated in the state of Delaware on April 17, 2012 and wholly owns TELA Bio Limited, a company incorporated in the United Kingdom. The Company is focused on the commercialization and sale of OviTex, which utilizes surgical reconstruction medical device technology licensed from a strategic partner, Aroa Biosurgery (Aroa), as described in note 11, and on the research and development of additional medical devices with Aroa and on other internally developed technologies. In April 2019, the Company received 510(k) clearance from the United States Food and Drug Administration (FDA) for OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, which addresses unmet needs in plastic reconstruction surgery. The Company's principal corporate office and research facility is located in Malvern, Pennsylvania.

(2) Risks and Liquidity

The Company's operations to date have focused on organization and staffing, business planning, raising capital, developing and acquiring technology and assets, and commercializing products. The Company has incurred recurring losses and negative cash flows from operations since inception and has an accumulated deficit of $137.9 million as of December 31, 2018. The Company anticipates incurring additional losses until such time, if ever, it can generate sufficient revenue from its products to cover its expenses and has limited resources available to fund current commercialization and research and development activities. As such, additional financings will be needed by the Company to fund its operations and to develop its products. There is no assurance such financing will be available when needed or on acceptable terms. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. Management is currently evaluating different strategies to obtain the required funding of future operations. These strategies may include, but are not limited to, additional funding from current investors, funding from new investors including strategic corporate investors, an initial public offering of the Company's common stock, and/or borrowings of additional debt, among others. There can be no assurance these future funding efforts will be successful.

Management believes that the Company's cash and cash equivalents as of December 31, 2018, along with the $14.0 million in net proceeds received from the sale of Series B in 2019 (note 13), availability of borrowing under the credit facility, and anticipated cash receipts from sales of products are sufficient to fund operations into the second quarter of 2020.

The operations of the Company are subject to certain risks and uncertainties including, among others, uncertainty of product development, technological uncertainty, commercial acceptance of any developed products, alternative competing technologies, dependence on collaborative partners, uncertainty regarding patents and proprietary rights, comprehensive government regulations, and dependence on key personnel.

(3) Summary of Significant Accounting Policies

Basis of Presentation and Principals of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). Any reference in these notes to applicable

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). The consolidated financial statements include the accounts of TELA Bio, Inc. and its wholly owned subsidiary TELA Bio Limited. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of 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 contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant judgments are employed in estimates used to determine the fair value of redeemable convertible preferred stock, preferred stock warrant liability and stock-based awards issued, and recoverability of the carrying value of the Company's inventory. As future events and their effects cannot be determined with precision, actual results may differ significantly from these estimates.

Segments

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment.

Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash with high-credit-quality financial institutions and invests in a money market fund. The Company has established guidelines relative to credit ratings and maturities that seek to maintain safety and liquidity.

As described in note 11, the Company has licensed patents and other intellectual property from Aroa. As part of this agreement, Aroa is also the sole manufacturer of the Company's products. The inability of Aroa to fulfill supply requirements of the Company could materially impact future operating results. A change in the relationship with Aroa, or an adverse change in their business, could materially impact future operating results.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with maturities of three months or less from the date of purchase. Cash equivalents consist of investments in a money market fund. The Company's cash and cash equivalents are carried at the fair value of the investment based on quoted market prices.

Restricted Cash

Restricted cash represented an amount held in an escrow deposit account as of December 31, 2017, securing a letter of credit for the Company's office lease.

Inventory

Inventory consists of finished goods and is identified and tracked by lot and stated at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis. The Company periodically analyzes its inventory levels and writes down inventory that has become obsolete or that has a cost basis in

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

excess of its expected net realizable value based on expected customer demand. As of December 31, 2017 and 2018, the Company had $0.3 million and $0.8 million, respectively, in inventory consigned to others.

Property and Equipment

Property and equipment are stated at the aggregate cost incurred to acquire and place the asset in service. Expenditures for routine maintenance and repairs are charged to expense as incurred and costs of improvements and renewals are capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Intangible Assets

Upfront payments and milestone payments due related to licenses or commercialization rights prior to future economic benefit being established are recorded as research and development expenses. Milestone payments due related to licenses or commercialization rights after future economic benefit is established are recorded as intangible assets. In 2018, the Company recorded $4.0 million in intangible assets as it became probable that the Company would make these payments. In 2018, the Company recognized $0.8 million in amortization expense related to intangible assets. At December 31, 2018, the remaining life of intangible assets was 10.6 years. The Company anticipates recognizing amortization expense of $0.3 million for the next five years and $1.7 million thereafter.

Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by such asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group exceeds the undiscounted cash flows, an impairment is recognized to the extent the carrying value exceeds its fair value. Fair value is determined using various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. No impairment losses were recognized during the year ended December 31, 2017 or 2018.

Debt Issuance Costs

Debt issuance costs incurred in connection with debt (note 6) are amortized to interest expense over the term of the respective financing arrangement using the effective-interest method, and debt issuance costs incurred under the revolver are amortized to interest expense over the term of the respective financing arrangement using the straight-line method. Debt issuance costs, net of related amortization are deducted from the carrying value of the related debt.

Classification and accretion of redeemable convertible preferred stock

The Company has classified redeemable convertible preferred stock outside of stockholders' deficit because the shares contain certain redemption features that are not solely within the control of the Company. The carrying value of the Company's preferred stock is being accreted to redemption value at the end of each reporting period as if the end of the reporting period were the redemption date. Increases to the carrying value of redeemable convertible preferred stock are charged to additional paid-in capital or, in the absence of additional paid-in capital, charged to accumulated deficit.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, delivery has occurred, and there is a reasonable assurance of collection of the sales proceeds.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

Revenue for products sold to a customer is recognized when the product is shipped to the customer, at which time title passes to the customer. Fees charged to customers for shipping are recognized as revenue. In the case of consigned inventory, revenue is recognized when the product is utilized in a surgical procedure.

Research and Development

Research and development costs are charged to expense as incurred and consist primarily of salaries, benefits, and other related costs, including stock-based compensation for personnel serving in the research and development functions as well as payments to Aroa and related supply and manufacturing costs. At the end of the reporting period, the Company compares payments made to third-party service providers to the estimated progress toward completion of the research or development objectives. Such estimates are subject to change as additional information becomes available. Depending on the timing of payments to the service providers and the progress that the Company estimates has been made as a result of the service provided, the Company may record net prepaid or accrued expense relating to these costs. Costs incurred in obtaining patent and other intellectual property licenses for which there are no alternative future uses are charged to expense as incurred.

Stock-Based Compensation

The Company accounts for stock-based awards in accordance with provisions of FASB ASC Topic 718, *Compensation—Stock Compensation*, under which the Company recognizes the grant-date fair value of stock-based awards issued to employees and nonemployee board members as compensation expense on a straight-line basis over the vesting period of the award while awards containing a performance condition are recognized as expense when the achievement of the performance criteria is considered probable. The Company accounts for stock-based compensation for awards granted to nonemployee consultants by revaluing the award over the vesting period of the awards. The Company uses the Black-Scholes option pricing model to determine the grant-date fair value of stock options. The Company estimates forfeitures that it expects will occur and adjusts expense for actual forfeitures in the periods they occur.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740 (ASC 740), *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10 (ASC 740-10), *Accounting for Uncertainty of Income Taxes*, defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in consolidated financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the consolidated financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

The recently enacted Tax Cuts and Jobs Act (the Tax Act) significantly revised U.S. corporate income tax law by, among other things, reducing the corporate income tax rate to 21%. See note 10 for a further discussion of the Tax Act.

Fair value of financial instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments are made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other assets, and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. Due to the related-party relationship of the OrbiMed Credit Facility (note 6), it is impractical to determine the fair value of the debt. Items measured at fair value on a recurring basis include the Company's preferred stock warrants. The warrants are carried at their estimated fair value. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- *Level 2:* Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities
- *Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

The following fair value hierarchy table presents information about each major category of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2018 (in thousands):

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2017:			
Assets:			
Cash equivalents – money market fund	$ 6,854	$ —	$ —
Liability:			
Warrant liability	$ —	$ —	$ 1,697
December 31, 2018:			
Assets:			
Cash equivalents – money market fund	$ 16,002	$ —	$ —
Liability:			
Warrant liability	$ —	$ —	$ 1,640

A rollforward of the warrant liability (Level 3 measurement) is as follows (in thousands):

January 1, 2017	$ —
Fair value of warrants issued – Convertible promissory notes	1,408
Fair value of warrants issued – Notes payable	343
Change in fair value of warrants	(54)
December 31, 2017	1,697
Fair value of warrants issued – MidCap Credit Facility	187
Change in fair value of warrants	(244)
December 31, 2018	$ 1,640

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

The fair value of the warrants at December 31, 2017 was determined using the Black-Scholes option pricing model with the following assumptions:

	Convertible promissory notes	Notes payable
Expected dividend yield	—	—
Expected volatility	70.0%	70.0%
Risk-free interest rate	2.40%	2.40%
Remaining contractual term in years	10.0	10.0

The fair value of the warrants at December 31, 2018 was determined using the Black-Scholes option pricing model with the following assumptions:

	MidCap Credit Facility	Convertible promissory notes	Notes payable
Expected dividend yield	—	—	—
Expected volatility	58.1%	57.0%	57.4%
Risk-free interest rate	2.69%	2.64%	2.64%
Remaining contractual term in years	9.3	8.1	8.3

Net loss per share

Basic and diluted net loss per common share is determined by dividing net loss attributable to common stockholders by the weighted-average shares of common stock outstanding during the reporting period. The Company's outstanding redeemable convertible preferred stock contractually entitles the holders of such shares to participate in distributions but contractually does not require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders since dilutive shares are not assumed to have been issued if their effect is antidilutive. Therefore, the weighted-average shares used to calculate both basic and diluted loss per share are the same.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares outstanding as of December 31, 2017 and 2018, as they would be antidilutive.

	Years ended December 31,	
	2017	2018
Series A redeemable convertible preferred stock	22,501,174	22,501,174
Series B redeemable convertible preferred stock	59,425,431	63,032,500
Stock options (including shares subject to repurchase)	8,689,716	12,101,704
Series B redeemable convertible preferred stock warrants	1,979,812	2,186,693
Total	92,596,133	99,822,071

The unaudited pro forma basic and diluted weighted-average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2018 gives effect to the conversion upon the initial public offering of all outstanding shares of redeemable convertible preferred stock as of December 31, 2018, into shares of common stock as if the conversion had occurred on the later of the beginning of the reporting period or the issuance date of the redeemable convertible preferred stock.

Unaudited pro forma basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Year ended December 31, 2018
Numerator:	
Net loss attributable to common stockholders	$
Pro forma adjustments:	
Accretion of redeemable convertible preferred stock	
Change in fair value of preferred stock warrant liability	
Pro forma net loss per common share, basic and diluted	$
Denominator:	
Weighted average shares of common stock outstanding, basic and diluted	
Pro forma adjustments	
Conversion of redeemable convertible preferred stock and related payment of dividends	
Pro forma weighted average common shares outstanding, basic and diluted	
Pro forma net loss per share, basic and diluted	

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncement

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single, comprehensive model for accounting for revenue from contracts with customers and is effective for the Company beginning on January 1, 2019.

The Company adopted the standard on January 1, 2019, using the modified retrospective approach and determined that the new guidance did not have a material impact on its revenue recognition practices as it does not provide customers with price concessions, rebates, volume discounts, or other such reductions for which an estimated transaction price must be determined and then allocated to specific deliverables. There are no incremental costs of obtaining a contract that would rise to or enhance an asset other than product costs, which are a component of inventory. Sales commissions are based on revenue recognized in a specific period and are expensed in the period they are earned. The adoption of this guidance had no cumulative adjustment to the Company's consolidated financial statements as of the adoption date.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the consolidated financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The standard is effective for the Company beginning January 1, 2020, with early adoption permitted. The Company plans to adopt this standard on January 1, 2020 and is currently evaluating the expected impact that the standard could have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies certain aspects of the accounting for share-based payment transactions, including impact on income taxes, classification of awards, and classification in the consolidated statement of cash flows. The Company adopted this standard in 2018, and it did not have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Consolidated Statement of Cash Flows: Restricted Cash*. The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash and require that a consolidated statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The standard is effective for the Company beginning January 1, 2019. The Company's adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718) Improvements to Nonemployee Share-Based Payment Accounting*. The amendments in this update expand the scope of Topic 718 to include stock-based payment transactions for acquiring goods and services from nonemployees. Under this ASU, an entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of costs (i.e., the period of time over which stock-based payment awards vest and the pattern of cost recognition over that period). The guidance is effective for the Company beginning January 1, 2020, with early adoption

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

permitted. The Company is currently evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurements,* which changes the fair value measurement disclosure requirements of ASC Topic 820. The goal of the ASU is to improve the effectiveness of ASC Topic 820's disclosure requirements. The standard is effective for the Company beginning January 1, 2020. The Company is currently evaluating the potential impact of the adoption of this standard on its related disclosures.

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2017 and 2018 (in thousands):

Asset description	Estimated useful lives	December 31, 2017	December 31, 2018
Lab equipment	5 Years	$ 2,200	$ 2,203
Furniture and fixtures	5 Years	107	110
Computer equipment and software	3 Years	363	398
Leasehold improvements	Life of lease	1,276	1,290
Total		3,946	4,001
Less accumulated depreciation and amortization		(2,785)	(3,243)
Property and equipment, net		$ 1,161	$ 758

The cost of property and equipment at both December 31, 2017 and 2018 includes $0.2 million of equipment located at Aroa. Depreciation expense was $0.8 million and $0.5 million for the years ended December 31, 2017 and 2018, respectively.

(5) Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31, 2017	December 31, 2018
Compensation and related benefits	$ 1,116	$ 1,760
Interest	41	42
Professional fees	381	552
Accrued milestone payments	—	2,500
Research and development expenses	51	133
Other	212	166
	$ 1,801	$ 5,153

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(6) Debt

Long-term debt consisted of the following at December 31, 2017 and 2018 (in thousands):

	December 31,	
	2017	2018
OrbiMed Term Loan (related party)	$ —	$ 30,000
Note payable	5,000	—
End of term charge	103	3,000
Unamortized issuance costs	(588)	(3,267)
	4,515	29,733
Current portion	(905)	—
Long-term debt (including with related party)	$ 3,610	$ 29,733

OrbiMed Term Loan (Related Party)

In November 2018, the Company entered into a senior secured term loan facility (OrbiMed Credit Facility) with OrbiMed Royalty Opportunities II, LP (OrbiMed), a related party as the lender is affiliated with a stockholder of the Company, which consists of $35.0 million in term loans (OrbiMed Term Loans). The OrbiMed Term Loans consist of two tranches, a $30.0 million Tranche 1 (Tranche 1) and a $5.0 million Tranche 2 (Tranche 2). In November 2018, the Company borrowed $30.0 million of Tranche 1 and used a portion of the the proceeds to repay the MidCap Credit Facility (described below) and will use the remaining proceeds to fund operations and capital expenditures. The Company will be eligible to borrow Tranche 2 until December 31, 2019, provided the Company's consolidated revenue on a trailing six-month basis equals or exceeds $7.5 million.

Pursuant to the OrbiMed Credit Facility, the Company provided a first priority security interest in all existing and future acquired assets, excluding intellectual property and certain other assets, owned by the Company. The OrbiMed Credit Facility contains a negative pledge on intellectual property owned by the Company. The OrbiMed Credit Facility also contains customary indemnification obligations and customary events of default, including, among other things, (i) nonpayment, (ii) breach of warranty, (iii) nonperformance of covenants and obligations, (iv) default on other indebtedness, (v) judgments, (iv) change of control, (vii) bankruptcy and insolvency, (viii) impairment of security, (ix) key permit events, (x) key person event, (xi) regulatory matters, (xii) and key contracts. In addition, the Company must maintain a minimum cash balance of $2.0 million. In the event of default under the OrbiMed Credit Facility, the Company would be required to pay interest on principal and all other due and unpaid obligations at the current rate in effect plus 3%.

The OrbiMed Term Loans mature on November 16, 2023 and bear interest at a rate equal to 7.75% plus the greater of one-month LIBOR or 2.0%. At December 31, 2018, the interest rate was 10.13%. The Company is required to make 60 monthly interest payments beginning on November 30, 2018, with the entire principal payment due at maturity. The OrbiMed Term Loans have a prepayment penalty equal to 10.0% of the prepaid principal amount prior to the second anniversary of the Term Loans, 5.0% of the prepaid principal amount after the second anniversary but prior to the third anniversary and 2.5% of the prepaid principal amount after the third anniversary. The Company is also required to pay an exit fee at the time of maturity or prepayment event equal to 10.0% of all principal borrowings (the End of Term Charge).

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(6) Debt (Continued)

The Company is also required to pay an administration fee equal to $10,000 on the last day of each quarter until all obligations have been paid in full. In conjunction with the closing of the OrbiMed Term Loans, the Company incurred $3.3 million of third party and lender fees, which were recorded as the End of Term Charge along with debt issuance costs, and are being recognized as interest expense over the term of the loan using the effective-interest method. Interest expense associated with the OrbiMed Credit Facility recorded during 2018 was $0.6 million.

MidCap Credit Facility

In April 2018, the Company entered into a $14.0 million debt financing transaction (MidCap Credit Facility) with MidCap Financial (MidCap), which consisted of a $3.5 million revolving credit facility (Revolver) and $10.5 million in term loans (MidCap Term Loans). The Term Loans consisted of two tranches, an $8.0 million Tranche 1 (MidCap Tranche 1) and a $2.5 million Tranche 2 (MidCap Tranche 2). In April 2018, the Company borrowed $8.0 milion of MidCap Tranche 1 and used the majority of the proceeds to repay the note payable outstanding. In conjunction with the closing of the MidCap Tranche 1 term loans, the Company issued MidCap warrants to purchase 206,897 shares of the Company's Series B redeemable convertible preferred stock at an exercise price of $1.16 per share. The warrants have a contractual term equal to the earlier of a change in control or 10 years. The estimated fair value of the warrants of $0.2 million (determined using the Black-Scholes option pricing model), along with $0.8 million of third-party and lender fees (including $0.4 million of End of Term Charge) incurred with the issuance of the debt, were recorded as the End of Term Charge and debt issuance costs and were being recognized as interest expense over the life of the Tranche 1 term loan using the effective-interest method.

The MidCap Term Loans and the Revolver bore interest at a rate equal to one-month LIBOR plus 7.0% and one-month LIBOR plus 3.75%, respectively, until the aggregate principal, interest, and End of Term Charge totaling $0.4 million were paid with part of the proceeds received from the OrbiMed Credit Facility. As a result of these payments, a $1.2 million loss on extinguishment was recorded during the year ended December 31, 2018. Interest expense associated with the Midcap Credit Facility recorded during 2018 was $0.6 million.

Note Payable

In March 2017, the Company entered into a Loan and Security Agreement (Loan Agreement) and borrowed $5.0 million (Note A). Note A bore interest at 9.45% until the aggregate principal, interest, and other termination fees were paid with part of the proceeds received from the MidCap Credit Facility. As a result of these payments, a $0.6 million loss on extinguishment was recorded during the year ended December 31, 2018. Interest expense associated with Note A recorded during both the years ended December 31, 2017 and 2018 was $0.4 million. In connection with the Loan Agreement, the Company granted 387,932 Series B warrants with an original term of 10 years with an exercise price of $1.16 per share.

Convertible Promissory Note

In January 2017, the Company issued $7.4 million of secured, convertible promissory notes (the Convertible Notes), together with warrants, primarily to holders of the Company's Series B redeemable convertible stock (Series B). The Convertible Notes bore interest at the rate of 12%.

The Convertible Notes were secured by a lien on all assets of the Company, including intellectual property and cash, and were scheduled to mature in October 2017. The principal amount of the Convertible Notes and accrued interest thereon of $0.7 million converted into 6,951,175 shares of the Company's Series B in connection with the sale of Series B to a new investor in October 2017 (note 7).

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(6) Debt

The purchasers of the Convertible Notes also received a 10-year warrant to purchase shares of the Company's Series B, with the number of shares issuable upon warrant exercise equal to 25% of the note principal divided by $1.16, or 1,591,864 warrants. The exercise price of the warrants is $1.16 per share. The estimated fair value of the warrants of $1.4 million (determined using the Black-Scholes option pricing model) was recorded as a debt discount and was fully amortized to interest expense during 2017 over the term of the Convertible Notes. In addition, in accordance with the applicable FASB accounting guidance, after considering the allocation of a portion of the proceeds to the warrants, the Company determined that the Convertible Notes contained a beneficial conversion feature (BCF). The BCF existed at the date of the issuance of the Convertible Notes due to the fact that the original carrying value of the Convertible Notes, after allocation of the proceeds, would be less than the purchase price of the series of preferred stock paid by investors in the next qualified or nonqualified financing, as defined. During the year ended December 31, 2017, the BCF of $1.4 million was fully recognized as additional interest expense.

Debt issuance costs of $0.1 million were incurred and were recorded as a discount on the carrying value of the debt, and was amortized to interest expense in 2017 through the date of conversion of the Convertible Notes.

(7) Redeemable Convertible Preferred Stock and Stockholders' Deficit

Preferred Stock

All of the Company's redeemable convertible preferred stock is classified outside of stockholders' deficit because the shares contain certain redemption features that are not solely within the control of the Company. At the time of issuance, the redeemable convertible preferred stock is recorded at its issuance price, less issuance costs.

In October 2017, the Company entered into a Stock Purchase Agreement (the Stock Purchase Agreement) with a strategic corporate investor (the Investor) pursuant to which the Company sold 12,931,034 shares of the Company's Series B at $1.16 per share for aggregate gross proceeds of $15.0 million. Transaction fees of $0.3 million were recorded as a reduction of the carrying value of the Series B. Concurrent with this financing, a total of 6,951,175 shares of Series B were issued upon conversion of the Convertible Notes plus accrued interest on such notes (note 5).

Pursuant to the Stock Purchase Agreement, the Company had a call option for an additional $10.0 million investment by the investor after the Company achieves an average of $0.8 million in product sales over three consecutive months and there having been no significant negative events for the Company (defined as changes in applicable law, departures of key employees, threat of any pending litigation or actual commencement thereof, or actions by regulators that result in withdrawal of OviTex products from the market). Further, at the request of the investor, the Company's existing stockholders or other third parties reasonably acceptable to the Company's board of directors would be required to invest $10.0 million on the same terms and conditions, including the $1.16 per share price, as sold to the investor. Also, the investor had a put option to invest up to an additional $10.0 million on or before September 15, 2018. Both the put and call option expired unexercised in September 2018. The investor has the same rights of other holders of the Company's Series B. Additionally, the investor was granted one board seat and certain information rights. The Company has also agreed to certain restrictions related to diluting the Company's ownership and soliciting a sale to a third party.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(7) Redeemable Convertible Preferred Stock and Stockholders' Deficit (Continued)

Throughout 2018, the Company entered into various stock purchase agreements with new and existing investors pursuant to which the Company sold an aggregate 3,607,069 shares of the Company's Series B at $1.16 per share for aggregate gross proceeds of $4.2 million. Transaction fees of $0.2 million were recorded as a reduction of the carrying value of the Series B.

Dividends

The holders of the Series A redeemable convertible stock (Series A) and Series B are entitled to receive cumulative dividends (noncompounding) at a rate per year of 8% of the original issuance price of $1.00 and $1.16, respectively. As of December 31, 2018, no dividends have been declared.

Liquidation Preference

Upon the liquidation, sale, or merger of the Company (collectively, the Liquidation), each holder of Series A and Series B is entitled to receive an amount equal to $1.00 per share for Series A and $1.16 per share for Series B, plus all dividends whether declared or not (Initial Liquidation Payments) with the Series B holding preference to the Series A. If there are additional available assets from the Liquidation after the initial liquidation payments, the remaining available assets will be distributed to common and preferred shareholders' pro rata in proportion to the number of common shares then held by each shareholder with each share of preferred stock treated as the number of shares of common stock into which such share would be converted into assuming conversion immediately prior to the Liquidation, however, that the total amount payable to the holders of the Series A and the Series B upon the Liquidation is capped at an amount equal to five (5) times the original issuance price of the Series A and B, respectively.

Conversion

Each share of Series A and Series B is convertible, at the holder's option, into such number of shares of common stock equal to (i) Series A and Series B issue price divided by the conversion price then in effect (which conversion price is initially equal to $1.00 for Series A and $1.16 for Series B) plus (ii) an amount equal to all accrued but unpaid dividends divided by the fair value of common stock on the day immediately preceding the date of conversion, unless the Company has elected to pay the dividend amount in cash upon conversion. The conversion price of the Series A and Series B is subject to weighted average antidilution protection such that, in the event the Company issues shares of Common stock or securities convertible into shares of Common stock at an effective per-share price less than the conversion price then in effect, the conversion price shall be reduced to the effective price per share for such additional shares of common stock. The Company's redeemable convertible preferred stock will convert automatically into common stock upon the closing of an initial public offering (IPO) offering. Upon the closing of an IPO, the holders of redeemable convertible preferred stock will also be entitled to accrued but unpaid dividends.

Redemption

If so elected by the holders of at least two-thirds of Series A and 90% of Series B of the then outstanding Series A and Series B, at any time on or after October 2, 2019, the Company shall redeem all of the Series A and Series B held by holders who elected to have their stock redeemed. The redemption price per share is the greater of (a) the original issue price of Series A and Series B plus any accrued but unpaid dividends and (b) the fair value for such shares on the redemption date as agreed upon by the Company's board of directors and the holders of at least two-thirds of the then outstanding Series A and 90% of the then outstanding Series B. The shares shall be redeemed in a single cash payment.

Voting Rights

The holders of the Series A and Series B are each entitled to elect two of seven members of the Company's board of directors. Approval of at least two-thirds of the holders of Series A and Series B is required for

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(7) Redeemable Convertible Preferred Stock and Stockholders' Deficit (Continued)

certain significant corporate events (liquidation or sale of the Company, business acquisition, and in-license material intellectual property rights, among other items). Additionally, as part of the Stock Purchase Agreement entered into between the Company and the investor described above, the investor was granted the right to appoint one member to the Company's board of directors and exercised this right in October 2017.

Warrants

The Company had the following warrants outstanding to purchase Series B at December 31, 2018:

	Outstanding	Exercise price	Expiration dates
Preferred stock warrants issued to MidCap	206,897	1.16	2028
Preferred stock warrants issued to note payable holders	387,932	1.16	2027
Preferred stock warrants issued to convertible promissory note holders	1,591,864	1.16	2027
	2,186,693		

The Company accounts for its warrants to purchase shares of redeemable convertible preferred stock issued as liabilities as they are exercisable for a redeemable instrument. The Company will continue to adjust the liability for changes in fair value of these warrants until the earlier of (1) exercise of warrants, (2) expiration of warrants, (3) a change of control of the Company, or (4) the consummation of the Company's initial public offering, at which time the liability will be reclassified to stockholders' deficit.

(8) Stock-Based Compensation

In 2012, the Company adopted the 2012 Stock Incentive Plan (the Plan), which was later amended and restated, pursuant to which 961,781 shares were available for future issuances as of December 31, 2018. The Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock awards, and/or stock appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. On March 1, 2019, the board of director's increased the numbers of shares available under the plan by 1,400,000 shares. The Company's stock options vest based on the terms in each award agreements and generally vest over four years and have a term of 10 years. The Company estimates forfeitures that it expects will occur and adjusts expense for actual forfeitures in the periods they occur.

The Company measures employee and nonemployee stock-based awards at grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the award. The Company recorded

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(8) Stock-Based Compensation (Continued)

stock-based compensation expense in the following expense categories of its accompanying consolidated statements of operations (in thousands):

	Year ended December 31,	
	2017	2018
Sales and marketing	$ 44	$ 68
General and administrative	116	115
Research and development	37	33
Total stock-based compensation	$ 197	$ 216

The following table summarizes stock option activity for the Plan:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)
Outstanding at January 1, 2017	6,970,762	$ 0.23	
Granted	2,088,700	0.24	
Exercised	(10,000)	0.21	
Early exercised	(20,500)	0.24	
Canceled/forfeited	(364,820)	0.24	
Outstanding at December 31, 2017	8,664,142	0.24	
Granted	3,753,816	0.24	
Exercised	(34,111)	0.23	
Early exercised	(10,600)	0.24	
Canceled/forfeited	(294,090)	0.24	
Outstanding at December 31, 2018	12,079,157	$ 0.24	7.65
Vested and expected to vest at December 31, 2018	12,079,157	$ 0.24	7.65
Exercisable at December 31, 2018	6,278,779	$ 0.23	6.66

The 2012 Plan provides the holders of stock options an election to early exercise prior to vesting. The Company has the right, but not the obligation, to repurchase early exercised options without transferring any appreciation to the employee if the employee terminates employment before the end of the original vesting period. The repurchase price is the lesser of the original exercise price or the then fair value of the common stock. At December 31, 2018, $5,000 of proceeds from early exercised options are recognized as a current liability in accrued expenses in the accompanying consolidated balance sheet.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(8) Stock-Based Compensation (Continued)

The following table summarizes activity relating to early exercise of stock options:

	Number of shares
Unvested balance at January 1, 2017	176,908
Early exercised	20,500
Vested	(171,834)
Unvested balance at December 31, 2017	25,574
Early exercised	10,600
Vested	(13,627)
Unvested balance at December 31, 2018	22,547

The weighted average grant-date fair value per share of options granted was $0.02 and $0.04 for the years ended December 31, 2017 and 2018, respectively. The aggregate intrinsic value of options exercised was nominal for the year ended December 31, 2018. As of December 31, 2018, the total unrecognized compensation expense related to unvested employee and nonemployee stock option awards was $0.2 million, which is expected to be recognized in expense over a weighted-average period of approximately 2.26 years.

Estimating Fair Value of Stock Options

The fair value of each grant of stock options was determined by the Company using the methods and assumptions discussed below. Certain of these inputs are subjective and generally require judgment to determine.

Expected term – The expected term of stock options represents the weighted average period the stock options are expected to be outstanding. The Company uses the simplified method for estimating the expected term as provided by the Securities and Exchange Commission. The simplified method calculates the expected term as the average time to vesting and the contractual life of the options.

Expected volatility – Due to the Company's limited operating history and lack of company-specific historical or implied volatility, the expected volatility assumption was determined by examining the historical volatilities of a group of industry peers whose share prices are publicly available.

Risk-free interest rate – The risk-free rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Company's stock options.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(8) Stock-Based Compensation (Continued)

Expected dividend – The Company has not paid and does not intend to pay dividends.

The fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

	Year ended December 31,	
	2017	2018
Expected dividend yield	—	—
Expected volatility	50.0%	56.5%
Risk-free interest rate	2.07%	2.77%
Expected term	6.25 Years	6.25 Years

(9) Employee Benefit Plans

The Company sponsors a 401(k) defined-contribution plan covering all employees. Participants are permitted to contribute up to 100% of their eligible annual pretax compensation up to an established federal limit on aggregate participant contributions. Discretionary profit-sharing contributions made by the Company, if any, are determined annually by the board of directors. To date, the Company has not made discretionary profit-sharing contributions under the 401(k) plan. Participants are immediately vested in their own contributions to the plan and are fully vested in discretionary profit sharing made by the Company after three years of service.

(10) Income Taxes

The Company has incurred losses since inception. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect for years in which differences are expected to reverse.

Significant components of the Company's deferred tax assets for federal income taxes as of December 31, 2017 and 2018 consisted of the following (in thousands):

	December 31,	
	2017	2018
Deferred tax assets		
Net operating loss carryforwards	$ 21,660	$ 26,993
Research and development credits	533	701
Depreciation and amortization	706	825
Accrued LifeCell settlement	724	252
Accrued expenses and other	94	191
Inventory reserve	122	425
Gross deferred tax asset	23,839	29,387
Valuation allowance	(23,839)	(29,387)
Net deferred tax asset	$ —	$ —

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(10) Income Taxes (Continued)

The Company does not have unrecognized tax benefits as of December 31, 2017 and 2018. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

The Company's net operating loss (NOL) carryforwards for federal and state income tax purposes consisted of the following (in thousands):

	December 31,	
	2017	2018
NOL carryforwards		
Federal	$ 79,182	$ 99,939
State	79,484	91,797

The NOL carryforwards begin expiring in 2032 for federal purposes and in 2026 for state income tax purposes. The Company recorded a valuation allowance on the deferred tax assets as of December 31, 2017 and 2018 because of the uncertainty of their realization. The valuation allowance increased by $5.5 million for the year ended December 31, 2018, mainly due to losses incurred, and decreased by $3.2 million for the year ended December 31, 2017, mainly due to the reduction in the tax rate.

In December 2017, the Tax Cuts and Jobs Act (the Tax Act) was enacted. The Tax Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reduction of the U.S. corporate income tax rate from 34% to 21% for tax years beginning after December 31, 2017. The Tax Act also provides for a onetime transition tax on certain foreign earnings and the acceleration of depreciation for certain assets placed into service after September 27, 2017 as well as prospective changes beginning in 2018, including repeal of the domestic manufacturing deduction, acceleration of tax revenue recognition, capitalization of research and development expenditures, additional limitations on executive compensation, and limitations on the deductibility of interest.

Utilization of the net operating losses and general business tax credits carryforwards may be subject to a substantial limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if changes in ownership of the company have occurred previously or occur in the future. Ownership changes may limit the amount of net operating losses and general business tax credits carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of 5% shareholders in the stock of a corporation by more than 50 percentage points over a three-year period. If the Company experiences a Section 382 ownership change, the tax benefits related to the NOL carryforwards may be further limited or lost.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(10) Income Taxes (Continued)

A reconciliation of income tax benefit at the statutory federal income tax rate and as reflected in the consolidated financial statements is as follows:

	Year ended December 31,	
	2017	2018
Rate reconciliation		
Federal tax benefit at statutory rate	(34.0)%	(21.0)%
State rate, net of federal benefit	(5.2)	(4.7)
Permanent differences	5.5	0.5
Change in federal rate	48.0	—
Research and development	—	(0.8)
Change in valuation allowance	(15.1)	26.3
Other	0.8	(0.3)
Total tax provision	—%	—%

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company's 2012 to 2017 tax years remain subject to examination.

(11) Contingencies and Commitments

Legal Proceedings

On November 18, 2016, the Company and LifeCell Corporation (LifeCell) agreed to settle litigation initiated by LifeCell in March 2015 related to LifeCell's complaints alleging (i) that the Company misappropriated LifeCell's trade secrets and proprietary information and hired various former LifeCell employees allegedly in violation of their noncompetition covenants and nonsolicitation agreements and (ii) that the Company infringed U.S. Patent No. 6,143,293, (the 293 patent), which LifeCell had recently purchased from Carnegie Mellon University. Both cases have been dismissed with prejudice. As part of this settlement, LifeCell agreed not to sue the Company, either directly or through a person acting at its request or with its involvement for patent infringement, trade secret misappropriation, breach of an assignment obligation, unfair competition, unjust enrichment, tortious interference with contract and prospective economic advantage, civil conspiracy, or like causes of action with respect to OviTex. Also, as part of this settlement agreement, among other provisions, the Company agreed to pay LifeCell $1.0 million within 30 days of the execution of the settlement agreement and up to an additional $3.0 million based upon the Company achieving set revenue milestones for its OviTex product family. Through December 31, 2018, the Company has paid $3.0 million to LifeCell. The Company will owe the remaining $1.0 million upon achieving a certain amount of cumulative sales of OviTex. The estimated present value of the future revenue milestone payments was $2.8 million and $1.0 million at December 31, 2017 and 2018, respectively. The Company recorded $1.9 million and $0.9 million in other current and other long-term liabilities, respectively, at December 31, 2017, and $1.0 million in other current liabilities at December 31, 2018, in the accompanying consolidated balance sheets, based on when the payments were expected to be made at each respective balance sheet date. Noncash interest expense of $0.3 million and $0.2 million was recorded

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(11) Contingencies and Commitments (Continued)

during 2017 and 2018, respectively, for the change in estimated present value of the future revenue milestone payments.

Legal and other costs incurred in defense of the Company was charged to expense as incurred and totaled $0.4 million for the year ended December 31, 2017 and were recorded in general and administrative expenses in the accompanying consolidated statement of operations. No legal defense costs were incurred in 2018.

On February 12, 2016, the Company filed suit against National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union), the former carrier for the Company's Directors & Officers and Employment Practices Liability Insurance. The complaint charged National Union with breach of contract and failure to reimburse the Company for defense costs it incurred in the LifeCell litigation discussed above that the Company believes are covered under the insurance policy sold by National Union. The complaint sought reimbursement of $5.0 million, the full limit of the policy, as well as reimbursement of the Company's costs pursuing the action against National Union. In 2018, the Company settled the suit and received $2.4 million and paid its broker $0.2 million and recognized the net amount of $2.2 million as a gain on litigation settlement in the Company's consolidated statement of operations during the year ended December 31, 2018.

From time to time, the Company may be a party to various other lawsuits, claims, and other legal proceedings that arise in the ordinary course of its business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Agreements with Aroa

In August 2012, the Company entered into a License, Product Development, and Supply Umbrella Agreement (Umbrella Agreement) with Aroa. The Umbrella Agreement provides the Company a license to patent rights and other intellectual property related to Aroa's products and technologies for use in certain indications and expires on the later of August 3, 2022 or expiration of the last patent covering the products (currently July 30, 2029). The Company has the right to extend the term of the agreement by an additional 10 years following the expiration of the last patent covering the products on commercially reasonable terms to be negotiated by the parties. This agreement initially limited the Company's license rights to the United States but was subsequently amended in March 2013 to include the European Union and certain former Union of Soviet Socialist Republic satellite nations.

The financial terms of this Umbrella Agreement, as amended, include (i) the payment of $1.0 million and the issuance of 1,834,867 shares of the Company's common stock valued at $0.3 million concurrent with the closing of the December 2012 financing, (ii) the payment of $1.0 million upon the amendment of the Umbrella Agreement in March 2013, and (iii) the payment of $1.0 million upon the approval by the U.S. Food and Drug Administration (FDA) of the use of Aroa's product for certain indications (paid in June 2013). All amounts paid were recorded at the time within in-process research and development expense in the consolidated statements of operations as the Company believes that the technology licensed from Aroa required substantial additional development efforts and had no alternative future uses to the Company. In April 2014, the Company submitted a new 510(k) application to the FDA incorporating the licensed technologies, as well as technology licensed from a second strategic partner. The Umbrella Agreement also

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(11) Contingencies and Commitments (Continued)

requires future payments aggregating up to $4.0 million upon the achievement of U.S. and European cumulative product sales targets.

In 2018, it became probable that the Company would be issued CE Mark approval to sell OviTex in Europe by the European Medical Agency, and the Company recognized a $1.0 million liability and a corresponding developed right intangible asset related to this milestone payment owed to Aroa. Of this amount, $0.5 million was paid in 2018 and the remaining $0.5 million was paid in 2019.

With respect to the sales milestone payments in the North American territory, a payment of $1.0 million and $2.0 million are due when cumulative product sales in the North American territory reach certain amounts. In 2018, it became probable that the Company would achieve the sales milestones in the North American territory, and, as such, the Company recorded a liability of $3.0 million and a corresponding developed technology right intangible asset. The Company paid $1.0 million to Aroa in 2018 related to one of the cumulative product sales targets. With respect to the sales milestone payments in the European territory, a payment of $1.0 million is due when cumulative product net sales in the European territory reach certain amounts.

Other key terms of the amended Umbrella agreement in addition to those disclosed above are as follows:

- The transfer price for product produced by Aroa was increased from 150% of Aroa's cost of goods sold to 200% of the cost of goods sold, with the quarterly true-up amount continuing to equal 27% of the Company's net sales of the licensed product reduced by transfer price payments previously made for the respective quarter. The purchase commitments aggregate to $11.0 million for the North American territory over a five-year period, consisting of $2.0 million in total in years one and two, $2.0 million in year three, $3.0 million in year four, and $4.0 million in year five. The purchase commitments aggregate to $2.8 million for the European territory over a five-year period, consisting of $0.5 million in total in years one and two, $0.5 million in year three, $0.8 million in year four, and $1.0 million in year five. In addition, the Company continues to be required to pay a make whole payment if the required minimum purchase commitments for each territory for the corresponding contract years are not made. As of December 31, 2018, the Company has met its aggregate North American first two year and year three purchase commitments and no make whole payments are required for those periods. The period for the purchase commitments for the North American territory for years four and five end in June 2020 and June 2021, respectively. Upon a change in control of the Company (as defined in the amended agreement), the annual minimum amounts will be extended for a sixth year with a $5.0 million minimum amount for the North American territory and $1.0 million minimum amount for the European territory. If a change in control of the Company occurs prior to the first product launch in the applicable territory, then the annual minimum requirements shall commence upon such change in control. If the make whole payments, if any, are not made by the Company after a notice and cure period, then the license will convert to a nonexclusive basis in the territory for which the payment was required but not made.

- To avoid losing rights to a licensed product in a specific indication within the North American territory or the European territory, the Company must comply with separate product development goals by indication for each territory. The goal for the abdominal wall reconstruction/hernia repair product for the North American territory was a commercial launch of a product by July 16, 2016. The Company met the North American goal deadline with the successful launch of OviTex in June 2016. The European goal deadline for the abdominal wall reconstruction/hernia repair product was a commercial launch of a product by July 16, 2017. While the Company did not meet the European

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(11) Contingencies and Commitments (Continued)

goal deadline, on August 8, 2017, following negotiations relating to the requirement regarding possible extension payments, the Company paid Aroa $0.5 million to extend the European goal deadline. Concurrent with this extension payment, as Aroa is responsible for the regulatory approval to market OviTex in the European territory, and as such approval is a prerequisite for commercial launch, the Company and Aroa agreed that the Company would only be required to make further payments to extend the European goal deadline if commercial launch of the product is not achieved in the European territory within eight months after the receipt of regulatory approval for the product in the European territory, or on July 16, 2018, whichever is later. The Company commercially launched OviTex in the European territory in 2018 within the necessary timeframe, and no further extension payments will be required.

- Separate product development/launch goals and extension rights exist for a breast reconstruction product, as well as other products in specified indications for use. With respect to the breast reconstruction product, the goal was to file an investigational device exemption with the FDA for the North American territory by December 28, 2017, 18 months after the commercial launch of OviTex in the North American territory. The Company met this deadline with the filing of an investigational device exemption (IDE) application with the FDA on November 22, 2017. The goal for the European territory is to file for a CE Mark by January 16, 2019. The Company extended the European deadline and paid $0.5 million. Concurrent with the extension payment, the Company agreed to assume responsibility in obtaining regulatory approval in Europe with a new regulatory filing deadline of June 30, 2020. The Company expects to meet the filing deadline and that no further extension payments will be required.

- Provisions exist for the Company to step in and operate Aroa's plant if a supply failure occurs and is not cured within a set timeframe. Under the amended agreement, the criteria for a supply failure was modified to mean a failure by Aroa to timely supply, during any consecutive 60-day period, at least 75% of the products ordered by the Company under binding purchase orders. During the period that the Company steps in and assumes manufacturing responsibility, it shall not be required to purchase product from or pay transfer prices to Aroa, the annual minimums shall be proportionately reduced to reflect the lack of supply responsibility by Aroa and the Company shall pay a royalty of 6% of net sales in lieu of 27% of net sales of the licensed products.

- The Company is responsible for the payment of 50% of the capital costs of any manufacturing expansion plan agreed upon by the parties, provided that any such payments made by the Company will be offset against future revenue sharing amounts payable (revenue share of 27% of the Company's net sales of the licensed product).

The Company expects to enter into similar milestone-based agreements with its strategic partner for both product territories and new products in order to expand and extend its product portfolio.

As of December 31, 2018, the Company had $0.7 million in purchase commitments with Aroa.

Employment Agreements

The Company entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as defined in the respective employment agreements.

TELA BIO, INC.

Notes to Consolidated Financial Statements (Continued)

(11) Contingencies and Commitments (Continued)

Operating Leases

The Company leases office and laboratory space in Malvern, Pennsylvania under a noncancelable lease, which expires in May 2021. The facility lease agreement has annual scheduled payment increases. Under the lease agreement, the lessor provided $0.2 million of tenant improvements payments to the Company for partial reimbursement of leasehold improvements. The Company is recognizing the rent expense on a straight-line basis over the lease term. The Company recognized rent expense of $0.3 million for both the years ended December 31, 2017 and 2018.

The future minimum lease payments under the facility operating lease agreement as of December 31, 2018 are as follows (in thousands):

2019	$	209
2020		217
2021		92
	$	518

(12) Related-Party Transactions

On November 16, 2018, the Company entered into a senior secured term loan facility with OrbiMed, an entity affiliated with an owner of a material amount of the Company's outstanding voting securities. The terms of the debt and related components are further described in more detail in note 6.

(13) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through August 16, 2019, the date at which the consolidated financial statements were available to be issued, and there are no other items requiring disclosure except for the following:

During 2019, the Company sold 12,018,473 shares of Series B to new and existing investors at $1.16 per share in exchange for net proceeds of $14.0 million at the same terms as all other Series B shareholders, which are described in note 7.

TELA Bio, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	December 31, 2018	June 30, 2019	Pro forma June 30, 2019
Assets			
Current assets:			
Cash and cash equivalents	$ 17,278	$ 15,873	
Accounts receivable	1,298	1,897	
Inventory	4,348	4,599	
Prepaid expenses and other	330	384	
Total current assets	23,254	22,753	
Property and equipment, net	758	712	
Intangible assets, net	3,215	3,063	
Deferred offering costs	—	99	
Total assets	$ 27,227	$ 26,627	
Liabilities, redeemable convertible preferred stock, and stockholders' deficit			
Current liabilities:			
Accounts payable	$ 3,421	$ 2,109	
Accrued expenses	5,153	4,533	
Other current liabilities	985	1,007	
Total current liabilities	9,559	7,649	
Long-term debt with related party	29,733	29,977	
Preferred stock warrant liability	1,640	1,678	
Other long-term liabilities	5	7	
Total liabilities	40,937	39,311	
Redeemable convertible preferred stock; $0.001 par value:			
Series A preferred stock: actual: 22,501,174 shares authorized, issued, and outstanding at December 31, 2018 and June 30, 2019; liquidation value of $34,005 at June 30, 2019; pro forma: no shares authorized, issued, or outstanding	33,112	34,005	
Series B preferred stock: actual: 82,891,619 shares authorized, 63,032,500 and 73,587,014 issued and outstanding at December 31, 2018 and June 30, 2019, respectively; liquidation value of $106,165 at June 30, 2019; pro forma: no shares authorized, issued, or outstanding	91,038	107,058	
Total redeemable convertible preferred stock	124,150	141,063	
Stockholders' deficit:			
Common stock; $0.001 par value: actual: 127,157,585 shares authorized; 7,323,795 and 7,372,350 shares issued and 7,301,248 and 7,345,531 shares outstanding at December 31, 2018 and June 30, 2019, respectively; pro forma: shares authorized; shares issued and outstanding at June 30, 2019	7	7	
Additional paid-in capital	—	—	
Accumulated other comprehensive loss	—	(3)	
Accumulated deficit	(137,867)	(153,751)	
Total stockholders' deficit	(137,860)	(153,747)	
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 27,227	$ 26,627	

See accompanying notes to unaudited interim consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Six months ended June 30,	
	2018	2019
Revenue	$ 3,635	$ 6,609
Cost of revenue (excluding amortization of intangible assets)	2,455	2,752
Amortization of intangible assets	633	152
Gross profit	547	3,705
Operating expenses:		
Sales and marketing	6,022	7,942
General and administrative	1,967	2,529
Research and development	2,318	2,714
Total operating expenses	10,307	13,185
Loss from operations	(9,760)	(9,480)
Other (expense) income:		
Interest expense	(728)	(1,826)
Loss on extinguishment of debt	(615)	—
Change in fair value of preferred stock warrant liability	174	(38)
Other income	34	117
Total other (expense) income	(1,135)	(1,747)
Net loss	(10,895)	(11,227)
Accretion of redeemable convertible preferred stock to redemption value	(7,948)	(4,787)
Net loss attributable to common stockholders	$ (18,843)	$ (16,014)
Net loss per common share, basic and diluted	$ (2.59)	$ (2.19)
Weighted average common shares outstanding, basic and diluted	7,273,968	7,313,934
Pro forma net loss per common share basic and diluted		
Pro forma weighted average shares outstanding, basic and diluted		
Comprehensive loss:		
Net loss	$ (10,895)	$ (11,227)
Foreign currency translation adjustment	—	(3)
Comprehensive loss	$ (10,895)	$ (11,230)

See accompanying notes to unaudited interim consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(In thousands, except share amounts)
(Unaudited)

	Redeemable convertible preferred stock				Stockholders' deficit					
	Series A		Series B		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2018	22,501,174	$ 30,940	59,425,431	$ 80,409	7,253,510	$ 7	$ —	$ —	$ (108,178)	$ (108,171)
Vesting of common stock previously subject to repurchase	—	—	—	—	8,017	—	2	—	—	2
Exercise of stock options	—	—	—	—	25,042	—	5	—	—	5
Sale of Series B redeemable convertible preferred stock, net of stock issue costs of $143	—	—	1,294,069	1,358	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	108	—	—	108
Accretion of redeemable convertible preferred stock to redemption value	—	1,265	—	6,683	—	—	(115)	—	(7,833)	(7,948)
Net loss	—	—	—	—	—	—	—	—	(10,895)	(10,895)
Balance at June 30, 2018	22,501,174	$ 32,205	60,719,500	$ 88,450	7,286,569	$ 7	$ —	$ —	$ (126,906)	$ (126,549)
Balance at January 1, 2019	22,501,174	$ 33,112	63,032,500	$ 91,038	7,301,248	$ 7	$ —	$ —	$ (137,867)	$ (137,860)
Vesting of common stock previously subject to repurchase	—	—	—	—	7,409	—	3	—	—	3
Exercise of stock options	—	—	—	—	36,874	—	8	—	—	8
Sale of Series B redeemable convertible preferred stock, net of stock issue costs of $117	—	—	10,554,514	12,126	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	(3)	—	(3)
Stock-based compensation expense	—	—	—	—	—	—	119	—	—	119
Accretion of redeemable convertible preferred stock to redemption value	—	893	—	3,894	—	—	(130)	—	(4,657)	(4,787)
Net loss	—	—	—	—	—	—	—	—	(11,227)	(11,227)
Balance at June 30, 2019	22,501,174	$ 34,005	73,587,014	$ 107,058	7,345,531	$ 7	$ —	$ (3)	$ (153,751)	$ (153,747)

See accompanying notes to unaudited interim consolidated financial statements.

TELA Bio, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2018	2019
Cash flows from operating activities:		
Net loss	$ (10,895)	$ (11,227)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	309	135
Noncash loss on extinguishment of debt	513	—
Noncash interest expense	333	244
Amortization of intangible assets	633	152
Inventory excess and obsolescence charge	1,411	916
Change in fair value of warrants	(174)	38
Stock-based compensation expense	108	119
Changes in operating assets and liabilities:		
Accounts receivable	(475)	(599)
Inventory	(2,587)	(1,169)
Prepaid expenses and other assets	100	(156)
Accounts payable	324	(1,312)
Accrued expenses and other liabilities	(447)	(123)
Net cash used in operating activities	(10,847)	(12,982)
Cash flows from investing activities:		
Payment for intangible asset	—	(500)
Purchase of property and equipment	(31)	(89)
Net cash used in investing activities	(31)	(589)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt and preferred stock warrants	8,000	—
Repayment of long-term debt	(5,000)	—
Borrowings under revolving credit facility	2,741	—
Repayments of revolving credit facility	(1,487)	—
Proceeds from issuance of Series B redeemable preferred stocks, net	1,358	12,158
Payment of deferred financing costs	(830)	—
Proceeds from exercise of stock options	5	8
Net cash provided by financing activities	4,787	12,166
Net decrease in cash and cash equivalents	(6,091)	(1,405)
Cash and cash equivalents, beginning of period	11,346	17,278
Cash and cash equivalents, end of period	$ 5,255	$ 15,873
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 395	$ 1,582
Cash paid on loss on extinguishment of debt	$ 102	$ —
Supplemental disclosures of noncash investing and financing activities:		
Fair value of warrants issued in connection with equity and debt financing	$ 187	$ —
Accretion of redeemable preferred stock to redemption value	$ 7,948	$ 4,787
Intangible assets in accrued expenses and other liabilities	$ 4,000	$ 2,000
Offering costs in accrued expenses	$ —	$ 32
Issuance of common stock for early exercised stock options	$ 2	$ 3

See accompanying notes to unaudited interim consolidated financial statements.

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements

(1) Background

TELA Bio, Inc. (the Company) was incorporated in the state of Delaware on April 17, 2012 and wholly owns TELA Bio Limited, a company incorporated in the United Kingdom. The Company is focused on the commercialization and sale of OviTex, which utilizes surgical reconstruction medical device technology licensed from a strategic partner and on the research and development of additional medical devices with this strategic partner and on other internally developed technologies. In April 2019, the Company received 510(k) clearance from the United States Food and Drug Administration (FDA) for OviTex PRS Reinforced Tissue Matrix, or OviTex PRS, which addresses unmet needs in plastic reconstruction surgery. The Company's principal corporate office and research facility is located in Malvern, Pennsylvania.

(2) Risks and Liquidity

The Company's operations to date have focused on organization and staffing, business planning, raising capital, developing and acquiring technology and assets, and commercializing products. The Company has incurred recurring losses and negative cash flows from operations since inception and has an accumulated deficit of $153.8 million as of June 30, 2019. The Company anticipates incurring additional losses until such time, if ever, it can generate sufficient revenue from its products to cover its expenses and has limited resources available to fund current commercialization and research and development activities. As such, additional financings will be needed by the Company to fund its operations and to develop its products. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying unaudited interim consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. Management is currently evaluating different strategies to obtain the required funding of future operations. These strategies may include, but are not limited to, additional funding from current investors, funding from new investors including strategic corporate investors, an initial public offering of the Company's common stock, and/or borrowings of additional debt, among others. There can be no assurance these future funding efforts will be successful.

Management believes that the Company's cash and cash equivalents as of June 30, 2019, along with the $1.7 million in net proceeds received from the sale of Series B in July 2019 (note 9), availability of borrowing under the credit facility, and anticipated cash receipts from sales of products are sufficient to fund operations into the second quarter of 2020.

The operations of the Company are subject to certain risks and uncertainties including, among others, uncertainty of product development; technological uncertainty, commercial acceptance of any developed products, alternative competing technologies, dependence on collaborative partners, uncertainty regarding patents and proprietary rights, comprehensive government regulations, and dependence on key personnel.

(3) Summary of Significant Accounting Policies

The Company's complete summary of significant accounting policies can be found in "Note 3, Summary of Significant Accounting Policies" in the audited consolidated financial statements included elsewhere in this prospectus. Any reference in these notes to applicable guidance is meant to refer to generally accepted accounting principles in the United States (GAAP) as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB).

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

Interim Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared from the books and records of the Company in accordance with GAAP for interim financial information and Rule 10-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (SEC), which permits reduced disclosures for interim periods. All adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the accompanying consolidated balance sheets and statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows have been made. Although these interim consolidated financial statements do not include all of the information and footnotes required for complete annual consolidated financial statements, management believes the disclosures are adequate to make the information presented not misleading. Unaudited interim results of operations and cash flows are not necessarily indicative of the results that may be expected for the full year. Unaudited interim consolidated financial statements and footnotes should be read in conjunction with the audited consolidated financial statements and footnotes included elsewhere in this prospectus, wherein a more complete discussion of significant accounting policies and certain other information can be found.

Use of Estimates

The preparation of 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 contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant judgments are employed in estimates used to determine the fair value of redeemable convertible preferred stock, preferred stock warrant liability and stock-based awards issued, and recoverability of the carrying value of the Company's inventory. As future events and their effects cannot be determined with precision, actual results may differ significantly from these estimates.

Unaudited Pro Forma Financial Information

Immediately prior to the closing of an initial public offering, all of the Company's outstanding redeemable convertible preferred stock will automatically convert into common stock. The unaudited pro forma balance sheet as of June 30, 2019 assumes (1) the issuance of 1,463,959 shares of Series B redeemable convertible preferred stock that were sold in July 2019 for net proceeds of $1.7 million (2) the automatic conversion of all outstanding shares of redeemable convertible preferred stock including accrued dividends payable into shares of common stock based on an assumed initial public offering price of $, and (3) the reclassification of $1.7 million preferred stock warrant liability into additional paid-in capital upon the conversion of all outstanding warrants to purchase shares of Series B redeemable convertible preferred stock into warrants to purchase shares of common stock. In the consolidated statements of operations and comprehensive loss, unaudited pro forma basic and diluted net loss per share of common stock outstanding has been prepared to give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock including dividend payable as if this proposed initial public offering had occurred on the later of the beginning of the reporting period or the issuance date of the redeemable convertible preferred stock.

Deferred Offering Costs

The Company capitalizes certain legal, accounting, and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of the equity financing, these costs will be recorded as a reduction of additional paid-in capital generated as a result of the offering. Should the equity financing no longer be considered probable

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

of being consummated, all deferred offering costs would be charged to operating expenses in the consolidated statement of operations. Deferred offering costs were $0.1 million at June 30, 2019.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which was adopted on January 1, 2019, using the modified retrospective method. The adoption of this guidance had no cumulative adjustment to the Company's consolidated financial statements as of the adoption date. Under ASC Topic 606, an entity recognizes revenue when its customer obtains control of the promised good, in an amount that reflects the consideration that the entity expects to be entitled in exchange for those goods.

The Company performs the following five steps to recognize revenue under ASC Topic 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only recognizes revenue when it is probable that it will collect the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

A significant portion of the Company's revenue is generated from consigned inventory maintained at hospitals or with sales representatives. Revenue from the sale of consigned products is recognized when control is transferred to the customer, which occurs at the time the product is used in a surgical procedure. For product that is not held on consignment, the Company recognizes revenue when control transfers to the customer that occurs at the time the product is shipped or delivered. For all of the Company's contracts, the only identified performance obligation is providing the product to the customer. The Company uses an observable price to determine the selling price of the single performance obligation.

Payment terms with customers do not exceed one year and, therefore, the Company does not account for a financing component in its arrangements. The Company expenses incremental costs of obtaining a contract with a customer (e.g., sales commissions) when incurred as the period of benefit is less than one year. Fees charged to customers for shipping are recognized as revenue.

Prior to the adoption of ASC Topic 606, revenue was recognized when persuasive evidence of an arrangement existed, the price was fixed or determinable, delivery had occurred, and there was a reasonable assurance of collection of the sales proceeds. Revenue for products sold to a customer was recognized when the product was shipped to the customer, at which time title passed to the customer. In the case of consigned inventory, revenue was recognized when the product was utilized in a surgical procedure.

Fair value of financial instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments are made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other assets, and accounts payable are shown at cost, which approximates fair value due to the short-term nature of these instruments. Due to the related-party relationship of the OrbiMed Credit Facility (note 5), it is impractical to determine the fair value of the

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

debt. Items measured at fair value on a recurring basis include the Company's preferred stock warrants. The warrants are carried at their estimated fair value. The Company follows the provisions of FASB ASC Topic 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- *Level 2:* Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities
- *Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about each major category of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and June 30, 2019 (in thousands):

	Fair value measurement at reporting date using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2018:			
Assets:			
Cash equivalents – money market fund	$ 16,002	$ —	$ —
Liability:			
Warrant liability	$ —	$ —	$ 1,640
June 30, 2019:			
Assets:			
Cash equivalents – money market fund	$ 4,444	$ —	$ —
Liability:			
Warrant liability	$ —	$ —	$ 1,678

A rollforward of the warrant liability (Level 3 measurement) is as follows:

January 1, 2019	$ 1,640
Change in fair value of warrants	38
June 30, 2019	$ 1,678

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

The fair value of the warrants at June 30, 2019 was determined using the Black-Scholes option pricing model with the following assumptions:

	MidCap Credit Facility	Convertible promissory notes	Notes payable
Expected dividend yield	—	—	—
Expected volatility	57.7%	57.2%	57.4%
Risk-free interest rate	2.00%	1.87%	1.87%
Remaining contractual term in years	8.8	7.6	7.8

Net loss per share

Basic and diluted net loss per common share is determined by dividing net loss attributable to common stockholders by the weighted-average shares of common stock outstanding during the reporting period. The Company's outstanding redeemable convertible preferred stock contractually entitles the holders of such shares to participate in distributions but contractually does not require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders since dilutive shares are not assumed to have been issued if their effect is antidilutive. Therefore, the weighted-average shares used to calculate both basic and diluted loss per share are the same.

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares outstanding as of June 30, 2018 and 2019, as they would be antidilutive.

	Six months ended June 30,	
	2018	2019
Series A redeemable convertible preferred stock	22,501,174	22,501,174
Series B redeemable convertible preferred stock	60,719,500	73,587,014
Stock options (including shares subject to repurchase)	11,677,068	13,100,999
Series B redeemable convertible preferred stock warrants	2,186,693	2,186,693
Total	97,084,435	111,375,880

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(3) Summary of Significant Accounting Policies (Continued)

The unaudited pro forma basic and diluted weighted-average common shares outstanding used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the six months ended June 30, 2019 give effect to the conversion upon the initial public offering of all outstanding shares of redeemable convertible preferred stock as of June 30, 2019, into shares of common stock as if the conversion had occurred on the later of the beginning of the reporting period or the issuance date of the redeemable convertible preferred stock. The unaudited pro forma net loss per share also gives effect to the shares of common stock of which the proceeds would be necessary to pay the dividend amount of to the holders of redeemable convertible preferred stock at the initial public offering price of $ per share.

Unaudited pro forma basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	Six months ended June 30, 2019
Numerator:	
Net loss attributable to common stockholders	$
Pro forma adjustments:	
Accretion of redeemable convertible preferred stock	
Change in fair value of preferred stock warrant liability	
Pro forma net loss per common share, basic and diluted	$
Denominator:	
Weighted average shares of common stock outstanding, basic and diluted	
Pro forma adjustments	
Conversion of redeemable convertible preferred stock and related payment of dividends	
Pro forma weighted average common shares outstanding, basic and diluted	
Pro forma net loss per share, basic and diluted	

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(4) Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31, 2018	June 30, 2019
Compensation and related benefits	$ 1,760	$ 1,672
Interest	42	42
Professional fees	552	391
Accrued milestone payments	2,500	2,000
Research and development expenses	133	142
Other	166	286
	$ 5,153	$ 4,533

(5) Long-term Debt

Long-term debt consisted of the following at December 31, 2018 and June 30, 2019 (in thousands):

	December 31, 2018	June 30, 2019
OrbiMed Term Loan (related party)	$ 30,000	$ 30,000
End of Term Charge	3,000	3,000
Unamortized issuance costs	(3,267)	(3,023)
Long-term debt	$ 29,733	$ 29,977

OrbiMed Term Loan (Related Party)

Pursuant to the OrbiMed Credit Facility, the Company provided a first priority security interest in all existing and future acquired assets, excluding intellectual property and certain other assets, owned by the Company. The OrbiMed Term Loans consist of two tranches, a $30.0 million Tranche 1 (Tranche 1) and a $5.0 million Tranche 2 (Tranche 2). In November 2018, the Company borrowed $30.0 million of Tranche 1 and used a portion of the proceeds to repay the MidCap Credit Facility (described below) and will use the remaining proceeds to fund operations and capital expenditures. The Company will be eligible to borrow Tranche 2 until December 31, 2019, provided the Company's consolidated revenue on a trailing six-month basis equals or exceeds $7.5 million. The OrbiMed Credit Facility contains a negative pledge on intellectual property owned by the Company. The OrbiMed Credit Facility also contains customary indemnification obligations and customary events of default, including, among other things, (i) nonpayment, (ii) breach of warranty, (iii) nonperformance of covenants and obligations, (iv) default on other indebtedness, (v) judgments, (iv) change of control, (vii) bankruptcy and insolvency, (viii) impairment of security, (ix) key permit events, (x) key person event, (xi) regulatory matters, (xii) and key contracts. In addition, the Company must maintain a minimum cash balance of $2.0 million. In the event of default under the OrbiMed Credit Facility, the Company would be required to pay interest on principal and all other due and unpaid obligations at the current rate in effect plus 3%.

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(5) Long-term Debt (Continued)

The OrbiMed Term Loans mature on November 16, 2023 and bear interest at a rate equal to 7.75% plus the greater of one-month LIBOR or 2.0%. At June 30, 2019, the interest rate was 10.25%. The Company is required to make 60 monthly interest payments beginning on November 30, 2018, with the entire principal payment due at maturity. The OrbiMed Term Loans have a prepayment penalty equal to 10.0% of the prepaid principal amount prior to the second anniversary of the Term Loans, 5.0% of the prepaid principal amount after the second anniversary but prior to the third anniversary and 2.5% of the prepaid principal amount after the third anniversary. The Company is also required to pay an exit fee at the time of maturity or prepayment event equal to 10.0% of all principal borrowings (the End of Term Charge). The Company is also required to pay an administration fee equal to $10,000 on the last day of each quarter until all obligations have been paid in full. In conjunction with the closing of the OrbiMed Term Loans, the Company incurred $3.3 million of third-party and lender fees, which were recorded as along with the End of Term Charge and debt issuance costs, and are being recognized as interest expense over the term of the loan along with using the effective-interest method. Interest expense associated with the OrbiMed Credit Facility recorded during the six months ended June 30, 2019 was $1.8 million, $0.2 million related to the amortization of debt issuance costs.

(6) Redeemable Convertible Preferred Stock and Stockholders' Deficit

Preferred Stock

During the six months ended June 30, 2019, the Company entered into various stock purchase agreements with new and existing investors pursuant to which the Company sold an aggregate 10,554,514 shares of the Company's Series B redeemable convertible preferred stock (Series B) at $1.16 per share for aggregate gross proceeds of $12.2 million. Transaction fees of $0.1 million were recorded as a reduction of the carrying value of the Series B.

Warrants

The Company had the following warrants outstanding to purchase Series B at June 30, 2019:

	Outstanding	Exercise price	Expiration dates
Preferred stock warrants issued to MidCap	206,897	1.16	2028
Preferred stock warrants issued to note payable holders	387,932	1.16	2027
Preferred stock warrants issued to convertible promissory note holders	1,591,864	1.16	2027
	2,186,693		

The Company accounts for its warrants to purchase shares of redeemable convertible preferred stock issued as liabilities as they are exercisable for a redeemable instrument. The Company will continue to adjust the liability for changes in fair value of these warrants until the earlier of (1) exercise of warrants, (2) expiration of warrants, (3) a change of control of the Company, or (4) the consummation of the Company's initial public offering, at which time the liability will be reclassified to stockholders' deficit.

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(7) Stock-Based Compensation

In 2012, the Company adopted the 2012 Stock Incentive Plan (the Plan), which was later amended and restated, pursuant to which 1,318,203 shares were available for future issuances as of June 30, 2019. The Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock awards, and/or stock appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. The Company's stock options vest based on the terms in each award agreements and generally vest over four years and have a term of 10 years. The Company estimates forfeitures that it expects will occur adjusts expense for actual forfeitures in the periods they occur.

The Company measures employee and nonemployee stock-based awards at grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the award. The Company recorded stock-based compensation expense in the following expense categories of its accompanying consolidated statements of operations (in thousands):

	Six months ended June 30,	
	2018	2019
Sales and marketing	$ 30	$ 30
General and administrative	58	72
Research and development	20	17
Total stock-based compensation	$ 108	$ 119

The following table summarizes stock option activity for the Plan:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)
Outstanding at January 1, 2019	12,079,157	$ 0.24	
Granted	1,400,500	0.24	
Exercised	(36,874)	0.24	
Early exercised	(11,681)	0.24	
Canceled/forfeited	(356,922)	0.24	
Outstanding at June 30, 2019	13,074,180	0.24	7.43
Vested and expected to vest at June 30, 2019	13,074,180	$ 0.24	7.43
Exercisable at June 30, 2019	7,649,251	$ 0.23	6.50

The 2012 Plan provides the holders of stock options an election to early exercise prior to vesting. The Company has the right, but not the obligation, to repurchase early exercised options without transferring any

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(7) Stock-Based Compensation (Continued)

appreciation to the employee if the employee terminates employment before the end of the original vesting period. The repurchase price is the lesser of the original exercise price or the then fair value of the common stock. At June 30, 2019, $6,000 of proceeds from early exercised options are recognized as a current liability in accrued expenses in the accompanying balance sheet.

The following table summarizes activity relating to early exercise of stock options:

	Number of shares
Unvested balance at January 1, 2019	22,547
Early exercised	11,681
Vested	(7,409)
Unvested balance at June 30, 2019	26,819

The weighted average grant-date fair value per share of options granted was $0.16 during the six months ended June 30, 2019. The aggregate intrinsic value of options exercised was nominal for the six months ended June 30, 2019. As of June 30, 2019, the total unrecognized compensation expense related to unvested employee and nonemployee stock option awards was $0.3 million, which is expected to be recognized in expense over a weighted-average period of approximately 2.83 years.

Estimating Fair Value of Stock Options

The fair value of each grant of stock options was determined by the Company using the methods and assumptions discussed below. Certain of these inputs are subjective and generally requires judgment to determine.

Expected term – The expected term of stock options represents the weighted average period the stock options are expected to be outstanding. The Company uses the simplified method for estimating the expected term as provided by the Securities and Exchange Commission. The simplified method calculates the expected term as the average time to vesting and the contractual life of the options.

Expected volatility – Due to the Company's limited operating history and lack of company-specific historical or implied volatility, the expected volatility assumption was determined by examining the historical volatilities of a group of industry peers whose share prices are publicly available.

Risk-free interest rate – The risk-free rate assumption is based on the U.S. Treasury instruments, the terms of which were consistent with the expected term of the Company's stock options.

Expected dividend – The Company has not paid and does not intend to pay dividends.

TELA BIO, INC.

Notes to Unaudited Interim Consolidated Financial Statements (Continued)

(7) Stock-Based Compensation (Continued)

The fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

	Six months ended June 30, 2019
Expected dividend yield	—
Expected volatility	56.1%
Risk-free interest rate	2.40%
Expected term	6.25 Years

(8) Related-Party Transactions

On November 16, 2018, the Company entered into a senior secured term loan facility with OrbiMed, an entity affiliated with an owner of a material amount of the Company's outstanding voting securities. The terms of the debt and related components are further described in more detail in note 5.

(9) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through August 16, 2019, the date at which the interim consolidated financial statements were available to be issued, and there are no other items requiring disclosure except for the following:

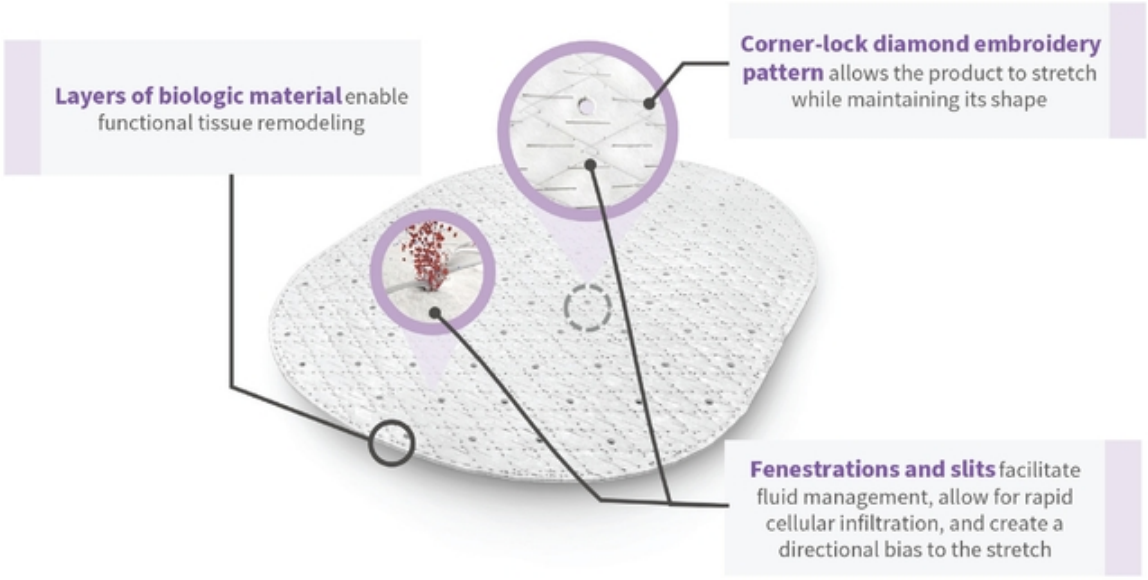
In July 2019, the Company sold 1,463,959 shares of Series B to new and existing investors at $1.16 per share for net proceeds of $1.7 million at the same terms as all other Series B shareholders, which are described elsewhere in this prospectus.

TELA BIO® INC
SURGICAL RECONSTRUCTION COMPANY

SCIENCE. VALUE. INNOVATION.

OviTex® PRS – designed for use in plastic and reconstructive surgery

An innovative reinforced tissue matrix designed to improve outcomes by facilitating fluid management and controlling the degree and direction of stretch



Full market launch planned for 1H 2020

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Shares

TELA Bio, Inc.

Common Stock

PRELIMINARY PROSPECTUS

Joint Book-Running Managers

Jefferies

Piper Jaffray

Lead Manager

Canaccord Genuity

Co-Manager

JMP Securities

, 2019

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and The Nasdaq Global Market listing fee.

Item	Amount
SEC registration fee	$ 8,956.20
FINRA filing fee	9,500.00
Nasdaq Global Market listing fee	*
Printing expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent fees and expenses	*
Miscellaneous expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

The registrant is governed by the DGCL. Section 145 of the DGCL provides that a corporation may indemnify any person, including an officer or director, who was or is, or is threatened to be made, a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was or is an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the corporation's best interest and, for criminal proceedings, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify any person, including an officer or director, who was or is, or is threatened to be made, a party to any threatened, pending or contemplated action or suit by or in the right of such corporation, under the same conditions, except that such indemnification is limited to expenses (including attorneys' fees) actually and reasonably incurred by such person, and except that no indemnification is permitted without judicial approval if such person is adjudged to be liable to such corporation. Where an officer or director of a corporation is successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to above, or any claim, issue or matter therein, the corporation must indemnify that person against the expenses (including attorneys' fees) which such officer or director actually and reasonably incurred in connection therewith.

The registrant's second amended and restated bylaws will authorize the indemnification of its officers and directors, consistent with Section 145 of the DGCL.

Reference is made to Section 102(b)(7) of the DGCL, which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL, which provides for liability of directors for unlawful payments of dividends of unlawful stock purchase or redemptions or (iv) for any transaction from which a director derived an improper personal benefit.

We have entered or intend to enter into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, or the Securities Act, against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding all unregistered securities sold by us since January 1, 2016. Also included is the consideration received by us for such shares and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

1. *Issuance of Capital Stock, Convertible Notes and Warrants*.

A. On January 18, 2017, we issued a total of $7.4 million in aggregate principal amount of convertible promissory notes to holders of our preferred stock in connection with loans from the investors to the Company. The convertible promissory notes accrued interest at a rate of 12% per year and matured on October 20, 2017. On October 20, 2017, the convertible promissory notes and accrued interest thereon (in the aggregate amount of $8.1 million) converted into 6,951,175 shares of our Series B Preferred Stock at an effective per share purchase price of $1.16.

B. On January 18, 2017, in connection with the issuance of the convertible promissory notes described in (1)A above, we issued warrants to the investors to purchase 1,591,864 shares of our Series B Preferred Stock at an exercise price of $1.16 per share. An aggregate of $1.4 million of the loans advanced by the investors was allocated to the purchase price for the warrants. Immediately prior to the completion of this offering, these warrants will become exercisable for up to shares of our common stock, at an exercise price of $ per share. The holders of these warrants are not obligated to exercise the warrants in connection with this offering.

C. On March 31, 2017, in connection with a $15.0 million term loan facility we entered into with Hercules Capital, Inc., we issued warrants to Hercules Technology II, L.P. to purchase 387,932 shares of our Series B Preferred Stock at an exercise price of $1.16 per share. An aggregate of $0.3 million of the term loan was allocated to the purchase price for the warrants. Immediately prior to the completion of this offering, these warrants will become exercisable for up to shares of our common stock, at an exercise price of $ per share. The holders of these warrants are not obligated to exercise the warrants in connection with this offering.

D. On April 26, 2018, in connection with the closing of an $8.0 million term loan under our $14.0 million debt financing transaction with MidCap Financial, we issued warrants to MidCap Financial Trust to purchase 206,897 shares of our Series B Preferred Stock at an exercise price of $1.16 per share. An aggregate of $0.2 million of the term loan was allocated to the purchase price for the warrants. Immediately prior to the completion of this offering, these warrants will become exercisable for up to shares of our common stock, at an exercise price of $ per share. The holders of these warrants are not obligated to exercise the warrants in connection with this offering.

E. On October 23, 2017, we issued an aggregate of 12,931,034 shares of our Series B Preferred Stock to Pacira Pharmaceuticals, Inc. at a price per share of $1.16, for aggregate consideration of $15.0 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

F. On March 23, 2018, we issued an aggregate of 431,034 shares of our Series B Preferred Stock to ProMedica Health System, Inc. at a price per share of $1.16, for aggregate consideration of $0.5 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

G. On April 13, 2018, we issued an aggregate of 431,034 shares of our Series B Preferred Stock to Checkmate Strategic Capital 1, LLC at a price per share of $1.16, for aggregate consideration of $0.5 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

H. On April 27, 2018, we issued an aggregate of 432,000 shares of our Series B Preferred Stock to George DeNoto III, MD at a price per share of $1.16, for aggregate consideration of $0.5 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

I. On November 20, 2018, we issued an aggregate of 1,781,967 shares of our Series B Preferred Stock to investors at a price per share of $1.16, for aggregate consideration of $2.1 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

J. On December 31, 2018, we issued an aggregate of 531,034 shares of our Series B Preferred Stock to investors at a price per share of $1.16, for aggregate consideration of $0.6 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

K. On January 31, 2019, we issued an aggregate of 431,034 shares of our Series B Preferred Stock to Promedica Health Systems, Inc. at a price per share of $1.16, for aggregate consideration of $0.5 million.These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

L. On June 28, 2019, we issued an aggregate of 10,123,480 shares of our Series B Preferred Stock to holders of our preferred stock at a price per share of $1.16, for aggregate consideration of $11.7 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

M. On July 31, 2019, we issued an aggregate of 1,463,959 shares of our Series B Preferred Stock to holders of our preferred stock at a price per share of $1.16, for aggregate consideration of $1.7 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

N. On August 30, 2019, we issued an aggregate of 509,483 shares of our Series B Preferred Stock to investors at a price per share of $1.16, for aggregate consideration of $0.6 million. These shares will automatically convert into shares of our common stock immediately prior to the completion of this offering.

2. *Equity Awards*.

A. Since January 1, 2016, we have granted stock options to employees, officers, directors and consultants, covering an aggregate of 10,016,897 shares of our common stock, having an exercise price of $0.24 per share, in connection with services provided to us by such parties.

B. Since January 1, 2016, we have issued an aggregate of 128,054 shares of our common stock to employees, officers, directors and consultants upon their exercise of stock options, for aggregate cash consideration of approximately $29,504.00.

Unless otherwise stated, the issuances of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. Individuals who purchased securities as described above represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates issued in such transactions.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions or any public offering.

Item 16. Exhibits and Financial Statement Schedules.

a. Exhibits. See Exhibit Index attached to this registration statement, which is incorporated by reference herein.

b. Financial statement schedule. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant. pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Exhibit Index

Exhibit Number	Exhibit Description
1.1†	Form of Underwriting Agreement
3.1	Third Amended and Restated Certificate of Incorporation, as currently in effect
3.2†	Certificate of Amendment to Third Amended and Restated Certificate of Incorporation
3.3†	Form of Fourth Amended and Restated Certificate of Incorporation, to be effective immediately prior to the completion of this offering
3.4	Amended and Restated Bylaws, as currently in effect
3.5†	Form of Second Amended and Restated Bylaws, to be effective immediately prior to the completion of this offering
4.1†	Specimen Common Stock Certificate of Registrant
4.2	Amended and Restated Investors' Rights Agreement
4.3	First Amendment and Joinder to Amended and Restated Investor Rights Agreement
4.4	Amended and Restated Stockholders Agreement
4.5	First Amendment and Joinder to Amended and Restated Stockholders Agreement
4.6	Form of Preferred Stock Purchase Warrant issued by the Registrant to certain investors
4.7	Warrant Agreement to Purchase Shares of Preferred Stock in favor of Hercules Capital, Inc., dated March 31, 2017
4.8	Warrant to Purchase Stock in favor of MidCap Funding XXVIII Trust, dated April 26, 2018
5.1†	Opinion of Pepper Hamilton LLP
10.1+	Form of Indemnification Agreement by and between the Registrant and its individual directors and officers
10.2+	TELA Bio, Inc. 2012 Stock Incentive Plan
10.3+	Amendment to the TELA Bio, Inc. 2012 Stock Incentive Plan
10.4+	Second Amendment to the TELA Bio, Inc. 2012 Stock Incentive Plan
10.5+	Third Amendment to the TELA Bio, Inc. 2012 Stock Incentive Plan
10.6+	Fourth Amendment to the TELA Bio, Inc. 2012 Stock Incentive Plan

Exhibit Number	Exhibit Description
10.7+	Fifth Amendment to the TELA Bio, Inc. 2012 Stock Incentive Plan
10.8+	Form of Incentive Stock Option Agreement pursuant to 2012 Stock Incentive Plan
10.9+	Form of Nonstatutory Stock Option Agreement pursuant to 2012 Stock Incentive Plan
10.10†+	TELA Bio, Inc. 2019 Stock Incentive Plan
10.11†+	Form of Incentive Stock Option Agreement pursuant to 2019 Stock Incentive Plan
10.12†+	Form of Nonstatutory Stock Option Agreement pursuant to 2019 Stock Incentive Plan
10.13+	Employment Agreement, dated December 3, 2012, by and between Registrant and Antony Koblish
10.14+	Amendment to Employment Agreement, dated April 11, 2013, by and between Registrant and Antony Koblish
10.15+	Amended and Restated Employment Agreement, dated January 29, 2013, by and between Registrant and Maarten Persenaire, M.D.
10.16+	Amendment to Amended and Restated Employment Agreement, dated April 11, 2013, by and between Registrant and Maarten Persenaire, M.D.
10.17+	Employment Agreement, dated December 16, 2016, by and between Registrant and Skott Greenhalgh
10.18	Credit Agreement, dated November 16, 2018, by and between Registrant and OrbiMed Royalty Opportunities II, LP
10.19*	Second Amended and Restated License, Product Development and Supply Umbrella Agreement, dated July 16, 2015, by and between the Registrant and Aroa Biosurgery Ltd.
10.20*	Amendment to Second Amended and Restated License, Product Development and Supply Umbrella Agreement, dated November 26, 2015, by and between the Registrant and Aroa Biosurgery Ltd.
10.21*	Addendum to Second Amended and Restated License, Product Development and Supply Umbrella Agreement, dated January 3, 2019, by and between the Registrant and Aroa Biosurgery Ltd.
10.22	Lease between Registrant and Liberty Property Limited Partnership, dated January 31, 2013
10.23	First Amendment to Lease between Registrant and Liberty Property Limited Partnership, dated June 19, 2014
10.24	Second Amendment to Lease between Registrant and WPT Land 2 LP (as successor in interest to Liberty Property Limited Partnership), dated January 17, 2018
10.25+	Stock Restriction Agreement, dated December 3, 2012, by and between the Registrant and Antony Koblish
10.26+	Stock Restriction Agreement, dated December 3, 2012, by and between the Registrant and Maarten Persenaire
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP, an Independent Registered Public Accounting Firm
23.2†	Consent of Pepper Hamilton LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on the signature page to this registration statement)

† To be filed by amendment.
+ Indicates management contract or compensatory plan.
* Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Borough of Malvern, Commonwealth of Pennsylvania, on the 15th day of October, 2019.

TELA BIO, INC.

By: /s/ ANTONY KOBLISH

Name: Antony Koblish
Title: President, Chief Executive Officer and Director

POWER OF ATTORNEY

Each of the undersigned directors and officers of TELA Bio, Inc. hereby constitutes and appoints each of Antony Koblish and Nora Brennan as his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and his name, place and stead, in any and all capacities, to execute any and all amendments (including post-effective amendments) to this registration statement, to sign any registration statement related to this registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, or the Securities Act, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ ANTONY KOBLISH Antony Koblish	President, Chief Executive Officer and Director (Principal Executive Officer)	October 15, 2019
/s/ NORA BRENNAN Nora Brennan	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	October 15, 2019
/s/ KURT AZARBARZIN Kurt Azarbarzin	Chairman, Board of Directors	October 15, 2019

Signature	Title	Date
/s/ VINCE BURGESS Vince Burgess	Director	October 15, 2019
/s/ RONALD ELLIS Ronald Ellis	Director	October 15, 2019
/s/ ASHLEY FRIEDMAN Ashley Friedman	Director	October 15, 2019
/s/ ADELE OLIVA Adele Oliva	Director	October 15, 2019
/s/ MATT ZUGA Matt Zuga	Director	October 15, 2019

Exhibit 3.1

State of Delaware
Secretary of State
Division of Corporation
Delivered 11:56 AM 06/28/2019
Filed 11:56 AM 06/28/2019
SR 20195723331 - File Number 5141284

EXECUTED VERSION

THIRD AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

TELA BIO, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

TELA Bio, Inc. (the **"Corporation"**), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware, as the same may be amended from time to time (the **"Corporation Law"**),

DOES HEREBY CERTIFY THAT:

1. The name of the Corporation is TELA Bio, Inc. and the Corporation was originally incorporated pursuant to the Corporation Law on April 17, 2012 under the name TELA Bio, Inc.;

2. This Third Amended and Restated Certificate of Incorporation (this **"Certificate"),** which restates and integrates and further amends the provisions of this Corporation's Second Amended and Restated Certificate of Incorporation, as amended, has been duly adopted in accordance with Sections 242 and 245 of the Corporation Law;

3. The Board of Directors of the Corporation duly adopted resolutions proposing to amend and restate the Second Amended and Restated Certificate of Incorporation of the Corporation, as amended, declaring said amendment and restatement to be advisable and in the best interests of the Corporation and its stockholders, and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefor;

4. This Certificate has been duly approved by the written consent of stockholders of the Corporation in accordance with Section 228 of the Corporation Law; and

5. The text of the Second Amended and Restated Certificate of Incorporation of the Corporation, as amended, is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the Corporation is TELA Bio, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Corporation Law,

ARTICLE IV

A. Authorization. The aggregate number of shares of all classes of stock which the Corporation shall have the authority to issue is 232,550,321 shares, such shares being designated as follows: (i) 127,157,528 shares of common stock, par value $0.001 per share (the **"Common Stock"),** and (ii) 105,392,793 shares of preferred stock, par value $0.001 per share (the **"Preferred Stock"),** of which (a) 22,501,174 are designated Series A Preferred Stock (the **"Series A Preferred Stock"**) and (b) 82,891,619 are designated Series B Preferred Stock (the **"Series B Preferred Stock").** The Common Stock and the Preferred Stock shall have the voting powers, designations, preferences, rights, privileges, qualifications, limitations and restrictions set forth in Sections B and C, respectively, of this ARTICLE IV. The definitions of certain capitalized terms used but not otherwise defined in the body of this Certificate are set forth in ARTICLE IVC. 12.1.

B. Common Stock,

1. General. Except as required by law or as provided in this Certificate, all shares of Common Stock shall be identical in all respects and shall entitle the holders thereof to the same powers, rights and privileges, subject to the same qualifications, limitations and restrictions. The dividend, voting and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the Preferred Stock set forth herein.

2. Dividends and Distributions. Subject to the provisions of this Certificate, including Section C of this ARTICLE IV, the holders of shares of Common Stock shall be entitled to receive such dividends and distributions, payable in cash or otherwise, as may be declared thereon by the Board from time to time out of assets or funds of the Corporation legally available therefor. The holders of shares of Common Stock shall be entitled to share equally, on a per share basis, in such dividends or distributions, subject to the limitations described below.

3. Voting. Subject to this ARTICLE IV, each holder of Common Stock shall be entitled to vote on each matter (a expressly required by the Corporation Law or (b) otherwise submitted to a vote of the stockholders of the Corporation, including the election of directors, except for matters subject to a separate class vote by one or more classes and/or series of capital stock of the Corporation other than Common Stock to the extent such separate class vote is required by the Corporation Law or this Certificate. Each such holder shall be entitled to one vote per share of Common Stock on each matter to be voted on by such Common Stock.

4. Liquidation. In the event of any Liquidation, the assets of the Corporation shall be distributed to the holders of Common Stock pursuant to Section 3.1.3 of Section C of this ARTICLE IV.

C. Preferred Stock. The Preferred Stock shall have the voting powers, designations, preferences, rights, privileges, qualifications, limitations and restrictions set forth below:

1. Rank.

1.1. The Series B Preferred Stock shall rank (a) senior to (i) the Series A Preferred Stock and (ii) the Junior Stock (as defined herein), (b) on parity with any class or series of capital stock of the Corporation specifically ranking by its terms on parity with the Series B Preferred Stock, and (c) junior to any class or series of capital stock of the Corporation specifically ranking by its terms senior to the Series B Preferred Stock, in each case, as to payment of dividends or distributions of assets upon a Liquidation or a Liquidity Event.

1.2. The Series A Preferred Stock shall rank (a) senior to (i) the Common Stock, and (ii) any other class or series of capital stock of the Corporation either specifically ranking by its terms junior to the Series A Preferred Stock or not specifically ranking by its terms senior to or on parity with the Series A Preferred Stock (collectively, the **"Junior Stock"), (b)** on parity with any class or series of capital stock of the Corporation specifically ranking by its terms on parity with the Series A Preferred Stock, and (c) junior to (i) the Series B Preferred Stock and (ii) any other class or series of capital stock of the Corporation specifically ranking by its terms senior to the Series A Preferred Stock, in each case, as to payment of dividends or distributions of assets upon a Liquidation or a Liquidity Event,

2. Dividends.

2.1. Preferred Stock Dividends.

2.1.1. Series B Dividends. Commencing on the date that shares of Series B Preferred Stock are issued, the holders of such shares of Series B Preferred Stock (each, a **"Series B Holder"** and, collectively, the **"Series B Holders**") shall be entitled to receive dividends out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend on any Series A Preferred Stock or any Junior Stock, at a rate equal to eight percent (8%) per annum (based upon a three hundred sixty-five (365) day year) of One Dollar and Sixteen Cents ($1.16) (as appropriately adjusted to reflect the effect of any stock dividend, split, combination, reclassification, recapitalization or other similar event with respect to the Series B Preferred Stock, the **"Series B Issue Price**") per share (the **"Series B Dividends"**). The Series B Dividends shall be payable (a) in cash when, as and if declared by the Board and, whether or not declared, upon a Liquidation pursuant to ARTICLE IVC.3 or a redemption of the Series B Preferred Stock pursuant to ARTICLE IVC.6; or (b) whether or not declared, in cash or in the form of shares of Common Stock upon conversion of the Series B Preferred Stock in accordance with ARTICLE IVC.5.1.1. The Series B Dividends shall be cumulative and shall accrue on a daily basis with respect to each share of issued Series B Preferred Stock to which such Series B Dividends apply, from and including the date of issuance of such share, whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends,

until paid. The Series B Dividends shall be non-compounding. If any shares of Series B Preferred Stock are transferred, all accrued but unpaid Series B Dividends on such shares at the time of such transfer shall be transferred with such shares and the transferee shall be entitled to receive all such accrued but unpaid Series B Dividends, together with all Series B Dividends that accrue on and after the time of such transfer, upon any payment event set forth herein occurring after such transfer as if such transferee had both held such shares from the Corporation's original issuance of such shares and received all prior Series B Dividends from the Corporation's original issuance of such shares.

2.1.2. Series A Dividends. Commencing on the date that shares of Series A Preferred Stock are issued, the holders of such shares of Series A Preferred Stock (each, a **"Series A Holder",** and collectively, the **"Series A Holders"**) shall be entitled to receive dividends out of any assets legally available therefor, after the payment in full of all accrued but unpaid Series B Dividends on all outstanding shares of Series B Preferred Stock (whether pursuant to ARTICLE IVC.3.1.1 or, if applicable, paid prior to a Liquidation or a Liquidity Event treated as a Liquidation), but prior and in preference to any declaration or payment of any dividend on any Junior Stock, at a rate equal to eight percent (8%) per annum (based upon a three hundred sixty-five (365) day year) of One Dollar ($1.00) (as appropriately adjusted to reflect the effect of any stock dividend, split, combination, reclassification, recapitalization or other similar event with respect to the Series A Preferred Stock, the **"Series A Issue Price"**) per share (the **"Series A Dividends"** and, together with the Series B Dividends, the **"Preferred Stock Dividends"**), The Series A Dividends shall be payable (a) in cash when, as and if declared by the Board and, whether or not declared, upon a Liquidation pursuant to ARTICLE IVC.3 or a redemption of the Series A Preferred Stock pursuant to ARTICLE IVC.6; or (b) whether or not declared, in cash or in the form of shares of Common Stock upon conversion of the Series A Preferred Stock in accordance with ARTICLE IVC.5.1.1. The Series A Dividends shall be cumulative and shall accrue on a daily basis with respect to each share of issued Series A Preferred Stock to which such Series A Dividends apply, from and including the date of issuance of such share, whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends, until paid. The Series A Dividends shall be non-compounding. If any shares of Series A Preferred Stock are transferred, all accrued but unpaid Series A Dividends on such shares at the time of such transfer shall be transferred with such shares and the transferee shall be entitled to receive all such accrued but unpaid Series A Dividends, together with all Series A Dividends that accrue on and after the time of such transfer, upon any payment event set forth herein occurring after such transfer as if such transferee had both held such shares from the Corporation's original issuance of such shares and received all prior Series A Dividends from the Corporation's original issuance of such shares.

2.2. Participating Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in this Certificate) the holders of then outstanding Preferred Stock (each, a **"Preferred Stock Holder",** and collectively, the **"Preferred Stock Holders"**) shall first receive, or simultaneously receive, collectively, a dividend on each outstanding share of Preferred Stock in an amount at least equal to the greater of (i) the amount of the aggregate Preferred Stock Dividends then accrued on such share of Preferred Stock and not previously paid and (ii) (A) in the case of a dividend on Common Stock or any class or series that

is convertible into Common Stock other than the Preferred Stock Dividends, that dividend per share of Preferred Stock as would equal the product of (1) the dividend payable on each share of such class or series (other than Preferred Stock Dividends) determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (2) the number of shares of Common Stock issuable upon conversion of each such share of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (B) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Preferred Stock determined by (1) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate and proportionate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares) and (2) multiplying such quotient by an amount equal to the Series A Issue Price or Series B Issue Price, as applicable; provided, however, that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, (a) the dividend payable to the Series A Holders pursuant to this ARTICLE IVC.2.2 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest dividend with respect to the Series A Preferred Stock (calculated by applying the foregoing provisions to the Series A Preferred Stock), and (b) the dividend payable to the Series B Holders pursuant to this ARTICLE IVC.2,2 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest dividend with respect to the Series B Preferred Stock (calculated by applying the foregoing provisions to the Series B Preferred Stock).

2.3. Adjustments. All numbers relating to the calculation of dividends pursuant to this ARTICLE IVC.2 shall be subject to appropriate adjustment whenever there shall occur a stock split, combination, reclassification, recapitalization or other similar event involving or affecting a change in the Corporation's capital structure to provide to the Preferred Stock Holders the same economic return as they would have received in the absence of such event.

3. Liquidation, Dissolution and Winding Up.

3.1. Treatment at Liquidation, Dissolution or Winding Up.

3.1.1. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, whether under the Corporation Law, federal bankruptcy laws, or other applicable federal or state laws (each such event is referred to herein as a **"Liquidation"**), the Series B Holders shall be entitled to be paid out of the assets of the Corporation available for distribution or payment to holders of the Corporation's capital stock of all classes, whether such assets are capital, surplus or earnings **("Available Assets")**, before any distribution or payment is made to any holders of Series A Preferred Stock or Junior Stock, by reason of their ownership of such stock, an amount per share of Series B Preferred Stock equal to (a) the Series B Issue Price plus, (b) an amount equal to all accrued and unpaid Series B Dividends (whether or not declared) on such share of Series B Preferred Stock (the **"Series B Liquidation Preference"**). If, upon Liquidation, the Available Assets shall be insufficient to pay the full amount of the Series B Liquidation Preference in respect of all outstanding shares of Series B Preferred Stock, the Series B Holders shall share in any distribution or payment of Available Assets pro rata in proportion to the respective Series B Liquidation Preference which would otherwise be

payable upon a Liquidation with respect to the outstanding shares of the Series B Preferred Stock if the Series B Liquidation Preference payable with respect to all such shares were paid in full.

3.1.2. In the event of any Liquidation, the Series A Holders shall be entitled to be paid out of the Available Assets, after the payment in full of the Series B Liquidation Preference in respect of all outstanding shares of Series B Preferred Stock pursuant to ARTICLE IVC.3.1.1 but before any distribution or payment is made to any holders of Junior Stock, by reason of their ownership of such stock, an amount per share of Series A Preferred Stock equal to (a) the Series A Issue Price plus, (b) an amount equal to all accrued and unpaid Series A Dividends (whether or not declared) on such share of Series A Preferred Stock (the **"Series A Liquidation Preference"**). If, upon Liquidation, the Available Assets available after the payment in full of the Series B Liquidation Preference in respect of all outstanding shares of Series B Preferred Stock shall be insufficient to pay the full amount of the Series A Liquidation Preference in respect of all outstanding shares of Series A Preferred Stock, the Series A Holders shall share in any distribution or payment of Available Assets pro rata in proportion to the respective Series A Liquidation Preference which would otherwise be payable upon a Liquidation with respect to the outstanding shares of the Series A Preferred Stock if the Series A Liquidation Preference payable with respect to all such shares were paid in full.

3.1.3. In the event of any Liquidation, after the payment in full of the Series B Liquidation Preference in respect of all outstanding shares of Series B Preferred Stock pursuant to ARTICLE IVC.3.1.1 and the Series A Liquidation Preference in respect of all outstanding shares of Series A Preferred Stock pursuant to ARTICLE IVC.3.1.2, the remaining Available Assets, if any, shall be distributed among the holders of Common Stock and the Preferred Stock pro rata in proportion to the number of shares of Common Stock then held by such holders, with each share of Preferred Stock treated as the number of shares of Common Stock into which such share of Preferred Stock is then convertible assuming conversion of such shares of Preferred Stock into shares of Common Stock pursuant to ARTICLE IVC.5 immediately prior to such Liquidation until (x) with respect to the shares of Series A Preferred Stock, such time as the Series A Holders have received, collectively, pursuant to ARTICLE IVC.3.1.2 and this ARTICLE IVC.3.1.3 an aggregate amount per share of issued and outstanding Series A Preferred Stock equal to the product obtained by multiplying the Series A Issue Price by five and (y) with respect to the shares of Series B Preferred Stock, such time as the Series B Holders have received, collectively, pursuant to ARTICLE IVC.3.1.1 and this ARTICLE IVC.3.1.3 an aggregate amount per share of issued and outstanding Series B Preferred Stock equal to the product obtained by multiplying the Series B Issue Price by five. Thereafter, the remaining Available Assets, if any, shall be distributed among the holders of Common Stock pro rata in proportion to the number of shares of Common Stock then held by such holders. For purposes hereof: (a) the aggregate amount which a Series B Holder is entitled to receive under ARTICLE IVC.3.1.1 and this ARTICLE IVC.3.1.3 is hereinafter referred to as the **"Series B Liquidation Amount**;**"** and (b) the aggregate amount which a Series A Holder is entitled to receive under ARTICLE IVC.3.1.2 and this ARTICLE IVC.3.1.3 is hereinafter referred to as the **"Series A Liquidation Amount**.**"**

3.1.4. Notwithstanding anything contained herein to the contrary, in the event a Preferred Stock Holder would receive a greater amount in connection with a Liquidation (including a Liquidity Event treated as a Liquidation and whether at the time of such Liquidation or at any time thereafter) by converting some or all shares of its Series A Preferred

Stock or Series B Preferred Stock to Common Stock rather than receiving the Series A Liquidation Amount or the Series B Liquidation Amount, as applicable, such holder shall receive such greater amount in lieu of the Series A Liquidation Amount or the Series B Liquidation Amount, as applicable, without the need to convert such shares of Series A Preferred Stock or Series B Preferred Stock,

3.1.5. If a Liquidation (including a Liquidity Event that is treated as a Liquidation hereunder) occurs after the first Liquidity Event treated as a Liquidation, the amount payable to the Preferred Stock Holders and holders of Common Stock pursuant hereto shall be calculated by aggregating the funds available to be paid to the stockholders from such Liquidation (or Liquidity Event) together with the funds paid to the stockholders pursuant to all prior Liquidity Events that were treated as Liquidations (collectively, the **"Aggregate Funds"**), and the amounts payable with respect to each share of Preferred Stock and Common Stock in connection with such Liquidity Event shall be calculated based on the amount of the Aggregate Funds and paid in accordance with ARTICLE IVC.3.1.1, ARTICLE IVC.3.1.2 and ARTICLE IVC.3.1.3 hereof as if all Aggregate Funds had been paid pursuant to a single Liquidity Event.

3.2. Treatment of Liquidity Event.

3.2.1. Transaction Payment. At least ten (10) Business Days prior to the consummation of a Liquidity Event, the Corporation, or if the Corporation is not a party to such Liquidity Event, the holders of shares of capital stock of the Corporation that are parties to such Liquidity Event, shall provide the Preferred Stock Holders written notice of such Liquidity Event (the **"Event Notice"**). Unless the Preferred Stock Holders holding shares of Preferred Stock that then represent at least seventy percent (70%) of the shares of Common Stock issuable upon conversion of the then outstanding shares of Preferred Stock (the **"Requisite Holders"**) deliver a notice to the Corporation within five (5) Business Days after receipt of an Event Notice stating that such Liquidity Event shall not be treated as a Liquidation, a Liquidity Event shall be treated as a Liquidation and all of the consideration paid and payable to the Corporation and its stockholders shall be Available Assets for distribution to the stockholders of the Corporation upon Liquidation pursuant to ARTICLE IVC.3.1. Unless otherwise agreed to in writing by the Requisite Holders, no stockholder of the Corporation shall enter into any transaction or series of related transactions resulting in a Liquidation pursuant to the terms hereof unless the terms of such transaction or transactions provide that the consideration to be paid to the stockholders of the Corporation is to be allocated in accordance with the preferences and priorities set forth in ARTICLE IVC.3.1. In no event shall the payment of all or any portion of the Transaction Payment be deemed to be a payment of accrued and unpaid dividends on any shares of Preferred Stock (other than the Preferred Stock Dividends), to the extent permitted by applicable law.

3.2.2. Payment of Transaction Payment. If securities of any entity (the **"Acquiring Entity Stock"**) or other property, other than Additional Consideration, are Issued or to be Issued to the holders of Common Stock pursuant to the Liquidity Event, then, in such event, (a) to the extent any Preferred Stock Dividends must be paid in cash pursuant to ARTICLE IVC.2.1, the portion of the Transaction Payment comprising cash shall first be paid to the Preferred Stock Holders (subject to, and in accordance with, ARTICLE IVC.3.1) until the Preferred Stock Dividends are satisfied in full or, if such cash portion of the Transaction Payment is insufficient to satisfy the Preferred Stock Dividends in full, until such cash portion of the Transaction Payment

has been depleted, and (b) the remaining Transaction Payment, other than Additional Consideration, shall be paid to the Preferred Stock Holders in such portions of such cash, property or Acquiring Entity Stock, such that all Preferred Stock Holders and holders of Common Stock shall receive the same proportion of remaining cash, if any, property and Acquiring Entity Stock, other than Additional Consideration, in respect of the amounts to which they are entitled pursuant to ARTICLE IVC.3.1. The Acquiring Entity Stock used to make the Transaction Payment to the Preferred Stock Holders, if any, shall have the same rights, preferences and restrictions (including whether the issuance or sale of such Acquiring Entity Stock is registered or entitled to registration rights under the Securities Act) as the Acquiring Entity Stock issued to the holders of Common Stock in the Liquidity Event. Notwithstanding the foregoing, neither the Corporation nor the issuing entity shall be obligated to deliver certificates evidencing the Acquiring Entity Stock or other property deliverable to a holder of Preferred Stock or Common Stock as a result of the Liquidity Event unless and until the certificates representing shares of Preferred Stock or Common Stock held by such holder are either delivered to the Corporation or the issuing entity, or their respective transfer agents, as the Corporation and the issuing entity may reasonably require, duly endorsed in blank for transfer, or the holder certifies in writing to the Corporation or the issuing entity, or their respective transfer agents, as the Corporation and the acquiring entity may reasonably require, that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation or such issuing entity to indemnify the Corporation and/or such issuing entity from any loss incurred by it in connection with such certificates. The value of the Acquiring Entity Stock or other property determined as follows shall be used for purposes of determining the amount of the entire consideration in the transaction, the Transaction Payment and the payment thereof (provided that any Additional Consideration shall be paid in accordance with ARTICLE IVC.3.2.3):

(a) If the consideration received by the Corporation or its stockholders **("Proceeds")** is other than cash or evidences of indebtedness (for which the value thereof shall be deemed to be the principal amount thereof), its value will be deemed to be its fair market value, determined as follows.

(i) Any securities (including any Acquiring Entity Stock) included in the Proceeds shall be valued as follows:

a) If traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three trading days prior to the closing of the Liquidity Event;

b) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three trading days prior to the closing of the Liquidity Event; and

c) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith, by the Board on the date such determination is made; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional

advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith.

(ii) Any Proceeds other than cash, evidence of indebtedness, and securities shall have the fair market value of such Proceeds as determined, in good faith, by the Board on the date such determination is made; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith,

(b) The foregoing methods for valuing Proceeds to be distributed or delivered in connection with a Liquidity Event shall, upon approval by the stockholders of the definitive agreements governing the Liquidity Event, be superseded by any determination of such value set forth in the definitive agreements governing such Liquidity Event.

3.2.3. Contingent Consideration. Notwithstanding any other provision set forth in this ARTICLE IVC.3, in the event of a Liquidity Event treated as a Liquidation, if any consideration payable to the Corporation or the stockholders of the Corporation is payable to the Corporation or the stockholders of the Corporation subject to satisfaction of any contingency (whether upon the occurrence of any event, the passage of time or otherwise) (the **"Additional Consideration"**), then the definitive agreement relating thereto shall provide that (i) the portion of such consideration that is not Additional Consideration (the **"Initial Consideration"**) shall be allocated among the holders of capital stock of the Corporation in accordance with this ARTICLE IVC.3 as if the Initial Consideration were the only consideration payable in connection with such Liquidity Event and (ii) any Additional IVC.3 Consideration which becomes payable to the Corporation or the stockholders of the Corporation upon release from escrow or satisfaction of the applicable contingency shall be allocated among the holders of capital stock of the Corporation in accordance with this ARTICLE IVC.3 after taking into account the previous payment of the Initial Consideration, and any Additional Consideration previously paid to the Corporation or the stockholders of the Corporation upon satisfaction of any contingency, as part of the same transaction. For the purposes of this ARTICLE IVC.3.2.3, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Liquidity Event and all deferred purchase price payments, installment purchase price payments, payments made in respect of any promissory note issued in such Liquidity Event as part of the purchase price, purchase price adjustment payments and payments in respect of "earnouts" shall be Additional Consideration.

4. Voting Rights.

4.1. General. In addition to the specific voting rights of the holders of Preferred Stock provided under the Corporation Law or in this ARTICLE IVC.4, each Preferred Stock Holder shall be entitled to vote together with the Common Stock and all other series and classes of stock permitted to vote with the Common Stock on all matters submitted to a vote of the

holders of the Common Stock (including election of directors) in accordance with the provisions of this ARTICLE IVC.4, except with respect to matters in respect of which one or more other classes of stock is entitled to vote as a separate class under the Corporation Law or the provisions of this Certificate. Each Preferred Stock Holder shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation at the same time and in the same manner as notice is given to all other stockholders entitled to vote at such meetings. For each vote in which the Preferred Stock Holders are entitled to participate, each Preferred Stock Holder shall be entitled to that number of votes per share to which such Preferred Stock Holder would have been entitled had each share of Preferred Stock held by such Preferred Stock Holder then been converted into shares of Common Stock pursuant to the provisions of ARTICLE IVC.5.1.1 (assuming that each Preferred Stock Holder received cash for any accrued and unpaid dividends upon such conversion), at the record date for the determination of those holders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted to Common Stock basis (after aggregating all fractional shares into which shares of Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole share (with one-half being rounded upward).

4.2. Election of Directors.

4.2.1. Preferred Stock Directors. For so long as at least 4,500,234 shares of Series A Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A Preferred Stock), the Series A Holders, voting as a separate class, shall be entitled to elect two members of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office any directors elected pursuant to this ARTICLE IVC.4.2.1 and to fill any vacancy caused by the death, resignation or removal of such director. In addition, for so long as at least 7,822,437 shares of Series B Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock), the Series B Holders, voting as a separate class, shall be entitled to elect three members of the Board at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office any directors elected pursuant to this ARTICLE IVC.4.2.1 and to fill any vacancy caused by the death, resignation or removal of such director.

4.2.2. Other Directors. The holders of Preferred Stock and the holders of Common Stock, voting together as a single class on an as-converted basis, shall be entitled to elect all members of the Board not specified in ARTICLE IVC.4.2.1 at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors, and to remove from office any directors elected pursuant to this ARTICLE IVC.4.2.2 and to fill any vacancy caused by the death, resignation or removal of such directors.

4.2.3. Number of Directors. Subject to any additional vote required by this Certificate, the number of directors of the Corporation shall be determined in the manner set forth in the bylaws of the Corporation.

4.3. Additional Restriction and Limitation On Corporate Action.

4.3.1. For so long as at least 12,322,672 shares of Preferred Stock are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Preferred Stock), the affirmative vote or written consent of the Requisite Holders shall be required to authorize any of the following actions by the Corporation or its Subsidiaries, whether directly or indirectly, and whether through a merger, reorganization, consolidation or other means and any such action transaction entered into without such vote or written consent shall be null and void ab initio and of no force or effect:

(a) cause or effect any (i) Liquidation or (ii) other transaction or series of transactions involving the Corporation, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Corporation's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions;

(b) sell, lease, license, transfer or dispose of any material assets, other than the non-exclusive out-licensing of any material intellectual property rights of the Corporation in the ordinary course of business;

(c) acquire any other entity (whether by merger, stock purchase or otherwise) or all or substantially all of the assets of another Person in any transaction or series of related transactions outside the ordinary course of business;

(d) unless such action is approved by the Board, in-license any material intellectual property rights; provided, however, that any in-license of intellectual property rights that constitutes an acquisition of all or substantially all of the assets of the licensor outside the ordinary course of business shall be subject to the affirmative vote or written consent of the Requisite Holders as described in clause (c) immediately preceding this clause (d);

(e) pay or make any dividends or distributions, other than (i) the Preferred Stock Dividends and (ii) dividends on shares of Common Stock payable in shares of Common Stock;

(f) redeem, repurchase or otherwise acquire any equity securities of the Corporation or any Subsidiary, other than (i) the redemption of the Preferred Stock under ARTICLE IVC.6 and (ii) acquisitions from employees, directors, officers, consultants or advisors of equity securities of the Corporation or any Subsidiary in connection with termination of such Person's employment, engagement or other provision of services if such acquisition is (or was) approved by the Board, including if the Board approved, prior to such termination, an agreement contemplating such acquisition;

(g) authorize, Issue or agree to Issue any equity securities or rights to acquire equity securities (including convertible, exercisable and

exchangeable securities) of the Corporation or any Subsidiary, other than (i) equity securities Issued or Issuable to employees, directors or officers of, or consultants or advisors to, the Corporation pursuant to an equity incentive plan, agreement or arrangement approved by the Board or the Compensation Committee thereof, (ii) shares of Common Stock Issuable upon conversion of the Preferred Stock in accordance with ARTICLE IVC.5 or (iii) shares of Series B Preferred Stock pursuant to the Series B Purchase Agreement;

(h) increase the number of shares of capital stock reserved for issuance under any equity incentive plan approved by the Board (other than increases to appropriately reflect the effect of any stock dividend, split, combination, reclassification, recapitalization or other similar event);

(i) increase the size of the Board;

(j) amend, repeal or modify the certificate of incorporation, by-laws or similar governing instrument(s) of the Corporation or any of its Subsidiaries;

(k) undertake any public offering of its securities other than a Qualified Public Offering;

(1) unless such action is approved by the Board, authorize or make any operating expenditures or capital expenditures (including capital expenditures under capitalized leases) that exceed by more than ten percent (10%) those expenditures that are authorized by the Board in the Corporation's annual budget;

(m) enter into any agreement to compensate, or increase the amount of compensation or other amounts payable to, any employee of the Corporation earning more than Two Hundred Thousand Dollars ($200,000) per annum in exchange for services provided by such Person to the Corporation, unless, in each case, such action was approved by the Board or the Compensation Committee (through approval of the Corporation's budget or otherwise);

(n) other than trade accounts payable, other accrued current liabilities arising in the ordinary course of business, and Indebtedness incurred in accordance with the terms and conditions of agreements previously approved by the Preferred Stock Holders, incur Indebtedness that would increase the Corporation's total Indebtedness by more than One Hundred Thousand Dollars ($100,000) in any fiscal year unless such action is approved by the Board; or

(o) unless such action is approved by the Board, form, contribute any capital or assets, or loan or advance any funds, to any subsidiary, joint venture or similar business entity, other than any wholly owned Subsidiary.

4.3.2. For so long as HighCape and Signet and their respective permitted assigns constituting Affiliates of either HighCape or Signet, as the case may be, continue to hold at least 5,603,448 shares of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with

respect to the Series B Preferred Stock), the affirmative vote or written consent of the Series B Holders holding at least eighty percent (80%) of the then outstanding shares of Series B Preferred Stock shall be required to authorize any of the following actions by the Corporation or its Subsidiaries, whether directly or indirectly, and whether through a merger, reorganization, consolidation or other means and any such action transaction entered into without such vote or written consent shall be null and void ab initio and of no force or effect:

(a) pay or make any dividends or distributions, other than (i) the Preferred Stock Dividends and (ii) dividends on shares of Common Stock payable in shares of Common Stock;

(b) redeem, repurchase or otherwise acquire any equity securities of the Corporation or any Subsidiary, other than (i) the redemption of the Preferred Stock under ARTICLE IVC.6 and (ii) acquisitions from employees, directors, officers, consultants or advisors of equity securities of the Corporation or any Subsidiary in connection with termination of such Person's employment, engagement or other provision of services if such acquisition is (or was) approved by the Board, including if the Board approved, prior to such termination, an agreement contemplating such acquisition; or

(c) amend, repeal or modify the certificate of incorporation or by-laws of the Corporation in a manner that would adversely affect the rights, preferences, privileges, restrictions or obligations of the Series B Preferred Stock in manner that is different than, or disproportionate to, the rights, preferences, privileges, restrictions or obligations of the Series A Preferred Stock,

5. Conversion. The Preferred Stock Holders shall have the following rights and be subject to the following obligations with respect to the conversion of such shares into shares of Common Stock.

5.1. Right to Convert.

5.1.1. Subject to and in compliance with the provisions of this ARTICLE IVC.5, each share of Preferred Stock may, at the option of the holder thereof, be converted at any time and from time to time, and without the payment of additional consideration by the holder thereof, into fully-paid and non-assessable shares of Common Stock. The number of shares of Common Stock which a Series A Holder shall be entitled to receive upon conversion of its Series A Preferred Stock shall be equal to the product obtained by multiplying (a) the number of shares of Series A Preferred Stock being converted at any time by (b) the Series A Conversion Rate then in effect. The number of shares of Common Stock which a Series B Holder shall be entitled to receive upon conversion of its Series B Preferred Stock shall be equal to the product obtained by multiplying (a) the number of shares of Series B Preferred Stock being converted at any time by (b) the Series B Conversion Rate then in effect. Upon conversion, each Preferred Stock Holder shall be entitled to receive a cash payment in an amount equal to the aggregate Preferred Stock Dividends accrued and unpaid on each share of Preferred Stock held by such holder immediately prior to such conversion, provided that, if the conversion occurs in connection with the Corporation's initial public offering, then, at the election of the Board, the Corporation shall (in lieu of paying in cash all or a portion of such Preferred Stock Dividends) issue, with

respect to a share of Preferred Stock, a number of shares of Common Stock equal to the quotient of (x) the amount of the unpaid Preferred Stock Dividend elected by Board to be paid in the form of shares of Common Stock divided by (y) the fair market value of a share of Common Stock, as determined in good faith by the Board; provided, however, that, the amount of the Preferred Stock Dividends elected by the Board to be paid in the form of shares of Common Stock in lieu of a cash payment shall be made ratably on the Series A Preferred Stock and Series B Preferred Stock (based on the respective amount of Preferred Stock Dividends that have accrued on each series of Preferred Stock); provided further, however, the for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith.

5.1.2. The **"Series A Conversion Rate"** in effect at any time for each share of Series A Preferred Stock shall be an amount equal to the quotient obtained by dividing (a) the Series A Issue Price by (b) the Series A Conversion Price then in effect. The initial **"Series A Conversion Price"** for each share of Series A Preferred Stock shall be equal to the Series A Issue Price. The Series A Conversion Price shall be subject to adjustment in accordance with this ARTICLE IVC.5.

5.1.3. The **"Series B Conversion Rate"** in effect at any time for each share of Series B Preferred Stock shall be an amount equal to the quotient obtained by dividing (a) the Series B Issue Price by (b) the Series B Conversion Price then in effect. The initial **"Series B Conversion Price"** for each share of Series B Preferred Stock shall be equal to the Series B Issue Price. The Series B Conversion Price shall be subject to adjustment in accordance with this ARTICLE IVC.5. For purposes hereof, **"Conversion Price"** means the Series A Conversion Price or the Series B Conversion Price, as may be applicable.

5.2. Automatic Conversion.

5.2.1. General. All outstanding shares of Preferred Stock shall automatically convert into shares of Common Stock in accordance with the terms set forth in ARTICLE IVC.5.1 (a) immediately prior to the consummation of a Qualified Public Offering or (b) upon the affirmative vote or consent of, and written notice to, the Corporation by the Requisite Holders (each, a **"Mandatory Conversion Event").**

5.3. Anti-Dilution Adjustments.

5.3.1. Adjustment of Conversion Price Upon Issuance of Shares of Common Stock. Except as provided in ARTICLE IVC.5.3.1(f) and ARTICLE TVC.5.3.2. for so long as there are any shares of Preferred Stock outstanding, and with respect to each share of Series A Preferred Stock or Series B Preferred Stock, as applicable, if, at any time on or after the date of the filing of this Certificate with the Secretary of State of the State of Delaware, the Corporation shall Issue, or is, in accordance with ARTICLE IVC.5.3.1(a) through ARTICLE IVC.5.3.1(f) below, deemed to have Issued, any shares of Common Stock for no consideration or for a consideration per share less than the applicable Conversion Price in effect immediately prior to the

time of such Issuance or, as to Common Stock Equivalents, Net Consideration Per Share less than the applicable Conversion Price in effect immediately prior to the time of such Issuance, then, forthwith upon such Issue, the applicable Conversion Price shall be reduced to the price determined by multiplying such Conversion Price by the following fraction:

$$\frac{N(0)+N(1)}{N(0)+N(2)}$$

Where:

N(0) = the number of shares of Common Stock (calculated on a Fully Diluted Basis) outstanding immediately prior to the Issuance of such additional shares of Common Stock or Common Stock Equivalents.

N(l) = the number of shares of Common Stock which the aggregate consideration, if any, (including the aggregate Net Consideration Per Share with respect to the issuance of Common Stock Equivalents) received or receivable by the Corporation for the total number of such additional shares of Common Stock so Issued or deemed to be Issued would purchase at the Conversion Price in effect immediately prior to such issuance.

N(2) = the number of such additional shares of Common Stock so Issued or deemed to be Issued.

The provisions of this ARTICLE IVC.5.3 may be waived as to all shares of Series A Preferred Stock in any instance upon the written agreement of the holders of at least two-thirds of the then outstanding shares of Series A Preferred Stock. The provisions of this ARTICLE IVC.5.3 may be waived as to all shares of Series B Preferred Stock in any instance upon the written agreement of the holders of at least eighty percent (80%) of the then outstanding shares of Series B Preferred Stock. Notwithstanding the foregoing, the provisions of this ARTICLE IVC.5.3 may be waived as to all shares of Preferred Stock in any instance upon the written agreement of the Requisite Holders.

For purposes of this ARTICLE IVC.5.3, the following ARTICLE IVC.5.3.1(a) to ARTICLE IVC.5.3.l(f) shall be applicable:

(a) Consideration for Shares. In case any shares of Common Stock shall be Issued for cash, the consideration received therefor shall be deemed to be the cash received by the Corporation therefor (excluding amounts paid or payable for accrued interest), without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Corporation in connection therewith. In case any shares of Common Stock shall be Issued for a consideration other than cash, the amount of the consideration other than cash received by the Corporation shall be deemed to be the fair value of such consideration as determined in the manner provided in ARTICLE IVC.3.2.2(a), without deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Corporation in connection therewith. In case Common Stock Equivalents shall be Issued in connection with the Issue of other securities of the Corporation, together comprising one integral transaction in which no special consideration is allocated to such Common Stock Equivalents by

the parties thereto, the allocation of the aggregate consideration between such other securities and the Common Stock Equivalents shall be as determined in good faith by the Board; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith. In the case of an Issuance without consideration, the Corporation shall be deemed to have received an aggregate of $.001 of consideration per share of Common Stock (Issued or deemed to be Issued with respect to Common Stock Equivalents) (as adjusted for any stock dividends, combinations and splits with respect to such shares of Common Stock).

(b) Issuance of Common Stock Equivalents, Expiration of Common Stock Equivalents. The Issuance of any Common Stock Equivalents shall be deemed an Issuance of shares of Common Stock equal to the aggregate maximum number of shares of Common Stock deliverable upon the exercise, exchange or conversion of such Common Stock Equivalents assuming the satisfaction of any conditions to exercisability, exchangeability or convertibility. If, as, and when a Common Stock Equivalent is exercised, converted or exchanged for shares of Common Stock such that the number of shares of Common Stock Issued in connection with such exercise, conversion or exchange is less than the aggregate maximum number of shares of Common Stock deliverable pursuant to such Common Stock Equivalent (or portion thereof so exercised, converted or exchanged), the Conversion Price effective immediately upon such exercise, conversion or exchange shall be equal to the Conversion Price that would have been in effect (i) had such number of shares of Common Stock been Issued in lieu of the given Common Stock Equivalent (or portion thereof so exercised, converted or exchanged), and (ii) had the adjustments made to the Conversion Price since the date of Issuance of such Common Stock Equivalent (or portion thereof so exercised, converted or exchanged) been made to the Conversion Price which would have been in effect had the number of shares of Common Stock Issued in connection with such Common Stock Equivalent (or portion thereof so exercised, converted or exchanged) been Issued in lieu of such Common Stock Equivalent (or portion thereof so exercised, converted or exchanged). If, as, and when a Common Stock Equivalent expires or is canceled without being exercised, the Conversion Price effective immediately upon such cancellation or expiration shall be equal to the Conversion Price that would have been in effect (i) had the expired or canceled Common Stock Equivalent not been Issued, and (ii) had the adjustments made to the Conversion Price since the date of Issuance of such Common Stock Equivalent been made to the Conversion Price which would have been in effect had the expired or canceled Common Stock Equivalent not been Issued.

(c) Net Consideration Per Share. The "**Net Consideration Per Share**" which shall be receivable by the Corporation for any shares of Common Stock Issued upon the exercise, exchange or conversion of any Common Stock Equivalents shall mean the amount equal to the total amount of consideration, if any, received by the Corporation for the issuance of such Common Stock Equivalents, plus the minimum amount of consideration, if any, payable to the Corporation upon exercise, exchange or conversion thereof, divided by the aggregate number of shares of Common Stock that would be Issued if such Common Stock Equivalents were exercised, exchanged or converted assuming satisfaction of all vesting or

similar requirements and achievements of all thresholds or other criteria which would increase the number of shares of Common Stock ultimately issuable upon exercise, exchange or conversion.

(d) Revisions to Common Stock Equivalents. If the terms of any Common Stock Equivalent, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of this ARTICLE IVC.5.3.1 are revised in any manner which has the effect of either (1) increasing or decreasing the number of shares of Common Stock Issuable upon the exercise, conversion or exchange of any such Common Stock Equivalent or (2) decreasing or increasing the Net Consideration Per Share payable to the Corporation with respect to the Issuance of such Common Stock Equivalent or the Common Stock subject thereto upon the exercise, conversion or exchange of such Common Stock Equivalent (in each case, other than as a result of the application of anti-dilution provisions triggered by the price/consideration of a subsequent Issuance of Common Stock or Common Stock Equivalents by the Corporation), then, effective upon such revisions becoming effective, the Conversion Price shall be readjusted to be that which would have been obtained (i) had such revised terms been in effect upon the original date of Issuance of such Common Stock Equivalent, and (ii) had the adjustments made to the Conversion Price since the date of issuance of such Common Stock Equivalent been made to such Conversion Price as adjusted pursuant to clause (i) above.

(e) Record Date. In case the Corporation shall establish a record date with respect to the holders of its shares of Common Stock for the purpose of entitling them (i) to receive an allocation or other distribution payable in shares of Common Stock or Common Stock Equivalents or (ii) to subscribe for or purchase shares of Common Stock or Common Stock Equivalents, then such record date shall be deemed to be the date of the Issuance of the shares of Common Stock deemed to have been Issued upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(f) Exceptions to Anti-Dilution Adjustments. The anti-dilution adjustments set forth in ARTICLE IVC.5.3.1 shall not apply under any of the circumstances contemplated in ARTICLE IVC.5.3.2. Further, the anti-dilution adjustments set forth in ARTICLE IVC.5.3.1 shall not apply with respect to (collectively referred to herein as the **"Excluded Securities"**):

(i) shares of Common Stock Issued or Issuable upon conversion of any of Preferred Stock, or as a dividend or distribution Issued ratably on each series of Preferred Stock;

(ii) shares of Common Stock or Common Stock Equivalents actually issued upon the exercise, conversion or exchange of Common Stock Equivalents;

(iii) shares of Common Stock Issued or Issuable upon conversion or exercise of any Common Stock Equivalents Issued or Issuable to employees or directors of, or consultants to, the Corporation or any of its Subsidiaries pursuant to an equity incentive plan, agreement or arrangement approved by the Board or the Compensation Committee thereof; and

(iv) shares of Common Stock Issued or Issuable upon a stock split, stock dividend, subdivision or other distribution on shares of Common Stock covered by ARTICLE IVC.5.3.2 or ARTICLE IVC.5.3.3.

5.3.2. Adjustment Upon Extraordinary Common Stock Event. Upon the happening of an Extraordinary Common Stock Event (as hereinafter defined), the applicable Conversion Price of each share of Preferred Stock shall, simultaneously with the happening of such Extraordinary Common Stock Event, be adjusted by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such Extraordinary Common Stock Event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such Extraordinary Common Stock Event and the product so obtained shall thereafter be the Conversion Price of the Preferred Stock, which, as so adjusted, shall be readjusted in the same manner upon the happening of any successive Extraordinary Common Stock Event or Events. An **"Extraordinary Common Stock Event"** shall mean (a) the Issue of additional shares of Common Stock as a dividend or other distribution on outstanding shares of Common Stock, (b) a subdivision of outstanding shares of Common Stock, or (c) a combination or reverse stock split of outstanding shares of Common Stock into a smaller number of shares of Common Stock.

5.3.3. Adjustment Upon Reorganization or Reclassification. If the Common Stock shall be changed into the same or different number of shares of any other class or classes of capital stock, whether by capital reorganization, recapitalization, reclassification or otherwise (other than pursuant to a stock split or combination of the Common Stock), then in each such event, each Preferred Stock Holder shall have the right thereafter to receive, and in lieu of the shares of Common Stock immediately theretofore receivable upon the conversion of such shares of Preferred Stock, such shares or securities as may be Issued or payable with respect to or in exchange for a number of outstanding shares of Common Stock equal to the number of shares of Common Stock immediately receivable upon such conversion had such reorganization or reclassification not taken place, and in any such case appropriate provisions (as determined in good faith by the Board) shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including provisions for adjustments of the applicable Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares or securities thereafter deliverable upon the exercise of such conversion rights. The provision for such conversion right to the Preferred Stock Holders shall be a condition precedent to the consummation by the Corporation of any such transaction, unless the election described in the following sentence is made. In the case of a transaction which constitutes a Liquidity Event, the shares of Preferred Stock shall be treated in the manner provided in ARTICLE IVC.3.2, unless the Requisite Holders provide notice to the Corporation in accordance with ARTICLE IVC3.2 of their election to not treat such Liquidity Event as a Liquidation, If such election is made, however, the provisions of this ARTICLE IVC.5.3.3, and not ARTICLE IVC.3.2, shall apply.

5.3.4. Notice of Adjustment. Upon any adjustment of a Conversion Price, then in each such case the Corporation shall, as promptly as reasonably practicable but in any event not later than twenty (20) days thereafter, give written notice thereof to each affected Preferred Stock Holder which notice shall state the Conversion Price resulting from such adjustment, setting forth in reasonable detail the method upon which such calculation is based.

5.3.5. Status of Converted or Repurchased Preferred Stock. Any shares of Preferred Stock cancelled pursuant to ARTICLE IVC.3.2, converted into Common Stock or acquired by the Corporation by reason of redemption, purchase or otherwise shall be cancelled and shall not be subject to reissuance and the capital of the Corporation shall be automatically reduced by a corresponding amount. Upon the cancellation of all outstanding shares of Preferred Stock, the provisions of the designation of Preferred Stock shall terminate and have no further force and effect.

5.3.6. Issue Tax. The issuance of certificates for shares of Common Stock upon conversion of shares of Preferred Stock shall be made without charge to the holders thereof for any issuance tax in respect thereof. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the shares of Preferred Stock which is being converted and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

5.3.7. Closing of Books. The Corporation will at no time close its transfer books against the transfer of any shares of Preferred Stock or of any shares of Common Stock Issued or Issuable upon the conversion of any shares of Preferred Stock in any manner which interferes with the timely conversion of such shares of Preferred Stock, except as may otherwise be required to comply with applicable securities or tax laws.

5.3.8. Exercise of Conversion Privilege; Delivery of Certificates. To exercise its conversion privilege, a Preferred Stock Holder shall surrender to the Corporation at its principal office the certificate or certificates representing the shares being converted, or, if such certificate has been lost, stolen or destroyed, a Preferred Stock Holder shall deliver a certificate executed by such Preferred Stock Holder certifying to such fact, along with an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by the Corporation in connection with such certificate, and shall give written notice to the Corporation at that office that such holder elects to convert such shares. Such written notice shall state the date on or the time at which the conversion provided for therein is to be deemed effective and any conditions to such effectiveness. If such written notice does not state any such date, time or conditions, then the date when such written notice of exercise of the conversion privilege is received by the Corporation, together with the certificate or certificates, or if such certificate has been lost, stolen or destroyed, the indemnification agreement referenced in this ARTICLE IVC.5.3.8, representing the shares of Preferred Stock being converted, shall be the date on which the conversion is deemed effective. The date or time at which any conversion of any shares of Preferred Stock is deemed effective under this ARTICLE IVC.5.3.8 is referred to in this Certificate as the **"Conversion Date."** Following a Mandatory Conversion Event, each Preferred Stock Holder shall, upon receipt of notice of such event from the Corporation, surrender the certificate or certificates (or certification and indemnity agreement as described above) to the Corporation at the principal office of the Corporation, together with a notice containing the information specified below. The notice given with respect to any conversion exercise or Mandatory Conversion Event shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificate or certificates for shares of Preferred Stock surrendered for conversion shall be accompanied by

proper assignment thereof to the Corporation or in blank. As promptly as practicable after the Conversion Date for the Preferred Stock being converted, or the date on which the Corporation receives a holder's certificate(s) (or certification and indemnity agreement as described above) with respect to a Mandatory Conversion Event, the Corporation shall (i) issue and deliver to the holder of the shares of Preferred Stock being converted, or on its written order, such certificate or certificates as it may request for the number of whole shares of Common Stock issuable upon the conversion of such shares of Preferred Stock in accordance with the provisions of ARTICLE IVC.5, (ii) pay in cash, as provided in ARTICLE IVC.5.3.9 in respect of any fraction of a share of Common Stock issuable upon such conversion, and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted, provided that, if the conversion occurs in connection with the Corporation's initial public offering, then, at the election of the Board, the Corporation shall (in lieu of paying in cash all or a portion of such Preferred Stock Dividends) issue, with respect to a share of Preferred Stock, a number of shares of Common Stock equal to the quotient of (x) the amount of the unpaid Preferred Stock Dividend elected by Board to be paid in the form of shares of Common Stock divided by (y) the fair market value of a share of Common Stock, as determined in good faith by the Board; provided, however, that, the amount of the Preferred Stock Dividends elected by the Board to be paid in the form of shares of Common Stock in lieu of a cash payment shall be made ratably on the Series A Preferred Stock and Series B Preferred Stock (based on the respective amount of Preferred Stock Dividends that have accrued on each series of Preferred Stock); provided further, however, the for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith. At such time as any conversion of shares of Preferred Stock is effective, the rights of the holder as holder of the converted shares of Preferred Stock shall cease and the Person(s) in whose name(s) any certificate(s) for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby, regardless of whether the certificates that represented the converted shares of Series A Preferred Stock have been surrendered by the holder thereof. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act or a Liquidity Event, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering or such Liquidity Event, in which event the Person(s) entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities or such Liquidity Event.

5.3.9. Fractional Shares; Distributions; Partial Conversion. No fractional shares of Common Stock shall be Issued upon conversion of shares of Preferred Stock into shares of Common Stock and no payment or adjustment shall be made upon any conversion on account of any cash distributions on the shares of Common Stock Issued upon such conversion. In case the number of shares of Preferred Stock represented by the certificate or certificates surrendered pursuant to ARTICLE IVC.5.3.8 exceeds the number of shares of Preferred Stock converted, the Corporation shall, upon such conversion, execute and deliver to the holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Preferred Stock represented by the certificate or certificates surrendered that are not to be converted. If any

fractional shares of Common Stock would, except for the provisions of the first sentence of this ARTICLE IVC.5.3.9, be delivered upon such conversion, the Corporation, in lieu of delivering such fractional share, shall pay to the holder surrendering the shares of Preferred Stock for conversion an amount in cash equal to the fair market value of such fractional share as determined in good faith by the Board; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm, or other professional advisor in order to make or support a good faith judgment of the fair market value pursuant to this subsection and any Person objecting to the Board's determination of fair market value pursuant to this subsection shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith.

6. Redemption.

6.1. Redemption Rights.

6.1.1. If so elected by the Requisite Holders at any time on or after October 2, 2019, upon receipt by the Corporation of written notice thereof (the **"Redemption Notice"),** the Corporation shall, unless prohibited by Delaware law governing distributions to stockholders, redeem all but not less than all of the shares of Preferred Stock (other than those shares held by Preferred Stock Holders who affirmatively elect not to have their shares of Preferred Stock redeemed by delivering written notice of such election to the Corporation within five (5) Business Days after the Corporation delivers a copy of the Redemption Notice to the Preferred Stock Holders who did not execute the Redemption Notice). The Corporation shall redeem each share of Preferred Stock from any source of funds legally available therefor, by paying in cash therefor an amount equal to the greater of (a) the Series A Issue Price or Series B Issue Price, as applicable, plus any accrued but unpaid dividends, including any accrued and unpaid Preferred Stock Dividends, or (b) the fair market value for such share of the Preferred Stock on the date of such redemption as agreed upon by the Board and (i) with respect to the Series A Preferred Stock only, the Series A Holders holding at least two-thirds of the then outstanding Series A Preferred Stock and (ii) with respect to the Series B Preferred Stock only, the Series B Holders holding at least ninety percent (90%) of the then outstanding Series B Preferred Stock or, if the Board and either the Series A Holders or Series B Holders, as applicable, cannot agree upon such fair market value for the applicable class of Preferred Stock, then such fair market value of such class of Preferred Stock for which the holders thereof cannot agree with the Board shall be determined in good faith by an independent appraiser mutually selected by the Board and (i) with respect to the Series A Preferred Stock only, the Series A Holders holding at least two-thirds of the then outstanding Series A Preferred Stock and (ii) with respect to the Series B Preferred Stock only, the Series B Holders holding at least ninety percent (90%) of the then outstanding Series B Preferred Stock (the total amount of such payment is hereafter referred to as the **"Redemption Price").** If the Board and the Series A Holders or Series B Holders, as applicable, cannot mutually agree upon an independent appraiser to determine the fair market value of a share of Series A Preferred Stock and a share of Series B Preferred Stock, then the Series A Holders or Series B Holders, as applicable, on the one hand, and the Board, on the other hand, may each engage their own independent appraisers. The appraisers selected by the Series A Holders or Series B Holders, as applicable, on the one hand, and the Board, on the other hand, will then select a mutually acceptable independent appraiser, and such appraiser will make a final determination as to the fair market value of a share of Series A Preferred Stock and a share of Series B Preferred Stock, as

applicable. The shares of Preferred Stock shall be redeemed in a single installment which shall occur not more than one hundred twenty (120) days after receipt by the Corporation of the Redemption Notice. The date of such redemption shall be referred to as a **"Redemption Date"**.

6.1.2. If the funds of the Corporation legally available for redemption of shares of Preferred Stock on the Redemption Date are insufficient to redeem the total number of shares of Preferred Stock to be redeemed on such date, those funds that are legally available will be used to redeem the maximum number possible of such shares of Preferred Stock, on a pari passu basis, based upon the amount which would otherwise be payable upon with respect to such shares if the aggregate Redemption Price payable with respect to all such shares were paid in full. The shares of Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Preferred Stock, such funds will promptly be used to redeem the balance of the shares of Preferred Stock that the Corporation was obligated to redeem on the Redemption Date, but that it has not redeemed, on a pari passu basis, based upon the amount which would otherwise be payable upon with respect to such shares if the aggregate unpaid Redemption Price payable with respect to all such shares were paid in full.

6.1.3. Except as provided herein, on or before the Redemption Date, the Preferred Stock Holders holding the shares of Preferred Stock to be redeemed at such time shall surrender to the Corporation such shares free and clear of any and all liens and other encumbrances and the certificate or certificates representing such shares (or, if such certificate has been lost, stolen or destroyed, a lost certificate affidavit executed by the Preferred Stock Holder holding such shares, along with an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by the Corporation in connection with such certificate), and thereupon the Redemption Price of such shares shall be payable to the order of the Person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event fewer than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

6.1.4. From and after the Redemption Date, unless there shall have been a default in payment of the full Redemption Price, all rights of the holders of shares of Preferred Stock designated for redemption (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares at such time, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

6.2. Acceleration. If there is a material breach of any material representation and warranty contained in the Series B Purchase Agreement, then, in addition to being entitled to exercise any and all remedies available at law, in equity or otherwise, upon written demand (the **"Acceleration Notice"**) to the Corporation by the Requisite Holders specifying a date for redemption not fewer than sixty (60) days from the date of such notice, the Requisite Holders may require the Corporation to redeem all outstanding shares of Preferred Stock (other than those shares held by Preferred Stock Holders who affirmatively elect not to have their shares of Preferred Stock redeemed by delivering written notice of such election to the Corporation within five (5) Business Days after the Corporation delivers a copy of the Acceleration Notice to the Preferred Stock Holders who did not execute the Redemption Notice) at the Redemption Price and otherwise

pursuant to the provisions of ARTICLE IVC.6.1 (except for the date after which the Requisite Holders may elect redemption),

7. No Impairment. The Corporation will not, by amendment of this Certificate or through any reorganization, transfer of capital stock or assets, consolidation, merger, dissolution, Issue of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Preferred Stock set forth herein, but will at all times in good faith assist in the carrying out of all such terms. Without limiting the generality of the foregoing, the Corporation (a) will not increase the par value of any shares of stock receivable on the conversion of the Preferred Stock above the Series A Issue Price or Series B Issue Price, as applicable, and (b) will take such action as may be necessary or appropriate in order that the Corporation may validly and legally Issue fully-paid and nonassessable shares of stock on the conversion of the Preferred Stock from time to time outstanding.

8. Notices of Record Date. In the event of (a) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividends or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of capital stock of any class or any other securities or property, or to receive any other right; (b) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation, or any transfer of all or substantially all of the assets of the Corporation to any other corporation, or any other Person; or (c) any Liquidation or Liquidity Event; then and in each such event the Corporation shall mail or cause to be mailed to each Preferred Stock Holder a notice specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, Liquidation or Liquidity Event is expected to become effective, and (iii) the time, if any, that is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, recapitalization, transfer, consolidation, merger, Liquidation or Liquidity Event. Such notice shall be mailed by first class mail, postage prepaid, at least ten days prior to the date specified in such notice on which action is being taken.

9. Reservation Of Capital Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock (including any shares of Preferred Stock represented by any warrants, options, subscription or purchase rights for Preferred Stock), and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock (including any shares of Preferred Stock represented by any warrants, options, subscriptions or purchase rights for such Preferred Stock) or paying any Preferred Stock Dividends in the form of shares of Common Stock upon conversion of the Preferred Stock in accordance with ARTICLE IVC.5.1.1, the Corporation shall take such action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

10. Notices to Preferred Stock Holders. Whenever written notice is required to be given by the Corporation to any of the Preferred Stock Holders under this Article, such notice shall be in writing and given by delivery by registered or certified mail, return receipt requested, postage prepaid, or by deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications to be sent to a Preferred Stock Holder shall be sent to such Preferred Stock Holder at the address of such Preferred Stock Holder as shown on the books of the Corporation.

11. Waiver. Any of the rights, powers, preferences and other terms of the Series A Preferred Stock set forth herein may be waived on behalf of all Series A Holders by the affirmative written consent or vote of the Series A Holders holding at least two-thirds of the shares of Series A Preferred Stock then outstanding. Any of the rights, powers, preferences and other terms of the Series B Preferred Stock set forth herein may be waived on behalf of all Series B Holders by the affirmative written consent or vote of the Series B Holders holding at least seventy percent (70%) of the shares of Series B Preferred Stock then outstanding; provided, however, that this proviso, ARTICLE IVC.4.3.2 and any other provision set forth herein requiring the affirmative written consent or vote of the Series B Holders holding at least eighty percent (80%) of the shares of Series B Preferred Stock then outstanding shall be waived only with the affirmative written consent or vote of the Series B Holders holding at least eighty percent (80%) of the shares of Series B Preferred Stock then outstanding.

12. Miscellaneous.

12.1. Definitions. For purposes of this Certificate, the following terms used herein shall have the meanings ascribed below:

"Acceleration Notice" has the meaning set forth in ARTICLE IVC.6.2.

"Acquiring Entity Stock" has the meaning set forth in ARTICLE IVC.3.2.2.

"Additional Consideration" has the meaning set forth in ARTICLE IVC.3.2.3.

"Affiliate" means any Person who is an "affiliate" as defined in Rule 12b-2 of the Exchange Act.

"Aggregate Funds" has the meaning set forth in ARTICLE IVC.3.1.5.

"Available Assets" has the meaning set forth in ARTICLE IVC.3.1.1.

"Board" means the Board of Directors of the Corporation.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Philadelphia, Pennsylvania are authorized or required to close.

"Certificate" has the meaning set forth in recitals hereof.

"Common Stock" has the meaning set forth in ARTICLE IVA.

"Common Stock Equivalents" means warrants, notes, options, subscription or other rights to purchase or otherwise obtain Common Stock, any securities or other rights directly or indirectly convertible into or exercisable or exchangeable for Common Stock and any warrants, notes, options, subscription or other rights to purchase or otherwise obtain such convertible, exercisable or exchangeable securities or other rights.

"Conversion Date" has the meaning set forth in ARTICLE IVC.5.3.8.

"Conversion Price" has the meaning set forth in ARTICLE IVC.5.1.3.

"Corporation" has the meaning set forth in the introductory paragraph hereof.

"Corporation Law" has the meaning set forth in the introductory paragraph hereof.

"Event Notice" has the meaning set forth in ARTICLE IVC.3.2.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any rules or regulations promulgated thereunder, all as the same is in effect from time to time.

"Excluded Opportunity" has the meaning set forth in ARTICLE XIII.

"Excluded Securities" has the meaning set forth in ARTICLE IVC.5.3.1(f).

"Extraordinary Common Stock Event" has the meaning set forth in ARTICLE IVC.5.3.2.

"Fully Diluted Basis" means the number of shares of Common Stock which would then be outstanding, assuming the exercise, exchange or conversion of all then exercisable, exchangeable or convertible Common Stock Equivalents which, directly or indirectly, on exercise, exchange or conversion result in the Issuance of shares of Common Stock, assuming in each instance that the holder thereof receives the maximum number of shares of Common Stock under the terms of the respective instrument.

"Fund" has the meaning set forth in ARTICLE XIII.

"GAAP" means United States generally accepted accounting principles in effect from time to time.

"HighCape" means HighCape Partners QP, L.P. and its permitted successors and permitted assigns.

"Indebtedness" of any Person means: (i) the principal and accrued and unpaid interest in respect of indebtedness of such Person for money borrowed; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property; (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; and (iv) all obligations of the type referred to in clauses (i) through (iii) of any Person for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety, or otherwise.

"Initial Consideration" has the meaning set forth in ARTICLE IVC.3.2.3.

"Issue" or "Issuance" in any of its forms, means to sell, grant or otherwise issue in any manner or any agreement or commitment to do any of the foregoing.

"Junior Stock" has the meaning set forth in ARTICLE IVC.1.

"Liquidation" has the meaning set forth in ARTICLE IVC.3.1.1.

"Liquidity Event" means (a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Corporation and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Corporation or (b) any transaction or series of transactions involving the Corporation, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Corporation's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

"Mandatory Conversion Event" has the meaning set forth in ARTICLE IVC.5.2.

"Net Consideration Per Share" has the meaning set forth in ARTICLE IVC.5.3.1(c).

"Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

"Preferred Stock" has the meaning set forth in ARTICLE IVA.

"Preferred Stock Dividends" has the meaning set forth in ARTICLE IVC.2.1.2.

"Preferred Stock Holder" has the meaning set forth in ARTICLE IVC.2.2.

"Proceeding" has the meaning set forth in ARTICLE XI.

"Proceeds" has the meaning set forth in ARTICLE IVC.3.2.2(a).

"Qualified Public Offering" means an underwritten public offering on a firm commitment basis pursuant to an effective registration statement (other than on Form S-4 or S-8 on any successor forms thereto) filed pursuant to the Securities Act, covering the offer and sale of Common Stock for the account of the Corporation in which the Corporation actually receives gross proceeds greater than Sixty Million Dollars ($60,000,000), and in which the public offering price per share of Common Stock is not less than the product obtained by multiplying four by the Series B Issue Price, and following which the Common Stock of the Corporation is traded or listed for quotation on a nationally recognized United States stock exchange.

"Redemption Date" has the meaning set forth in ARTICLE IVC.6.1.1.

"Redemption Notice" has the meaning set forth in ARTICLE IVC.6.1.1.

"Redemption Price" has the meaning set forth in ARTICLE IVC.6.1.1.

"Requisite Holders" has the meaning set forth in ARTICLE IVC.3.2.1.

"Securities Act" means the Securities Act of 1933, as amended.

"Series A Conversion Price" has the meaning set forth in ARTICLE IVC.5.1.2.

"Series A Conversion Rate" has the meaning set forth in ARTICLE IVC.5.1.2.

"Series A Dividends" has the meaning set forth in ARTICLE IVC.2.1.2.

"Series A Holder" and **"Series A Holders"** have the meanings set forth in ARTICLE IVC.2.1.2.

"Series A Issue Price" has the meaning set forth in ARTICLE IVC.2.1.2.

"Series A Liquidation Amount" has the meaning set forth in ARTICLE IVC.3.1.3.

"Series A Liquidation Preference" has the meaning set forth in ARTICLE IVC.3.1.2.

"Series A Preferred Stock" has the meaning set forth in ARTICLE IVA.

"Series B Conversion Price" has the meaning set forth in ARTICLE IVC.5.1,3.

"Series B Conversion Rate" has the meaning set forth in ARTICLE IVC.5.1.3.

"Series B Dividends" has the meaning set forth in ARTICLE IVC.2.1.1.

"Series B Holder" and **"Series B Holders"** have the meanings set forth in ARTICLE IVC.2.1.1.

"Series B Issue Price" has the meaning set forth in ARTICLE IVC.2.1.1.

"Series B Liquidation Amount" has the meaning set forth in ARTICLE IVC.3.1.3.

"Series B Liquidation Preference" has the meaning set forth in ARTICLE IVC.3.1.1.

"Series B Preferred Stock" has the meaning set forth in ARTICLE IVA.

"Series B Purchase Agreement" means that certain Series B Preferred Stock Purchase Agreement for the sale by the Corporation of up to 17,241,379 shares of Series B Preferred Stock among the Corporation and the other parties named therein, as the same may be amended from time to time.

"Signet" means Signet Healthcare Partners QP Partnership III, LP and its permitted successors and permitted assigns.

"Subsidiary" and **"Subsidiaries"** means any corporation, partnership, or joint venture or other entity of which the Corporation and/or any of its other Subsidiaries (as herein defined) directly or indirectly owns at the time at least fifty percent (50%) of the outstanding voting shares or similar interests. Notwithstanding anything herein to the contrary, Subsidiaries may declare and make payment of cash and stock dividends, return capital and make distributions of assets to the Corporation.

"Transaction Payment" means the consideration from any Liquidity Event being paid to the Corporation (if the consideration is to be received by the Corporation in an asset transaction), or by any third party to stockholders of the Corporation (if the consideration is to be received directly by such stockholders in a merger, consolidation, stock purchase or similar transaction).

12.2. Interpretation. Definitions contained in this Certificate apply to singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Certificate as a whole and not to any particular provision of this Certificate. The terms "includes" and the word "including" and words of similar import shall be deemed to be followed by the words "without limitation." ARTICLE, Section and paragraph references are to the Articles, Sections and paragraphs of this Certificate unless otherwise specified. References in this Certificate to "days" means calendar days unless otherwise expressly provided.

ARTICLE V

The Corporation is to have perpetual existence.

ARTICLE VI

Subject to any additional vote required by this Certificate or the bylaws of the Corporation, in furtherance of and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, alter or repeal the bylaws of the Corporation.

As permitted by Section 242(b)(2) of the Corporation Law, the number of authorized shares of Common Stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote or written consent of a majority in voting power of the stock of the Corporation entitled to vote on an as converted to Common Stock basis, voting together as a single class without the approval of the holders of the Common Stock voting as a separate class.

ARTICLE VII

The directors of the Corporation shall be entitled to the benefits of all limitations on the liability of directors generally that are now or hereafter become available under the Corporation Law. Without limiting the generality of the foregoing, to the fullest extent permitted by applicable law, no director of the Corporation shall be personally liable to the Corporation or to any stockholder of the Corporation for monetary damages for breach of fiduciary duty as a director to

the fullest extent provided by applicable law. Any repeal or modification of this ARTICLE VII shall only be prospective and shall not affect the rights or protections under this ARTICLE VII in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

ARTICLE VIII

Elections of directors need not be by written ballot except and to the extent provided in the bylaws of the Corporation.

ARTICLE IX

Meetings of stockholders may be held within or without the State of Delaware, as the bylaws of the Corporation may provide.

ARTICLE X

The books of the Corporation may be kept (subject to any mandatory provision contained in the applicable statutes) outside the State of Delaware, at such place or places as may be designated from time to time by the Board or in the bylaws of the Corporation.

ARTICLE XI

The Corporation shall, to the maximum extent permitted from time to time under the laws of the State of Delaware, indemnify and hold harmless, and upon request shall advance expenses to any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative (each, a **"Proceeding"**), by reason of the fact that such Person is or was or has agreed to be a director or officer of the Corporation or while a director or officer is or was serving at the request of the Corporation as a director, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise, including service with respect to employee benefit plans, against any and all expenses (including reasonable and actual attorney's fees and expenses), judgments, fines, penalties and amounts paid in settlement or reasonably and actually incurred in connection with the investigation, preparation to defend or defense of such Proceeding; provided, however, that, if any expenses are advanced prior to final disposition of any Proceeding, to the extent required by law, such payment of expenses shall be made only upon receipt of an undertaking by the indemnified Person to repay all amounts advanced if it should be ultimately determined that the indemnified Person is not entitled to be indemnified under this ARTICLE XI or otherwise; provided further, however, that the foregoing shall not require the Corporation to indemnify and hold harmless or advance expenses to any Person in connection with any Proceeding initiated by or on behalf of such Person. Such rights shall not be exclusive of any others rights arising under any bylaw, agreement, vote of directors or stockholders or otherwise and shall inure to the benefit of the heirs and legal representatives of such Person. Any repeal or modification of the foregoing provisions of this ARTICLE XI shall not adversely affect any right or protection of a director or officer of this Corporation existing at the time of such repeal or modification.

ARTICLE XII

Subject to the provisions of ARTICLE IVC.4.3, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate, in the manner now or hereafter prescribed by statute.

ARTICLE XIII

The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity (as defined herein). An **"Excluded Opportunity"** is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (a) any director of the Corporation who is not an employee of the Corporation or any of its Subsidiaries and who is also a partner, member, stockholder, manager or employee of a Fund (as defined herein) or a partner, member, stockholder, manager or employee of an entity that serves as the general partner of, or in a similar capacity for or manages, such Fund, and that may be a corporate opportunity for both the Corporation and such Fund or any entity in which such Fund holds an investment or interest or (b) any Fund; provided, however, that nothing herein or otherwise shall limit the Corporation's right to pursue or consummate any matter, transaction or interest related to any Excluded Opportunity even if originated by any director or any Fund. For purposes of this ARTICLE XIII, a **"Fund"** shall mean an entity that is a holder of Preferred Stock and whose principal business is investing and reinvesting in other entities.

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IN WITNESS WHEREOF, the undersigned has caused this Third Amended and Restated Certificate of Incorporation to be signed by its duly authorized representative, on the 28th day of June, 2019.

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: President and Chief Executive Officer

Exhibit 3.4

AMENDED AND RESTATED BYLAWS

OF

TELA BIO, INC.

(a Delaware corporation)

Adopted on October 2, 2014

AMENDED AND RESTATED BYLAWS

OF

TELABIO, INC.

ARTICLE I
OFFICES

Section 1.1 Offices. The registered office of the Corporation shall be in the State of Delaware. The Corporation may have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or as may be necessary or convenient to the business of the Corporation.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Annual Meeting. The annual meeting of stockholders shall be held on such date, at such time and at such place (if any), either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors by resolution and stated in the notice of the meeting. At such annual meeting, the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting. In lieu of holding an annual meeting of stockholders at a designated place, the Board of Directors may, in its sole discretion, determine that any annual meeting of stockholders may be held solely by means of remote communication.

Section 2.2 Special Meetings. Special meetings of stockholders shall be held on such date, at such time and at such place (if any), either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors by resolution and stated in the notice of the meeting. Special meetings of stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chairman of the Board, if any, the Chief Executive Officer, if any, or the President and shall be called by the President or Secretary at the request in writing of a majority of the members of the Board of Directors, at the request in writing of the stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast at the particular meeting, or at the request in writing the holders of at least twenty-five percent (25%) of the Corporation's then outstanding Series A Preferred Stock, par value $0.001 per share, and Series B Preferred Stock, par value $0.001 per share (determined on an as converted to common stock basis). Any such request shall state the purpose or purposes of the proposed meeting. In lieu of holding a special meeting of stockholders at a designated place, the Board of Directors may, in its sole discretion, determine that any special meeting of stockholders may be held solely by means of remote communication.

Section 2.3 Notice of Meetings and Record Date.

(a) The Corporation shall give notice of any annual or special meeting of stockholders. Notices of meetings of the stockholders shall state the place, if any, date and time thereof, and the means of remote communication, if any, by which each stockholder and proxyholder may be deemed to be present in person and vote at such meeting. In the case of a

special meeting, the notice shall state the purpose or purposes for which the meeting is called. No business other than that specified in the notice thereof shall be transacted at any special meeting. Unless otherwise provided by applicable law or the Certificate of Incorporation, notice shall be given to each stockholder entitled to vote at such meeting not less than 10 days nor more than 60 days prior to the meeting.

(b) Notice to stockholders may be given by personal delivery, mail, or, with the consent of the stockholder entitled to receive notice, by facsimile or other means of electronic transmission. If mailed, such notice shall be delivered by postage prepaid envelope directed to each stockholder at such stockholder's address as it appears in the records of the Corporation and shall be deemed given when deposited in the United States mail. Notice given by electronic transmission pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

(d) Notice of any meeting of stockholders need not be given to any stockholder if waived by such stockholder either in a writing signed by such stockholder or by electronic transmission, whether such waiver is given before or after such meeting is held. If such a waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder.

(e) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 or fewer than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

Section 2.4 Presiding Officer. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or, if the Chairman of the Board is not present (or, if there is none), the Chief Executive Officer, if any, or if the Chief Executive Officer is not present (or, if there is none), by the President, or, if the President is not present, by a Vice President, or, if no Vice President is present (or, if there is none), by such person who may have been chosen by the Board of Directors, or, if none of such persons is present, by a chairman to be chosen by the holders of a majority of the voting power of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at the meeting and who are present in person or represented by proxy. The Secretary of the Corporation, or, if the Secretary is not present, an Assistant Secretary, or, if the Assistant Secretary is not present (or, if there is none), such person as may be chosen by the Board of Directors, shall act as secretary of meetings of stockholders, or, if none of such persons is present, the holders of a majority of the voting power of the shares of capital stock of the Corporation issued and outstanding and entitled to vote at the meeting and who are present in person or represented by proxy shall choose any person present to act as secretary of the meeting.

Section 2.5 Quorum; Adjournments. The holders of a majority of the aggregate voting power of the shares of capital stock of the Corporation issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be necessary to, and shall constitute a quorum for, the transaction of business at all meetings of the stockholders, except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws. If, however, a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, until a quorum shall be present or represented. Even if a quorum shall be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time for good cause, without notice of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, until a date which is not more than 30 days after the date of the original meeting. At any such adjourned meeting, at which a quorum shall be present in person or represented by proxy, any business may be transacted which might have been transacted at the meeting as originally called. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided. however, that the Board of Directors may fix a new record date for the adjourned meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 2.6 Voting.

(a) At any meeting of stockholders, every stockholder having the right to vote shall be entitled to vote in person or by proxy. Except as otherwise provided by law or the Certificate of Incorporation, each stockholder of record shall be entitled to one vote for each share of capital stock having voting power and registered in such stockholder's name on the books of the Corporation.

(b) Each person entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. Proxies need not be filed with the Secretary of the Corporation until the meeting is called to order, but shall be filed before being voted.

(c) All elections shall be determined by a plurality vote, and, except as otherwise provided by law or the Certificate of Incorporation, all other matters shall be determined by the vote of the holders of a majority of the voting power of the shares present in person or represented by proxy and voting on such other matters.

Section 2.7 Remote Communication. For the purposes of these Bylaws, if authorized by the Board of Directors, in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.8 Action by Consent. Any action required or permitted by law or the Certificate of Incorporation to be taken at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a written consent, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present or represented by proxy and voted. A telegram, facsimile or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, facsimile or other electronic transmission sets forth or is delivered with information from which the Corporation can determine that the telegram, facsimile or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, facsimile or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No

consent given by telegram, facsimile or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper shall be delivered to the Corporation by delivery to its principal place of business or an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded, to the extent and in the manner provided by resolution of the Board of Directors. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date the written consents signed by a sufficient number of holders to take the action were delivered to the Corporation, as provided in the General Corporation Law of the State of Delaware (the **"DGCL").**

ARTICLE III
DIRECTORS

Section 3.1 General Powers; Number; Tenure. The business of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and perform all lawful acts and things that are not by law, the Certificate of Incorporation or these Bylaws directed or required to be exercised or performed by the stockholders or any class or classes or series thereof. The initial number of directors (upon adoption hereof) shall be seven (7). Thereafter, except as may otherwise be provided in the Certificate of Incorporation, the number of directors shall be determined by the Board of Directors. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 3.2 hereof, and each director elected shall hold office until such director's successor is elected and shall qualify. Directors need not be stockholders. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if one has been designated by the Board of Directors, or in his or her absence by the Chief Executive Officer, if any, or in his or her absence (or if one has not been chosen) by the President, if any, or in his or her absence by a presiding person chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the presiding person at the meeting may appoint any person to act as secretary of the meeting. The Chairman of the Board shall serve for such term and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3.2 Vacancies. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, if any vacancies occur in the Board of Directors, or if any new directorships are created, they may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, when one or more directors shall resign from the Board of Directors, effective at a future date, a majority of directors then in office, including those who have resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective. Each director so chosen shall hold office until the next annual meeting of stockholders and until his or her successor is duly elected and shall qualify. If there are no directors in office, any officer or stockholder may

call a special meeting of stockholders in accordance with the provisions of the Certificate of Incorporation or these Bylaws, at which meeting such vacancies shall be filled.

Section 3.3 Removal; Resignation.

(a) Except as otherwise provided by law or the Certificate of Incorporation, any director, directors or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the voting power of the shares then entitled to vote at an election of directors.

(b) Any director may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, if any, the Chief Executive Officer, if any, the President or the Secretary of the Corporation; provided, however, that if such notice is given by electronic transmission, such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the director. Unless otherwise specified in such written notice, a resignation shall take effect upon delivery thereof to the Board of Directors or the designated officer. It shall not be necessary for a resignation to be accepted before it becomes effective.

Section 3.4 Annual Meeting. The annual meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of stockholders, at the place where such meeting of stockholders has been held, or at such other place as shall be fixed by the person presiding over the meeting of the stockholders, for the purpose of election of officers and consideration of such other business as the Board of Directors considers relevant to the management of the Corporation, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event that in any year directors are elected by written consent in lieu of an annual meeting of stockholders, the Board of Directors shall meet in such year after receipt of such written consent by the Corporation, for the purpose of electing officers and considering such other business as the Board of Directors considers relevant to the management of the Corporation.

Section 3.5 Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors, such determination to constitute the only notice of such regular meetings to which any director shall be entitled. In the absence of any such determination, such meetings shall be held, upon notice to each director in accordance with Section 3.7 of this Article III, at such times and places, within or without the State of Delaware, as shall be designated by the Chairman of the Board, if any, or the Chief Executive Officer, if any (or if there is no Chairman of the Board or Chief Executive Officer, by the Board of Directors).

Section 3.6 Special Meetings. Special meetings of the Board of Directors shall be held at the call of the Chairman of the Board, the Chief Executive Officer or the President at such times and places, within or without the State of Delaware, as he or she shall designate, upon notice to each director in accordance with Section 3.7 of this Article III. Special meetings shall be called by the Secretary on like notice at the written request of a majority of the directors then in office.

Section 3.7 Notice; Waiver of Notice.

(a) Notice of any regular (if required) or special meeting of the Board of Directors may be given by personal delivery, mail, telegram, courier service (including, without limitation, Federal Express), facsimile transmission (directed to the facsimile transmission number at which the director has consented to receive notice), electronic mail (directed to the electronic mail address at which the director has consented to receive notice), or other form of electronic transmission pursuant to which the director has consented to receive notice. If notice is given by personal delivery, by facsimile transmission, by telegram, by electronic mail, or by other form of electronic transmission pursuant to which the director has consented to receive notice, then such notice shall be given on not less than twenty-four hours' notice to each director. If written notice is delivered by mail or courier service, then it shall be given on not less than three (3) days' notice to each director. Notice of special meetings of the Board of Directors need not state the purpose thereof, except as otherwise expressly provided by law, the Certificate of Incorporation or these Bylaws. Any and all business may be transacted at a special meeting, unless otherwise indicated in the notice thereof or provided by law, the Certificate of Incorporation or these Bylaws.

(b) Notice of any meeting of the Board of Directors, or any committee thereof, need not be given to any member if waived by him or her in writing or by electronic transmission, whether before or after such meeting is held, or if he or she shall sign the minutes of such meeting or attend the meeting, except that if such director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, then such director shall not be deemed to have waived notice of such meeting. If waiver of notice is given by electronic transmission, such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the director.

Section 3.8 Quorum; Adjournments. At all meetings of the Board of Directors and of each committee thereof, a majority of the total number of directors constituting the whole board or such committee shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting of the Board of Directors or a committee thereof at which a quorum is present shall be the act of the Board of Directors or such committee, unless by express provision of applicable law, the Certificate of Incorporation, or these Bylaws, a different vote is required, in which case such express provision shall govern and control. In the absence of a quorum, a majority of the members present at any meeting may, without notice other than announcement at the meeting, adjourn such meeting from time to time until a quorum is present.

Section 3.9 Committees. The Board of Directors, by a vote of a majority of the whole Board of Directors, may from time to time designate one or more committees, each committee to consist of one or more directors, with such lawfully delegable powers and duties as it thereby confers (including the power and authority to designate other committees of the Board of Directors); provided, however, that no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending, or repealing any Bylaw of the Corporation.

The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting of such committee and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of such absent or disqualified director.

Section 3.10 Committee Procedure.

(a) Except as otherwise determined by the Board of Directors or provided by these Bylaws, each committee shall adopt its own rules governing the time, place, and method of holding its meetings and the conduct of its proceedings and shall meet as provided by such rules or by resolution of the Board of Directors. Unless otherwise provided by these Bylaws or any such rules or resolutions, notice of the time and place of each meeting of a committee shall be given to each member of such committee as provided in Section 3.7 of this Article III with respect to notices of meetings of the Board of Directors.

(b) Each committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

(c) Any member of any committee may be removed from such committee either with or without cause, at any time, by the Board of Directors at any meeting thereof. Any vacancy in any committee may be filled by the Board of Directors in the manner prescribed by the Certificate of Incorporation or these Bylaws for the original appointment of the members of such committee.

Section 3.11 Compensation. Directors may be paid such compensation for their services as a member of the Board of Directors and may be reimbursed for any reasonable expenses incurred with respect to duties as a member of the Board of Directors or any committee thereof as may be determined from time to time by the Board of Directors. Any director receiving such compensation shall not be barred from serving the Corporation in any other capacity and receiving compensation for, and reimbursement for reasonable expenses incurred with respect to, any such other services.

Section 3.12 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee; provided, however, that such electronic transmission(s) must either set forth or be submitted with information from which it can be determined that the electronic transmission(s) were authorized by the director. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.13 Meetings by Telephone or Similar Communications. Members of the Board of Directors, or any committee thereof, may participate in any meeting of the Board of Directors or such committee by means of conference telephone or other communications

equipment by means of which all persons participating therein can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

ARTICLE IV
OFFICERS

Section 4.1 Designations. The officers of the Corporation shall be chosen by the Board of Directors. The Board of Directors may choose a Chief Executive Officer, a President, a Vice President or Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries and/or Assistant Treasurers and other officers and agents as it shall deem necessary or appropriate. All officers of the Corporation shall exercise such powers and perform such duties as shall from time to time be determined by the Board of Directors. None of the officers of the Corporation needs to be a director of the Corporation. Any two or more offices may be held by the same person to the extent permitted by the DGCL and other applicable law, unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 4.2 Term of Office; Removal. The Board of Directors at its annual meeting after each annual meeting of stockholders shall elect a President, a Secretary and a Treasurer. The Board of Directors may also elect a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, a Vice President or Vice Presidents, one or more Assistant Secretaries and/or Assistant Treasurers, and such other officers and agents as it shall deem necessary or appropriate. Each officer of the Corporation shall hold office at the pleasure of the Board of Directors, except as may otherwise be expressly provided in a contract of employment duly authorized by the Board of Directors. Any officer elected by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the directors then in office. Such removal shall not prejudice the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term by the Board of Directors.

Section 4.3 Compensation. The salaries of all officers of the Corporation shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the Corporation.

Section 4.4 The Chief Executive Officer. The Chief Executive Officer shall have general management, direction and control of the business and affairs of the Corporation, subject to the direction of the Board of Directors. The Chief Executive Officer (or if there is none, the President) shall preside, if no Chairman of the Board shall be designated, at all meetings of the Board of Directors. Unless otherwise directed by the Board of Directors from time to time, the Chief Executive Officer shall have the power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other corporation.

Section 4.5 The President. The President shall be the chief operating officer of the Corporation and shall have such powers and perform such duties as may from time to time be assigned to the President by the Chief Executive Officer or the Board of Directors. If no Chief

Executive Officer shall be designated and then be serving, the President shall be the chief executive officer of the Corporation, and, as such, shall have the functions, authority and duties provided for the Chief Executive Officer.

Section 4.6 The Vice Presidents. The Vice President, if any (or in the event there be more than one, the Vice Presidents in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the President or in the event of his or her disability, perform the duties and exercise the powers of the President and shall generally assist the Chief Executive Officer and the President and perform such other duties and have such other powers as may from time to time be assigned by the Chief Executive Officer or the Board of Directors.

Section 4.7 The Secretary. The Secretary shall attend meetings of the Board of Directors and of stockholders and record all votes and the proceedings of the meetings in a book to be kept for that purpose and shall perform like duties for the committees, if requested by the Board of Directors or any such committee. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and special meetings of the Board of Directors, and shall perform such other duties as may from time to time be prescribed by the Board of Directors or the President, under whose supervision the Secretary shall act. The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and, when so affixed, the seal may be attested by the signature of the Secretary or of an Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing thereof by such officer's signature.

Section 4.8 The Assistant Secretary. The Assistant Secretary, if any (or in the event there be more than one, the Assistant Secretaries in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the Secretary or in the event of his or her disability, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 4.9 The Treasurer. The Treasurer shall have the custody of the corporate funds and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at regular meetings of the Board of Directors, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 4.10 The Assistant Treasurer. The Assistant Treasurer, if any (or in the event there shall be more than one, the Assistant Treasurers in the order designated, or in the absence of any designation, in the order of their election), shall, in the absence of the Treasurer or in the event of his or her disability, perform the duties and exercise the powers of the Treasurer and

shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

ARTICLE V
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 5.1 Indemnification.

(a) Subject to Section 5.3 of this Article V, the Corporation shall indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person who is made or threatened to be made a party to or is otherwise involved (as a witness or otherwise) in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter, a **"Proceeding"),** by reason of the fact that such person is or was a director or officer of the Corporation, or, while serving as a director or officer of the Corporation, is or was serving at the request of Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (collectively, **"Another Enterprise")** (such person hereinafter, a **"Mandatory Indemnitee").**

(b) The Corporation may indemnify, to the full extent that it shall have power under applicable law to do so and in a manner permitted by such law, any person who is made or threatened to be made a party to or is otherwise involved (as a witness or otherwise) in any Proceeding, by reason of the fact that such person is or was an employee or agent of the Corporation, or, while serving as an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, or agent of Another Enterprise (such person hereinafter, a **"Permissive Indemnitee").**

Section 5.2 Advancement of Expenses.

(a) Subject to Section 5.3 of this Article V, with respect to any Mandatory Indemnitee, the Corporation shall pay the expenses (including attorneys' fees) incurred by such person in defending any such Proceeding in advance of its final disposition (hereinafter an **"advancement of expenses");** provided, however, that any advancement of expenses shall be made only upon receipt of an undertaking (hereinafter an **"undertaking")** by such person to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such person is not entitled to be indemnified for such expenses under this Article V or otherwise.

(b) With respect to any Permissive Indemnitee, the Corporation may, in its discretion and upon such terms and conditions, if any, as the Corporation deems appropriate, pay the expenses (including attorneys' fees) incurred by such person in defending any such Proceeding in advance of its final disposition.

Section 5.3 Actions Initiated Against the Corporation. Anything in Section 5.1(a) or Section 5.2(a) of this Article V to the contrary notwithstanding, except as provided in Section 5.5(b) of this Article V, with respect to a Proceeding initiated against the Corporation by a director or officer of the Corporation (whether initiated by such person in such capacity or in any other capacity, including as a director, officer, employee or agent of Another Enterprise), the

Corporation shall not be required to indemnify or to advance expenses (including attorneys' fees) to such person in connection with prosecuting such Proceeding (or part thereof) or in defending any counterclaim, cross-claim, affirmative defense, or like claim of the Corporation in such Proceeding (or part thereof) unless such Proceeding was authorized by the Board of Directors.

Section 5.4 Contract Rights. With respect to any Mandatory Indemnitee, the rights to indemnification and to the advancement of expenses conferred in Sections 5.1 (a) and 5.2(a) of this Article V shall be contract rights. Any amendment, repeal, or modification of, or adoption of any provision inconsistent with, this Article V (or any provision hereof) shall not adversely affect any right to indemnification or advancement of expenses granted to any person pursuant hereto with respect to any act or omission of such person occurring prior to the time of such amendment, repeal, modification, or adoption (regardless of whether the Proceeding relating to such acts or omissions is commenced before or after the time of such amendment, repeal, modification, or adoption).

Section 5.5 Claims.

(a) If (i) a claim under Section 5.1 (a) of this Article V with respect to any right to indemnification is not paid in full by the Corporation (following the final disposition of the Proceeding) within 60 days after a written demand has been received by the Corporation or (ii) a claim under Section 5.2(a) of this Article V with respect to any right to the advancement of expenses is not paid in full by the Corporation within 20 days after a written demand has been received by the Corporation, then the person seeking to enforce a right to indemnification or to an advancement of expenses, as the case may be, may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim.

(b) If successful in whole or in part in any suit brought pursuant to Section 5.5(a) of this Article V, or in a suit brought by the Corporation to recover an advancement of expenses (whether pursuant to the terms of an undertaking or otherwise), the person seeking to enforce a right to indemnification or an advancement of expenses hereunder or the person from whom the Corporation sought to recover an advancement of expenses, as the case may be, shall be entitled to be paid by the Corporation the reasonable expenses (including attorneys' fees) of prosecuting or defending such suit.

(c) In any suit brought by a person seeking to enforce a right to indemnification hereunder (but not a suit brought by a person seeking to enforce a right to an advancement of expenses hereunder), it shall be a defense that the person seeking to enforce a right to indemnification has not met any applicable standard for indemnification under applicable law. With respect to any suit brought by a person seeking to enforce a right to indemnification or right to advancement of expenses hereunder or any suit brought by the Corporation to recover an advancement of expenses (whether pursuant to the terms of an undertaking or otherwise), neither (i) the failure of the Corporation to have made a determination prior to commencement of such suit that indemnification of such person is proper in the circumstances because such person has met the applicable standards of conduct under applicable law, nor (ii) an actual determination by the Corporation that such person has not met such applicable standards of conduct, shall create a presumption that such person has not met the applicable standards of conduct or, in a case brought by such person seeking to enforce a right to indemnification, be a defense to such suit.

(d) In any suit brought by a person seeking to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses (whether pursuant to the terms of an undertaking or otherwise), the burden shall be on the Corporation to prove that the person seeking to enforce a right to indemnification or to an advancement of expenses or the person from whom the Corporation seeks to recover an advancement of expenses is not entitled to be indemnified, or to such an advancement of expenses, under this Article V or otherwise.

Section 5.6 Determination of Entitlement to Indemnification. Any indemnification required or permitted under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he or she has met all applicable standards of conduct set forth in this Article V and Section 145 of the DGCL. Such determination shall be made, with respect to a person who is a director or officer of the Corporation at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum; (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum; (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (iv) by the stockholders. Such determination shall be made, with respect to any person who is not a director or officer of the Corporation at the time of such determination, in the manner determined by the Board of Directors (including in such manner as may be set forth in any general or specific action of the Board of Directors applicable to indemnification claims by such person) or in the manner set forth in any agreement to which such person and the Corporation are parties.

Section 5.7 Non-Exclusive Rights. The indemnification and advancement of expenses provided in this Article V shall not be deemed exclusive of any other rights to which any person may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

Section 5.8 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of Another Enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article V or otherwise.

Section 5.9 Severability. If any provision or provisions of this Article V shall be held to be invalid, illegal, or unenforceable for any reason whatsoever: (a) the validity, legality, and enforceability of the remaining provisions of this Article V (including, without limitation, each portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable, that is not itself held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this

Article V (including, without limitation, each such portion of any paragraph or clause containing any such provision held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

Section 5.10 Miscellaneous, For purposes of this Article V: (a) references to serving at the request of the Corporation as a director or officer of Another Enterprise shall include any service as a director or officer of the Corporation that imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan; (b) references to serving at the request of the Corporation as an employee or agent of Another Enterprise shall include any service as an employee or agent of the Corporation that imposes duties on, or involves services by, such employee or agent with respect to an employee benefit plan; (c) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner not opposed to the best interests of the Corporation; and (d) references to a director of Another Enterprise shall include, in the case of any entity that is not managed by a board of directors, such other position, such as manager or trustee or member of the governing body of such entity, that entails responsibility for the management and direction of such entity's affairs, including, without limitation, general partner of any partnership (general or limited) and manager or managing member of any limited liability company.

ARTICLE VI
AFFILIATED TRANSACTIONS AND INTERESTED DIRECTORS

Section 6.1 Affiliated Transactions. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction or solely because his, her or their votes are counted for such purpose, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders.

Section 6.2 Determining Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof which authorizes the contract or transaction.

ARTICLE VII
STOCK CERTIFICATES

Section 7.1 Form; Signatures.

(a) Shares of any or all of the Corporation's classes or series of capital stock may be evidenced by certificates for shares of stock, in such form as the Board of Directors may from time to time prescribe, or may be issued in uncertificated form. The issuance of shares in uncertificated form shall not affect shares already represented by a certificate until the certificate is surrendered to the Corporation. Except as expressly provided by law, there shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates. The Corporation shall issue to any holder who so requests a share certificate representing shares registered in the holder's name, signed by the Chairman of the Board, Chief Executive Officer or the President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, exhibiting the number and class (and series, if any) of shares owned by such stockholder, and bearing the seal of the Corporation. Such signatures and seal may be facsimiles. In case any officer who has signed, or whose facsimile signature was placed on, a certificate shall have ceased to be such officer before such certificate is issued, it may nevertheless be issued by the Corporation with the same effect as if he or she were such officer at the date of its issue.

(b) All stock certificates representing shares of capital stock that are subject to restrictions on transfer or to other restrictions may have imprinted thereon such notation to such effect as may be determined by the Board of Directors.

Section 7.2 Transfers. Transfers of stock of the Corporation shall be made on the books of the Corporation only upon surrender to the Corporation of a certificate (if any) for the shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer; provided, however, that such succession, assignment, or transfer is not prohibited by the Certificate of Incorporation, these Bylaws, applicable law, or contract. Thereupon, the Corporation shall issue a new certificate (if requested) to the person entitled thereto, cancel the old certificate (if any), and record the transaction upon its books.

Section 7.3 Registered Stockholders.

(a) Except as otherwise provided by law, the Corporation shall be entitled to recognize the exclusive right of a person who is registered on its books as the owner of shares of its capital stock to receive dividends or other distributions, to vote as such owner, and to hold liable for calls and assessments any person who is registered on its books as the owner of shares of its capital stock. The Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person.

(b) If a stockholder desires that notices and/or dividends shall be sent to a name or address other than the name or address appearing on the stock ledger maintained by the Corporation (or by the transfer agent or registrar, if any), such stockholder shall have the duty to notify the Corporation (or the transfer agent or registrar, if any) in writing, of such desire. Such written notice shall specify the alternate name or address to be used.

Section 7.4 Lost, Stolen or Destroyed Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation which is claimed to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum, or other security in such form, as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost, stolen or destroyed.

ARTICLE VIII
GENERAL PROVISIONS

Section 8.1 Books and Records.

(a) Any books or records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method; provided, however, that the books and records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any books or records so kept upon the request of any person entitled to inspect such records pursuant to the Certificate of Incorporation, these Bylaws, or the provisions of the DGCL.

(b) It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of the stock ledger to prepare and make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the stockholder's name. Nothing contained in this subsection (b) shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine such list.

(c) Except to the extent otherwise required by law, the Certificate of Incorporation or these Bylaws, the Board of Directors shall determine from time to time whether and, if allowed, when and under what conditions and regulations the stock ledger, books, records, and accounts of the Corporation, or any of them, shall be open to inspection by the stockholders and the stockholders' rights, if any, in respect thereof. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine the stock ledger, the books, records, or accounts of the Corporation.

Section 8.2 Voting Shares in Other Business Entities. The Chief Executive Officer or any other officer of the Corporation designated by the Board of Directors may vote any and all shares of stock or other equity interest held by the Corporation in any other corporation or other business entity, and may exercise on behalf of the Corporation any and all rights and powers incident to the ownership of such stock or other equity interest.

Section 8.3 Record Date for Distributions and Other Actions. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution, or allotment of any rights, or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of capital stock, or for the purpose of any other lawful action, except as may otherwise be provided in these Bylaws, the Board of Directors may fix a record date. Such record date shall not precede the date upon which the resolution fixing such record date is adopted, and shall not be more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 8.4 Fiscal Year. The fiscal year of the Corporation shall be such fiscal year as the Board of Directors from time to time by resolution shall determine.

Section 8.5 Gender/Number. As used in these Bylaws, the masculine, feminine, or neuter gender, and the singular and plural number, shall each include the other whenever the context so indicates.

Section 8.6 Section Titles. The titles of the sections and subsections have been inserted as a matter of reference only and shall not control or affect the meaning or construction of any of the terms and provisions hereof.

Section 8.7 Electronic Transmission. For purposes of these Bylaws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 8.8 Amendment. These Bylaws may be altered, amended, or repealed at any annual or regular meeting of the Board of Directors or at any special meeting of the Board of Directors if notice of the proposed alteration, amendment, or repeal be contained in written notice of such special meeting, or at any meeting of the stockholders of the Corporation.

Section 8.9 Certificate of Incorporation. Notwithstanding anything to the contrary contained herein, if any provision contained in these Bylaws is inconsistent with or conflicts with a provision of the Certificate of Incorporation, such provision of these Bylaws shall be

superseded by the inconsistent provision in the Certificate of Incorporation to the extent necessary to give effect to such provision in the Certificate of Incorporation.

Bylaws originally adopted on April 17, 2012

Amendment No. 1 adopted on December 3, 2012

These Amended and Restated Bylaws adopted on October 2, 2014

Exhibit 4.2

EXECUTION COPY

TELA BIO, INC.

AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

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TELA BIO, INC.

AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (the "**Agreement**") is entered into as of October 2, 2014, by and among TELA Bio, Inc., a Delaware corporation (the "**Company**"), and the persons identified on Exhibit A hereto (the "**Investors**" and together with such other parties who may become party hereto pursuant to the terms hereof, the "**Parties**" and each individually, a "**Party**").

BACKGROUND

WHEREAS, concurrently with execution of this Agreement, the Company and certain of the Investors are entering into a Series B Preferred Stock Purchase Agreement (the "**Purchase Agreement**") providing for the sale of shares of the Company's Series B Preferred Stock, par value $0.001 per share ("**Series B Preferred Stock**");

WHEREAS, certain of the Investors (the "**Existing Investors**") are parties to that certain Investor Rights Agreement, dated as of December 3, 2012, by and among the Company and such Existing Investors (the "**Prior Agreement**"); and

WHEREAS, in connection with the purchase by certain of the Investors of shares of Series B Preferred Stock, the parties to the Prior Agreement desire to amend and restate the Prior Agreement in accordance with the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. GENERAL

1.1. Definitions. As used in this Agreement the following terms shall have the following respective meanings:

"**Adversely Affected Holder**" shall have the meaning set forth in Section 2.11 hereof.

"**Affiliate**" means any person who is an "affiliate" as defined in Rule 12b-2 of the Exchange Act.

"**Agreement**" shall have the meaning set forth in the Preamble.

"**Board**" means the Board of Directors of the Company.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in Philadelphia, Pennsylvania are authorized or required to close.

"**Certificate**" means the Amended and Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on or about the date hereof, as the same may be amended and restated from time to time.

"**CEO**" means the Company's Chief Executive Officer.

"**Common Stock**" means the shares of the Company's common stock, par value $0.001 per share.

"**Company**" shall have the meaning set forth in the Preamble.

"**Confidential Information**" shall have the meaning set forth in the Stockholders Agreement.

"**Demand Notice**" shall have the meaning set forth in Section 2.2(a) hereof.

"**Electing Investor**" shall have the meaning set forth in Section 4.3 hereof.

"**Equity Securities**" means (i) any Common Stock, Preferred Stock or other class or series of capital stock of the Company, (ii) any security directly or indirectly convertible into or exchangeable or exercisable for, with or without consideration, any Common Stock, Preferred Stock or other class or series of capital stock of the Company, (iii) any security carrying any warrant or right to subscribe for or purchase shares of any class or series of capital stock of the Company, and (iv) any note, warrant, right, option or other derivative security which provides the right to subscribe for or purchase (i), (ii), or (iii) above.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and any rules or regulations promulgated thereunder, all as the same is in effect from time to time.

"Excluded Registration" means (i) a registration relating to the sale of securities to employees of the Company or a Subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

"**Existing Investors**" has the meaning set forth in the Background.

"**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"**GAAP**" shall have the meaning set forth in Section 3.1(a) hereof.

"**Holder**" means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.10 hereof.

"**Initial Notice**" shall have the meaning set forth in Section 4.2 hereof.

"**Initial Offering**" means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

"**Initiating Holders**" shall have the meaning set forth in Section 2.2(a) hereof.

"**Investors**" shall have the meaning set forth in the Preamble.

"**Legends**" shall have the meaning set forth in Section 2.1(b) hereof.

"**Major Investor**" shall have the meaning set forth in Section 3.1(b) hereof.

"**Non-electing Investor**" shall have the meaning set forth in Section 4.3 hereof.

"**Party**" or "**Parties**" shall have the meaning set forth in the Preamble.

"**Person**" means any individual, corporation, partnership, firm, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or governmental entity.

"**Piggyback Notice**" shall have the meaning set forth in Section 2.3(a) hereof.

"**Preemptive Investor(s)**" shall have the meaning set forth in Section 4.1 hereof.

"**Preemptive Over-Allotment**" shall have the meaning set forth in Section 4.3 hereof.

"**Preemptive Pro Rata Share**" shall have the meaning set forth in Section 4.3 hereof.

"**Preferred Stock**" means the Series A Preferred Stock and the Series B Preferred Stock.

"**Prior Agreement**" has the meaning set forth in the Background.

"**Purchase Agreement**" shall have the meaning set forth in the Preamble.

"**Register**," "**registered**," and "**registration**" each means a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement.

"**Registrable Securities**" means (a) Common Stock issued or issuable upon conversion of the Preferred Stock and (b) any Common Stock of the Company issued as (or issuable upon the conversion, exercise or exchange of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities. Notwithstanding the foregoing, Registrable Securities shall not include any securities sold by a Person to the public either pursuant to a registration statement

declared effective pursuant to the Securities Act or under Rule 144 promulgated under the Securities Act ("**Rule 144**") or sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned.

"**Registration Expenses**" means all expenses (other than Selling Expenses, as defined herein) incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration.

"**Requisite Holders**" shall have the meaning set forth in Section 2.12 hereof.

"**Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**SEC**" or "**Commission**" means the Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, and any rules or regulations promulgated thereunder, all as the same is in effect from time to time.

"**Selling Expenses**" means all underwriting discounts, selling commissions and similar discounts relating to underwriters or commissions related to sales, in each case, applicable to the sale of Registrable Securities.

"**Series A Preferred Stock**" means the Company's Series A Preferred Stock, par value $0.001 per share.

"**Series B Preferred Stock**" has the meaning set forth in the Background.

"**Stockholders Agreement**" means that certain Amended and Restated Stockholders Agreement, dated as of the date hereof, by and among the Company and the other parties named therein, as the same may be amended from time to time.

"**Subsidiaries**" means with respect to any Person (including the Company), any corporation, partnership, limited liability company, association or other business entity of which is controlled by (as defined in Rule 405 of the Securities Act) such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"**Violation**" shall have the meaning set forth in Section 2.9(a) hereof.

SECTION 2. REGISTRATION; RESTRICTIONS ON TRANSFER

2.1. Restrictions on Transfer.

(a) Subject to the restrictions, terms and conditions set forth in the Stockholders Agreement, no Holder shall dispose of any shares of Preferred Stock or Registrable Securities held by such Holder unless and until:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;

(ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition, (C) if reasonably requested by the Company, such Holder shall have furnished the Company, at the Holder's expense, with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act and (D) such disposition complies with the terms of the Stockholders Agreement; or

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by a Holder which is (A) a partnership to its partners or former partners in accordance with their respective partnership interests, (B) a corporation to its stockholders in accordance with their respective interests in the corporation, (C) a limited liability company to its members or former members in accordance with their respective interests in the limited liability company, or (D) to an individual Holder's family member or trust for the benefit of an individual Holder or such Holder's family member; provided, however, that in each case such disposition complies with the terms of the Stockholders Agreement and the transferee will be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(b) Each certificate representing shares of Preferred Stock or Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with legends (the "**Legends**") substantially similar to the following (in addition to any legend(s) required by the Stockholders Agreement or under applicable securities laws):

> THE SALE, TRANSFER OR ASSIGNMENT OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN INVESTOR RIGHTS AGREEMENT, AS AMENDED FROM TIME TO TIME, AMONG THE COMPANY AND CERTAIN HOLDERS OF ITS OUTSTANDING CAPITAL STOCK. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY.
>
> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL OR OTHER

EVIDENCE SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

(c) Subject to any legends required by the Stockholders Agreement and applicable securities laws, the Company shall be obligated to reissue certificates not bearing the Legends at the request of any Holder thereof if the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company, provided that, for the sake of clarity, the Holder shall pay all fees and expenses of such counsel) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend. The Company shall not require an opinion of counsel and shall promptly reissue unlegended certificates in connection with any transfer of securities set forth in Section 2.1(a)(iii); provided, however, that legends shall remain on the certificates representing distributed shares unless they are eligible for sale under Rule 144 and any legends required by the Stockholders Agreement or applicable securities laws shall remain on such certificates.

(d) Notwithstanding any other provision of this Agreement, no transfer or disposition may be made pursuant to this Agreement unless such transfer or disposition complies with applicable federal and state securities laws, including the Securities Act.

(e) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

2.2. Demand Registration.

(a) Subject to the conditions of this Section 2.2, if the Company receives a written request from Holders of at least seventy percent (70%) of the then outstanding Registrable Securities (the "**Initiating Holders**") that the Company file a registration statement under the Securities Act for the sale of the Registrable Securities, then the Company shall, within fifteen (15) days after the receipt thereof, give written notice of such request to all holders of Preferred Stock other than the Initiating Holders (the "**Demand Notice**"), and, subject to the limitations of this Section 2.2, use its commercially reasonable efforts to effect, as promptly as practicable, the registration under the Securities Act of all Registrable Securities owned by the Initiating Holders that the Initiating Holders request to be registered and all Registrable Securities owned by any other Holder which notifies the Company in writing, within thirty (30) days after receipt of the Demand Notice, that it intends to participate in the demand registration contemplated herein (such notification to include the number of Registrable Securities sought to be included and the intended method or methods of distribution for such Registrable Securities), subject to and in accordance with the terms, conditions, procedures and limitations contained in this Agreement.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the Demand Notice or the written notice referred to

in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected by a majority in interest of the Initiating Holders. No Holder shall be required in any such underwriting agreement to make any representations or warranties to or agreements with the Company or the underwriters other than customary representations, warranties or agreements regarding such Holders' title to Registrable Securities and any written information provided by the Holder to the Company expressly for inclusion in the related registration statement. All such selections shall be subject to the reasonable approval of the Company, which approval will not be unreasonably withheld, conditioned or delayed. Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting and registration shall be allocated among the Holders on a pro rata basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders). The number of shares of Registrable Securities to be included in any underwriting and registration covered by this Section 2.2 shall not be reduced unless all other securities of the Company are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded or withdrawn from any underwriting pursuant to this Section 2.2(b) shall be withdrawn from the registration.

(c) Notwithstanding the foregoing, if the Company shall furnish to the Initiating Holders, a certificate signed by the CEO stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its stockholders for such registration statement to be filed because such action (i) materially interferes with a significant acquisition, corporate reorganization, or other similar transaction involving the Company, (ii) would require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or (iii) would render the Company unable to comply with requirements under the Securities Act or Exchange Act, the Company shall have the right to defer taking action with respect to such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than twice in any twelve (12)-month period.

(d) The Company shall not be required to effect a registration pursuant to this Section 2.2.:

(i) at any time prior to six months after the Company's Initial Offering

(ii) after the Company has effected two registrations initiated by the Holders pursuant to this Section 2.2, and such registrations have been declared or ordered effective; or

(iii) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of a Company-initiated registration hereof; provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration to become effective.

(e) For purposes of this Section 2.2, a registration shall not be counted as "effected" if, as a result of the operation of Section 2.2(b), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.3. Piggyback Registrations.

(a) General. If, at any time or from time to time, the Company proposes to file a registration statement under the Securities Act for its own account or for the account of any of its stockholders (other than in an Excluded Registration), including a registration statement relating to a secondary offering of securities of the Company, then the Company shall notify all Holders in writing at least thirty (30) days prior to the filing of any such registration ("**Piggyback Notice**") and will afford each such Holder an opportunity to include in such registration statement all or part of the Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within twenty (20) days after receipt of the Piggyback Notice, so notify the Company in writing. Such notice shall state the number of Registrable Securities which such Holder requests to be included in such registration and the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Underwriting. If the registration statement under which the Company gives the Piggyback Notice is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to be included in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting on the terms and conditions agreed by the Company and the underwriters and the inclusion of such Holder's Registrable Securities in the underwriting to the extent the underwriters determine in good faith will not jeopardize the success of the offering by the Company. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form (as agreed by the Company and the underwriters) with the underwriter or underwriters selected for such underwriting by the Company and reasonably approved by a majority in interest of the Holders participating in such registration pursuant to this Section 2.3. No Holder shall be required in any such underwriting agreement to make any representations or warranties to or agreements with the Company or the underwriters other than customary representations, warranties or agreements regarding such Holders' title to Registrable Securities and any written information provided by the Holder to the Company expressly for inclusion in the related registration statement. Notwithstanding any other provision of this Agreement, if a managing underwriter determines in

good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be excluded from the underwriting shall be first allocated fully among Holders of Registrable Securities other than Common Stock into which the Preferred Stock has been converted, and second, among the Holders on a pro rata basis based on the total number of Registrable Securities held by such Holders. No such reduction shall (i) reduce the securities being offered by the Company for its own account to be included in the registration and underwriting, or (ii) reduce the amount of securities of the selling Holders included in the registration below twenty-five percent (25%) of the total amount of securities included in such registration, unless such offering is the Initial Offering and such registration does not include shares of any other selling stockholder, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. In no event will shares of any stockholder (other than a Holder) be included in such registration which would reduce the number of shares which may be included by Holders without the written consent of Holders of at least a majority of the Registrable Securities proposed to be sold in the offering. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered no later than fifteen (15) Business Days prior to the effective date of the registration statement, after which the Holders' commitment shall become irrevocable. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder that is a partnership or corporation, the partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing Persons shall be deemed to be a single Holder, and any pro rata reduction with respect to such Holder shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such Holder, as defined in this sentence.

(c) Right to Terminate Registration. Notwithstanding the foregoing, the Company shall have the right to terminate or withdraw any registration initiated by it prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5.

2.4. Form S-3 Registration. In case the Company shall receive from any Holder or Holders of at least seventy percent (70%) of the Registrable Securities a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) use commercially reasonable efforts to, as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a

written request given within thirty (30) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 (or any successor or similar form) is not available for such offering by the Company;

(ii) if the Holders propose to sell Registrable Securities at an aggregate price to the public of less than Two Million Dollars ($2,000,000);

(iii) if the Company shall furnish to the Holders a certificate signed by the CEO stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its stockholders for such registration statement to be filed because such action (i) materially interferes with a significant acquisition, corporate reorganization, or other similar transaction involving the Company, (ii) would require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or (iii) would render the Company unable to comply with requirements under the Securities Act or Exchange Act, the Company shall have the right to defer taking action with respect to such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than twice in any twelve (12)-month period; or

(iv) if the Company has effected one registration pursuant to this Section 2.4 within the twelve (12) month period immediately preceding the date of such request.

Registrations effected pursuant to this Section 2.4 shall not be counted as demands for registration or registrations effected pursuant to Section 2.2.

2.5. Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 2.2 or any registration under Section 2.3 or Section 2.4 herein shall be borne by the Company; provided, however, that the Company shall not be required to pay for any Registration Expenses begun pursuant to Section 2.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 2.2. All Selling Expenses incurred in connection with any registrations pursuant to this Agreement, shall be borne by the Holders of the securities so registered pro rata on the basis of the number of shares so registered.

2.6. Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and keep such registration statement effective for up to one hundred twenty (120) days (or up to two hundred ten (210) days in the case of a registration of

Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis) or, if earlier, until the Holder or Holders have completed the distribution related thereto;

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in paragraph (a) above;

(c) Prior to the filing with the SEC, furnish to the Holders drafts of such registration statements, amendments and supplements thereto prior to filing such with the SEC giving the Holders a reasonable opportunity to comment on the parts of such documents relating to them and their holdings;

(d) Furnish to the Holders copies of all correspondence with the SEC related to the filing of any registration statement, including all comment letters received from the SEC and Company responses thereto;

(e) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(f) Use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in or to file a general consent to service of process (unless the Company is already subject to service in such jurisdiction) in any such states or jurisdictions;

(g) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement;

(h) Notify promptly each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(i) Use its commercially reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in

form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters.

2.7. Termination of Registration Rights. The registration rights and obligations set forth in Sections 2.2, 2.3 and 2.4 shall terminate upon the earlier to occur of (a) the written agreement of the Company and the Requisite Holders; or (b) such date that all shares of Registrable Securities may be sold during any ninety (90)-day period pursuant to Rule 144.

2.8. Delay of Registration; Furnishing Information.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

2.9. Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, directors, managers and officers of each such Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement of the Company; and the Company will pay as incurred to each such Holder, partner, officer, manager, director, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, including amounts paid in settlement thereof. The indemnification agreement contained in this Section 2.9(a) shall not apply to (i) any amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed, or (ii) to the extent that any such Violation occurs in reliance upon and in conformity with written

information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration.

(b) To the extent permitted by law, each Holder will, only to the extent that Registrable Securities held by such Holder are included in the securities as to which such registration qualification or compliance is being effected, indemnify and hold harmless the Company, and each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), and any other Holder selling securities under such registration statement and any of such other Holder's partners, directors, managers or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, manager, officer or controlling person of such other Holder, may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by or on behalf of such Holder specifically for use in connection with such registration; and each such Holder will pay as incurred any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director, manager or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is finally adjudicated by a court of competent jurisdiction that there was such a Violation; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the written consent of the Holder, which consent shall not be unreasonably withheld, conditioned or delayed; provided further, that in no event shall any indemnity or contribution under this Section 2.9 exceed the net proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof; provided, however, that the failure to give prompt notice shall not: (i) limit the indemnification obligations of the indemnifying party hereunder except to the extent that the delay in giving, or failure to give, prompt notice prejudices the ability of the indemnifying party to defend against such action, or (ii) relieve the indemnifying party of any liability that it may have to any indemnified party otherwise than under this Section 2.9. The indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly notified, to assume and control the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party, in

the opinion of counsel to the indemnified party, would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding.

(d) If the indemnification provided for in this Section 2.9 is held by a court of competent jurisdiction (by the entry of a final judgment or decree and the expiration of time to appeal or the denial of the last right of appeal) to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder, except in the case of willful misconduct or fraud by such Holder. The Parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.9(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable consideration referred to in this paragraph.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.9 shall survive completion of any offering of Registrable Securities in a registration statement and the termination of this Agreement. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.10. Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a holder of Preferred Stock to the extent of the Registrable Securities transferred to a permitted transferee or permitted assignee of Registrable Securities which (a) is an Affiliate, principal, officer, retired principal, or retired officer of such holder, or (b) any other transferee, so long as such transferee does not, directly or indirectly, compete with the Company (as determined in good faith by the Board), it being understood that a transferee that is a blind pool investment vehicle shall not be deemed to compete with the Company solely because such transferee may have made an investment in an

entity that competes with the Company, provided that any such transferee shall agree in writing to be subject to all restrictions, terms and conditions set forth in this Agreement and the Stockholders Agreement; provided, however, that (x) the transferor shall, within ten (10) days prior to such proposed transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (y) such transfer complies with the terms of this Agreement, the Certificate, the Stockholders Agreement and any other applicable federal or state securities laws.

2.11. Amendment of Registration Rights. Subject to Section 5.3 of this Agreement, any provision of this Section 2 may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Requisite Holders; provided, however, that if any amendment, modification or waiver would disproportionately impair the rights or increase the obligations of any Investor in a manner different from other Investors (each, an "**Adversely Affected Holder**"), such amendment, modification or wavier shall not be effective as to such Adversely Affected Holder unless consented to by such Adversely Affected Holder. Any provision of this Section 2 and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) by any Party, for itself and on its own behalf, so waiving in writing. Any amendment effected in accordance with this Section 2.11 and Section 5.3 shall be binding upon each Holder and the Company and any waiver effected pursuant to the immediately preceding sentence shall be binding upon such Holder and the Company. By acceptance of any benefits under this Section 2, Holders of Registrable Securities hereby agree to be bound by the provisions hereunder.

2.12. Limitation on Subsequent Registration Rights. After the date of this Agreement, the Company shall not, without the prior written consent of the holders of at least seventy percent (70%) of the shares of Preferred Stock (on an as-converted basis and including any shares of Common Stock into which shares of Preferred Stock have been converted) then-outstanding (the "**Requisite Holders**"), enter into any agreement with any holder or prospective holder of any securities of the Company, other than the holders of the Preferred Stock, that would grant such holder registration rights pari passu or senior to those granted to the Holders hereunder.

2.13. "Market Stand-Off" Agreement; Agreement to Furnish Information.

(a) In connection with the Company's Initial Offering, if requested by the Company or the managing underwriter, each holder of Preferred Stock agrees, and the Company shall require each holder of greater than one percent (1%) of the then outstanding shares of capital stock of the Company to agree, not to sell, transfer, agree or contract to sell, make any short sale of, loan, grant any option or warrant for the purchase of, enter into any swap, hedging or other similar transaction with the same economic effect as a sale or otherwise dispose of any Registrable Securities (other than those included in the Initial Offering or acquired in the Initial Offering or aftermarket, if any) without the prior written consent of the Company or the underwriters for such period of time (which period shall not exceed one hundred eighty (180) days after the effective date of the registration statement filed in connection with such Initial Offering (provided that such one hundred eighty (180)-day period may be extended in order to comply with Financial Industry Regulatory Authority Rule 2711(f)(4) but in no event shall the

total period exceed two hundred ten (210) days following the effective date of such registration)) or any other applicable regulatory restrictions as may be requested by the Company or the managing underwriter. The foregoing provisions of this Section 2.13 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to shares acquired by a Holder in open market transactions after completion of the Initial Offering and shall be applicable to Holders only if all directors, executive officers and holders of greater than one percent (1%) of the then outstanding shares of capital stock of the Company enter into similar agreements, and if any of the provisions of such agreements are waived or terminated with respect to any of such persons or if any such person is released from such agreement, the foregoing provisions shall be waived or terminated with respect to each Holder to the same extent on a pro rata basis.

(b) Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Holder shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 2.13 shall not apply to an Excluded Registration or any other registration other than the Initial Offering. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180)-day period (provided that such one hundred eighty (180)-day period may be extended in order to comply with Financial Industry Regulatory Authority Rule 2711(f)(4) or other applicable regulatory restrictions but in no event shall the total period exceed two hundred ten (210) days following the effective date of such registration).

2.14. Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees that it will use its commercially reasonable efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 or any similar or analogous rule promulgated under the Securities Act at all times after the Company is subject to the reporting requirements of the Exchange Act;

(b) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act when and if the Company becomes subject to the reporting requirements thereunder; and

(c) so long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company filed with the SEC; and such other reports and

documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

SECTION 3. COVENANTS OF THE COMPANY

3.1. Basic Financial Information and Reporting.

(a) The Company and its Subsidiaries (if any) shall maintain books and records of account that are accurate in all material respects in which complete entries shall be made pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied ("**GAAP**"), and shall set aside on their books all such proper accruals and reserves as shall be required under GAAP.

(b) The Company shall furnish the following information to each Investor holding a number of shares of Preferred Stock with an aggregate original purchase price of at least One Million Dollars ($1,000,000) (as adjusted for stock splits, stock dividends, combinations and other recapitalizations) (each, a "**Major Investor**") (provided that the Board has not reasonably determined that such Major Investor is a competitor of the Company):

(i) Unless waived by the Requisite Holders, as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred eighty (180) days thereafter, a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such fiscal year, and a consolidated statement of operations and a consolidated statement of cash flows of the Company and its Subsidiaries, for such year, all prepared in accordance with GAAP and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be audited with accompanying footnotes and accompanied by a report and opinion thereon by a firm of independent public accountants of national standing or such other independent public accounting firm selected by the Company's Board and reasonably acceptable to the Requisite Holders;

(ii) As soon as practicable after the end of each quarterly accounting periods in each fiscal year of the Company and its Subsidiaries, and in any event within forty- five (45) days thereafter, an un-audited consolidated balance sheet, consolidated statement of income and a consolidated statement of cash flows for such quarterly period, and for the current fiscal year to date, including (A) a comparison of the current fiscal year to date to the Company's annual budget with any variances between such figures so listed, prepared in accordance with GAAP, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made and (B) a brief statement prepared by the Company's CEO summarizing the Company's financial performance during such quarterly accounting period and anticipated performance during the ensuing quarterly accounting period;

(iii) As soon as practicable after the end of each month, and in any event within thirty (30) days thereafter, (A) an un-audited consolidated balance sheet, consolidated statement of income and a consolidated statement of cash flows for such preceding month and (B) a brief statement prepared by the Company's CEO summarizing the Company's financial and operational performance during such month, any variances from the Company's annual budget and the Company's anticipated performance during the ensuing month;

(iv) Within thirty (30) days prior to the beginning of each fiscal year, an annual budget, including projected income, cash flow and balance sheet statements on at least a quarterly basis for the ensuing fiscal year, and operating plans, including a brief qualitative description of the Company's plan by the CEO in support of the annual budget of the Company and its Subsidiaries for such fiscal year (and as soon as reasonably practicable, any subsequent revisions thereto);

(v) Within five business days after an executive officer of the Company or its Subsidiaries, as the case may be, has actual knowledge of: (i) the occurrence of a default hereunder, or under any material agreement of the Company or its Subsidiaries, including without limitation any loan or financing agreement, (ii) the commencement of any legal proceeding against the Company, or (iii) any effect, condition, event, or circumstance that has resulted in a material and adverse effect on the business, properties, assets, condition (financial or otherwise), prospects, results of operations or liabilities of the Company or its Subsidiaries, a statement from the CEO describing such occurrence and management's anticipated response;

(vi) Such other financial and other information of the Company and its Subsidiaries as such Major Investor may reasonably request from time to time; provided, however, for the sake of clarity, a Major Investor cannot require delivery of audited financial statements if the requirement to deliver audited financial statements has been waived pursuant to Section 3.1(b)(i); and

(vii) Within five (5) Business Days after the date of filing or delivery, copies of all materials of whatsoever nature filed or delivered by the Company or its Subsidiaries thereof (i) with the Commission and (ii) with any national or foreign securities exchange or quotation bureau.

Notwithstanding anything else in this Section 3.1 to the contrary, the Company may cease providing the information set forth in this Section 3.1 during the period starting with the date sixty (60) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Section 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2. Inspection Rights. Each Major Investor shall have the right (provided that the Board has not reasonably determined that such Major Investor is a competitor of the Company), at such Major Investor's expense and during normal business hours and upon reasonable prior notice, to visit and inspect any of the properties of the Company or any of its Subsidiaries (including books of account, reports and other papers), to make extracts therefrom, and to discuss the affairs, finances and accounts of the Company or any of its Subsidiaries with their officers, employees and accountants (and by this provision the Company and its Subsidiaries authorize their accountants to discuss such finances and affairs with such stockholder or its representatives), and to review such information as is reasonably requested all at such reasonable times and as often as may be reasonably requested; provided, however, that the Company shall not be obligated pursuant to this Section 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless

covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3. Confidential Information. The Investors agree that any Confidential Information obtained pursuant to this Agreement (including the Company's herewith), whether obtained before, at or after the execution and delivery of this Agreement, is subject to Section 4.22 of the Stockholders Agreement. This Section 3.3 shall survive termination of this Agreement.

3.4. Reservation of Common Stock. The Company shall use reasonable efforts to take any and all action necessary to reserve for issuance the number of shares of Common Stock into which all of the Preferred Stock then outstanding or to be sold or issued pursuant to the Purchase Agreement, are convertible, and shall use reasonable efforts to take such further action from time to time thereafter to increase the number of shares of Common Stock reserved for issuance as required by any increase in the number of shares of Common Stock into which the Preferred Stock may then be converted.

3.5. Proprietary Information and Inventions Agreement. The Company and its Subsidiaries shall require (a) all of their officers and key employees (as determined in good faith by the Board) to execute and deliver a confidential information and inventions assignment agreement and (b) all of their consultants that are involved in research or development activities for the Company that relate to technical or scientific inventive work to execute and deliver a confidential information agreement, each in a form reasonably acceptable to the Company.

3.6. Real Property Holding Corporation. The Company covenants that it will use commercially reasonable efforts to operate in a manner such that it will not become a "United States real property holding corporation" as that term is defined in Section 897(c)(2) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

3.7. Termination of Covenants. Except for the covenants set forth in Sections 3.4, 3.5 and 3.10, all covenants of the Company and its Subsidiaries contained in Section 3 of this Agreement shall expire and terminate as to the Investors upon the Initial Offering.

3.8. Restrictive Agreements. Neither the Company nor any of its Subsidiaries will, without the approval of a majority of the directors serving on the Board enter into or become obligated under any agreement or contract including any loan agreement, promissory note (or other evidence of indebtedness), mortgage, security agreement or lease, which by its terms prevents or restricts the Company or its Subsidiaries from performing its obligations under this Agreement.

3.9. Option Vesting. Unless otherwise determined by the Compensation Committee (as defined in the Stockholders Agreement) of the Board, all stock options and other equity awards issued after the Closing to employees, directors, consultants and other service providers will be subject to vesting over a four year period, with the first twenty-five percent (25%) of such award vesting on the first anniversary of continued employment or service with the Company, and the remaining award vesting in equal monthly installments over the following thirty-six (36) months.

3.10. D&O Insurance. The Company shall use commercially reasonable efforts to maintain a Directors' and Officers' insurance policy satisfactory to the Board. The Company will provide promptly a copy of the insurance certificate regarding the insurance described in this Section 3.9 to any Investor upon its request.

SECTION 4. PREEMPTIVE RIGHTS ON ISSUANCES OF NEW SECURITIES BY THE COMPANY

4.1. Subsequent Offerings. Each Investor (each a "**Preemptive Investor**" and collectively, the "**Preemptive Investors**") shall have the right to purchase (on the same terms and conditions set forth in the Initial Notice) any Equity Securities that the Company may, from time to time, propose to sell or issue after the date of this Agreement, other than the Equity Securities excluded by Section 4.7 hereof, pursuant to the terms and conditions of this Section 4 and applicable securities laws.

4.2. Notice of Issue. If the Company proposes to issue any Equity Securities, then the Company shall give the Preemptive Investors written notice of its intentions, which notice shall describe the Equity Securities, the amount of Equity Securities the Company proposes to issue, and the price, terms and conditions upon which the Company proposes to issue such Equity Securities and shall offer such Equity Securities to the Preemptive Investors pursuant to the terms of this Section 4 (the "**Initial Notice**"). If the consideration to be paid for the Equity Securities is not cash, the fair market value of the consideration shall be determined in good faith by the Board and a reasonably detailed explanation of the Board's determination of such value shall be included in the Initial Notice. All Preemptive Investors electing to participate in the offering of such Equity Securities shall pay the cash equivalent thereof as so determined.

4.3. Exercise of Preemptive Rights. The Preemptive Investors shall have twenty (20) days from their receipt of such Initial Notice to elect to purchase a portion of the Equity Securities being offered. Each Preemptive Investor shall have the right to purchase such Preemptive Investor's pro rata share, based on the ratio of (i) the number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock held by such Preemptive Investor to (ii) the total number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock then outstanding (the "**Preemptive Pro Rata Share**"). If a Preemptive Investor elects to purchase its full Preemptive Pro Rata Share (the "**Electing Investor**"), then such Electing Investor shall have a right of over-allotment such that if any other Preemptive Investor fails to purchase its Preemptive Pro Rata Share (the "**Non-electing Investor**"), such Electing Investor may purchase, on a pro rata basis with other Electing Investors (based on the relative number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock held by such Electing Investors), the Non-electing Investor's Preemptive Pro Rata Share (the "**Preemptive Over-Allotment**"). Each Preemptive Investor shall indicate its agreement to purchase such Investor's Preemptive Pro-Rata Share or such Preemptive Investor's Preemptive Over-Allotment, if any, by giving written notice to the Company and stating therein the quantity of Equity Securities to be purchased. Subject to compliance with applicable securities laws (including that any Person to whom an apportionment is proposed to be made is an "accredited investor" as that term is defined in Rule 501(a) of the Securities Act if such proposed issuance of Equity Securities is proposed to be made only to accredited investors), each Preemptive Investor shall be entitled to apportion Equity Securities to be purchased among its partners and Affiliates,

provided that (i) such Preemptive Investor notifies the Company of such allocation, (ii) such partner or Affiliate is not directly or indirectly a competitor of the Company (as determined in good faith by the Board), it being understood that a transferee that is a blind pool investment vehicle shall not be deemed to compete with the Company solely because such transferee may have made an investment in an entity that competes with the Company, and (iii) such apportionment would not result in the Company being required to file reports with the Commission pursuant to 13(g) of the Exchange Act.

4.4. Issuance of Equity Securities to Other Persons. If the Preemptive Investors do not elect to purchase all of the Equity Securities offered, then the Company shall have one hundred twenty (120) days thereafter to sell the Equity Securities with respect to which the Preemptive Investors' rights were not exercised, at a price and upon other terms and conditions no more favorable to the purchasers thereof than specified in the Initial Notice. If the Company has not sold such Equity Securities within such one hundred twenty (120)-day period, the Company shall not thereafter issue or sell any Equity Securities without first offering such securities to the Investors in the manner provided above.

4.5. Termination and Waiver of Preemptive Rights. The preemptive rights established by this Section 4 shall not apply to, and with respect to issuances by the Company shall terminate upon the earlier to occur of the consummation of, (a) the Initial Offering or (b) Liquidity Event (as defined in the Certificate). The preemptive rights established by this Section 4 may be amended, or any provision waived, with the written consent of the Company and the Requisite Holders or as permitted by Section 5.3; provided, however, that with respect to any such waiver, if any Investors voting in favor or consenting to such waiver subsequently participate in the purchase of the Equity Securities for which such waiver was obtained, then the remaining Preemptive Investors not providing such waiver will be granted the right to participate in the purchase of the Equity Securities, on a pro-rata basis in accordance with this Section 4.

4.6. Transfer of Preemptive Rights. The preemptive rights of each Preemptive Investor under this Section 4 may be transferred to the same parties, subject to the same restrictions, as any transfer of registration rights pursuant to Section 2.10.

4.7. Excluded Securities. The preemptive rights established by this Section 4 shall not apply to (i) the issuance of any Excluded Securities (as defined in the Certificate) and (ii) shares of Common Stock issued in the Initial Offering.

SECTION 5. MISCELLANEOUS

5.1. Specific Performance. Subject to Section 2.8(a), the Parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to a Party hereto or to their heirs, personal representatives, successors or assigns by reason of the failure of a Party to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable. Subject to Section 2.8(a), if any Party hereto or such Party's heirs, personal representatives, successors or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that such Party or such personal

representative has an adequate remedy at law, and such person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

5.2. Governing Law. This Agreement and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law principles of any jurisdiction. No suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in a court of competent jurisdiction in the State of Delaware and the Parties hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. Each of the Parties hereto hereby irrevocably waives any right which it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority and agrees not to claim or plead the same. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

5.3. Amendment and Waiver. This Agreement may not be amended, modified or waived at any time, unless such amendment, modification or waiver is first approved by (a) the Requisite Holders and (b) the Company; provided, however, that if any amendment, modification or waiver would disproportionately impair the rights or increase the obligations of any Adversely Affected Holder in a manner different from other Investors, such amendment, modification or wavier shall not be effective as to such Adversely Affected Holder unless consented to by such Adversely Affected Holder. Any amendment, modification or waiver so effected shall be binding upon the Company, each of the Parties hereto and any assignee of any such Party. No waiver of any breach of this Agreement extended by any Party hereto to any other Party shall be construed as a waiver of any rights or remedies of any other Party hereto or with respect to any subsequent breach.

5.4. Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such invalid, illegal or unenforceable provision shall be reformed and construed so that it will be valid, legal and enforceable to the maximum extent permitted by law.

5.5. Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Party hereto, upon any breach, default or noncompliance of any Party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on part of any Party hereto of any breach, default or noncompliance under this Agreement or any waiver on such Party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to the Parties hereto, shall be cumulative and not alternative.

5.6. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the Parties hereto; provided, however, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities permitted under this Agreement specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

5.7. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next Business Day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, (e) when sent by electronic mail, upon confirmation of receipt by the recipient via electronic mail. All communications shall be sent to the Party to be notified at the address as set forth on Exhibit A hereto or at such other address as such Party may designate by ten (10) days advance written notice to the other Parties hereto.

5.8. Right to Conduct Activities. The Company and each holder of Preferred Stock hereby acknowledge that some or all of the Investors are professional investment funds or holding companies and, as such, hold investments in numerous portfolio companies, some of which may be competitive with the Company's business. No holder of Preferred Stock shall be liable to the Company or to other Parties for any claim arising only out of, or only based upon, (a) the holding of securities by the holder of Preferred Stock in any entity competitive with the Company, or (b) actions taken by any partner, officer or other representative of any holder of Preferred Stock to assist any such competitive company, whether or not such action was taken as a board member of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company, so long as no Confidential Information of the Company is used or disclosed by such holder of Preferred Stock in connection with any such competitive activities or otherwise and such holders and representatives thereof do not breach any duty owed to the Company or its stockholders.

5.9. Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional shares of its Preferred Stock from time to time, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "Investor" and a party hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

5.10. Counterparts; Execution by Facsimile Signature. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed by facsimile or other electronic signature(s) which shall be binding on the party delivering same.

5.11. Termination. Except as otherwise set forth herein, this Agreement shall terminate automatically and without further action by any Party hereto upon the first date on which none of the Investors (and their transferees or assignees to whom registration rights hereunder are transferable pursuant to Section 2.10) continue to hold any Registrable Securities.

5.12. Aggregation of Stock. All shares of Preferred Stock and Common Stock of the Company held or acquired by affiliated entities or persons shall be aggregated for the purpose of determining the availability of any rights under this Agreement.

5.13. Entire Agreement. The Prior Agreement shall be deemed amended and restated to read in its entirety as set forth in this Agreement. The Prior Agreement is hereby amended in its entirety and restated herein. All provisions of, rights granted under and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect. This Agreement and each of the Exhibits hereto, constitute the full and entire understanding and agreement between the Parties hereto with regard to the subject matter hereof and thereof and no Party hereto shall be liable or bound to any other Party hereto in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

5.14. Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (w) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (x) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; (y) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder; and (z) to a “day” means a calendar day unless otherwise expressly provided. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

* * * * *

IN WITNESS WHEREOF, the Parties hereto have executed this Amended and Restated Investor Rights Agreement as of the date set forth in the first paragraph

COMPANY:

TELA Bio. Inc.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Director

Address: 1 Great Valley Parkway
Suite 24
Malvern, PA 19355

INVESTORS:

Quaker Bioventures II, L.P.

By: Quaker Bioventures Capital II, L.P.,
its general partner

By: Quaker Bioventures Capital II, LLC,
its general partner

By: /s/ Adele C. Oliva
Name: Adele C. Oliva
Title: Executive Manager

INVESTORS:

OrbiMed Private Investments IV, LP

By: OrbiMed Capital GP IV LLC,
its General Partner

By: OrbiMed Advisors LLC,
its Managing Member

By: /s/ Jonathan Silverstein
Name: Jonathan Silverstein
Title: Member

INVESTORS:

HighCape Partners QP, L.P.

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HighCape Partners, L.P.

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

INVESTORS:

Signet Healthcare Partners Accredited Partnership III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

Signet Healthcare Partners QP Partnership III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

INVESTORS:

/s/ Antony Koblish
Antony Koblish

/s/ Maarten Persenaire
Maarten Persenaire

/s/ David McQuillan
David McQuillan

/s/ Christine Arasin
Christine Arasin

/s/ Jeff Marx
Jeff Marx

INVESTORS

Garen Vale Pty Ltd. Superannuation Fund

By: /s/ John A. Robinson
Name: John A. Robinson
Title: Authorized Person

/s/ Josef Koblish
Josef Koblish

/s/ Paul Touhey
Paul Touhey

Peter A. Scott Pty Ltd. Superannuation Fund

By: /s/ Peter A. Scott
Name: Peter A. Scott
Title: Authorized Person

/s/ William Tidmore
William Tidmore

/s/ Vincent Koblish
Vincent Koblish

/s/ Fiona McQuillan
Fiona McQuillan

/s/ Trevor McQuillan
Trevor McQuillan

/s/ Skott Greenhalgh
Skott Greenhalgh

INVESTORS

/s/ Rene Snowden
Rene Snowden

/s/ Paul Talmo
Paul Talmo

/s/ Jay Tawil
Jay Tawil

/s/ Finley Long
Finley Long

/s/ Susan Drumm
Susan Drumm

/s/ Jennifer Barretta
Jennifer Barretta

/s/ Bruce Peacock
Bruce Peacock

/s/ Karim Benhamida
Karim Benhamida

INVESTORS

/s/ John Alexander Robinson
John Alexander Robinson

INVESTORS

/s/ Darryl Roberts
Darryl Roberts

EXHIBIT A

INVESTORS

Name and Address of Investors

OrbiMed Private Investments IV, LP
***

Quaker Bioventures II, L.P.
***

HighCape Partners QP, LP - and -
HighCape Partners, LP
***

with a copy to (which shall not constitute notice)

Shipman and Goodwin LLP
***

Signet Healthcare Partners Accredited Partnership III, LP -and-
Signet Healthcare Partners QP Partnership III, LP
***

Maarten Persenaire
***

Antony Koblish
***

Paul Touhey
***

Name and Address of Investors

David McQuillan
***

Garen Vale Pty Ltd
***

John Alexander Robinson
***

Peter A. Scott Pty Ltd. Superannuation Fund
***

Amy Silfen
***

Jeff Marx
***

The Entrust Group, Inc. FBO Andrew W. Barnes IRA #56-00607
***

Josef Koblish
***

William Tidmore
***

Vincent Koblish
***

Christine Arasin
***

Name and Address of Investors

Skott Greenhalgh
***

Darryl Roberts
***

Fiona McQuillan
***

Trevor McQuillan
***

Rene Snowden
***

Paul Talmo
***

Jamal Tawil
***

Finlay Long
***

Susan Drumm
***

Jennifer Barretta
***

Bruce Peacock
***

Karim Benhamida
***

Exhibit 4.3

Execution Version

FIRST AMENDMENT AND JOINDER TO
AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

This First Amendment and Joinder to Amended and Restated Investor Rights Agreement (this "**First Amendment and Joinder**") is made as of October 23, 2017 by and among TELA Bio, Inc., a Delaware corporation (the "**Company**"), the Requisite Holders (as identified on the signature pages hereto (the "**Requisite Holders**")) and Pacira Pharmaceuticals, Inc., a Delaware corporation ("**Pacira**").

Recitals:

The Company, the Requisite Holders and the other Stockholders are parties to an Amended and Restated Investor Rights Agreement dated as of October 2, 2014 (the "**Investor Rights Agreement**"). Pursuant to the terms of that certain Series B Preferred Stock Purchase Agreement, dated as of even date herewith (the "**Pacira Purchase Agreement**"), effective as of the date hereof, Pacira is purchasing 12,931,034 newly-issued shares of Series B Preferred Stock of the Company (the "**Initial Shares**") from the Company and may subsequently purchase up to an additional 8,620,690 newly-issued shares of Series B Preferred Stock of the Company (the "**Option Shares**" and together with the Initial Shares, the "**Shares**"). In accordance with Section 5.9 of the Investor Rights Agreement, the Company and Pacira are entering into this First Amendment and Joinder in connection with such purchase of the Shares, and in accordance with Section 5.3 of the Investor Rights Agreement, the Required Holders constitute the Stockholders necessary to amend the Investor Rights Agreement as set forth in this First Amendment and Joinder.

Each capitalized term used in this First Amendment and Joinder and not otherwise defined shall have the same respective meaning as that assigned to it in the Investor Rights Agreement.

NOW, THEREFORE, in consideration of the premises and covenants set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Joinder to Investor Rights Agreement.** Upon the execution and delivery of this First Amendment and Joinder, Pacira agrees to be bound by and comply with all provisions, restrictions, terms and conditions of the Investor Rights Agreement as an "Investor," a "Major Investor" and "Holder" in accordance with all of the terms and provisions of the Investor Rights Agreement applicable to "Investors," "Major Investors" and "Holders." In addition, Pacira shall have all rights of an "Investor," "Major Investor" and "Holder" under the Investor Rights Agreement.

2. **Amendments to Investor Rights Agreement.** The Investor Rights Agreement is hereby deemed to be amended as follows:

(a) Section 2.1(a)(iii) shall be amended and restated in its entirety as follows:

"Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by a

Holder which is (A) a partnership to its partners or former partners in accordance with their respective partnership interests, (B) a corporation to its stockholders in accordance with their respective interests in the corporation, (C) a limited liability company to its members or former members in accordance with their respective interests in the limited liability company, or (D) to an individual Holder's family member or trust for the benefit of an individual Holder or such Holder's family member; provided however, that in each case such disposition complies with the terms of the Stockholders Agreement and the transferee will be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder; provided, further, that Pacira shall only be permitted to transfer its shares of Preferred Stock to its Affiliates and that no transfer by Pacira to any of its Affiliates shall relieve Pacira of any obligations set forth in this Agreement."

(b) Section 2.10 shall be amended and restated in its entirety as follows:

"**Assignment of Registration Rights**. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a holder of Preferred Stock to the extent such holder's Registrable Securities are transferred to a permitted transferee or permitted assignee of Registrable Securities which (a) is an Affiliate, principal, officer, retired principal, or retired officer of such holder, or (b) any other transferee, so long as such transferee does not, directly or indirectly, compete with the Company (as determined in good faith by the Board), it being understood that a transferee that is a blind pool investment vehicle shall not be deemed to compete with the Company solely because such transferee may have made an investment in an entity that competes with the Company, provided that any such transferee shall agree in writing to be subject to all restrictions, terms and conditions set forth in this Agreement and the Stockholders Agreement; provided, however, that (x) the transferor shall, within ten (10) days prior to such proposed transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (y) such transfer complies with the terms of this Agreement, the Certificate, the Stockholders Agreement and any other applicable federal or state securities laws; provided, further, that Pacira's rights to cause the Company to register Registrable Securities pursuant to this Section 2 may only be assigned to Pacira's Affiliates (and not to any principal, officer, retired principal, or retired officer of Pacira) and that, notwithstanding anything else in this Agreement, no assignment of such rights by Pacira to its Affiliate shall relieve Pacira of any obligations set forth in this Agreement."

(c) Section 3.1 (b)(i)-(iii) shall be amended and restated in its entirety as follows:

"(i) As soon as practicable after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, a consolidated balance sheet of the Company and its Subsidiaries and a statement of stockholders' equity, as at the

end of such fiscal year, and a consolidated statement of operations and a consolidated statement of cash flows of the Company and its Subsidiaries, for such year, all prepared in accordance with GAAP and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be audited with accompanying footnotes and accompanied by a report and opinion thereon by a firm of independent public accountants of national standing or such other independent public accounting firm selected by the Company's Board and reasonably acceptable to the Requisite Holders;

(ii) As soon as practicable after the end of each quarterly accounting periods in each fiscal year of the Company and its Subsidiaries, and in any event within forty-five (45) days thereafter, an un-audited consolidated balance sheet, statement of stockholders' equity, consolidated statement of income and a consolidated statement of cash flows for such quarterly period, and for the current fiscal year to date, including (A) a comparison of the current fiscal year to date to the Company's annual budget with any variances between such figures so listed, prepared in accordance with GAAP, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made and (B) a brief statement prepared by the Company's CEO summarizing the Company's financial performance during such quarterly accounting period and anticipated performance during the ensuing quarterly accounting period;

(iii) As soon as practicable after the end of each month, and in any event within thirty (30) days thereafter, (A) an un-audited consolidated balance sheet, consolidated statement of income, statement of stockholders' equity and a consolidated statement of cash flows for such preceding month and (B) a brief statement prepared by the Company's CEO summarizing the Company's financial and operational performance during such month, any variances from the Company's annual budget and the Company's anticipated performance during the ensuing month;"

(d) Section 3.2 shall be amended by adding the following sentence at the end thereof:

"Notwithstanding the foregoing provisions of this Section 3.2, the Company shall have the right to limit the information provided to Pacira to the extent reasonably necessary to protect the Company's interests as reasonably determined by the Board in good faith, (A) if Pacira, or any of its Affiliates, acquires or makes an equity investment in a competitor of the Company, acquires rights to any business that is competitive with the Company's business or commences the development of products that are competitive with the Company's products (collectively, '**Competitive Activities**') (provided, however, that (Y) the provision of any products used in an 'off-label' manner (provided that such activities are not in violation of the Company's Second Amended and Restated License, Product Development and Supply Agreement with Aroa Biosurgery Ltd. ('**Aroa**') and (Z)

any investment by Pacira in Aroa or any of its Affiliates (or their successors) shall not be deemed 'Competitive Activities') and (B) on matters concerning the possible sale of the Company following the Standstill Period (as defined in the Stockholders Agreement)."

(e) Pacira shall be added to Exhibit A to the Investor Rights Agreement. The address of Pacira for purposes of such Exhibit A shall be 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054.

3. **Effect of First Amendment and Joinder.** The parties acknowledge and agree that all of the terms, provisions, covenants and conditions of the Investor Rights Agreement shall hereafter continue in full force and effect in accordance with the terms thereof, except to the extent expressly modified, amended or revised herein.

4. **Counterparts; Facsimile or Electronic Transmission.** This First Amendment and Joinder may be executed on separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement. This First Amendment and Joinder may be delivered by any party by facsimile or electronic transmission.

5. **Governing Law.** This First Amendment and Joinder, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law principles of any jurisdiction. No suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in a court of competent jurisdiction in the State of Delaware and the parties hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. Each of the parties hereto hereby irrevocably waives any right which it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority and agrees not to claim or plead the same. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment and Joinder to Amended and Restated Investor Rights Agreement as of the day and year first above written.

COMPANY:

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: President and Chief Executive Officer

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

PACIRA:

PACIRA PHARMACEUTICALS, INC.

By: /s/ Kristen Williams
Name: Kristen Williams
Title: Chief Administrative Officer and General Counsel

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

REQUISITE HOLDERS:

QUAKER BIOVENTURES II, L.P.

By: Quaker Bioventures Capital II, L.P., its General Partner

By: Quaker Bioventures Capital II, LLC, its General Partner

By: /s/ Adele C. Oliva
Name: Adele C. Oliva
Title: Executive Manager

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

ORBIMED PRIVATE INVESTMENTS IV, LP

By: OrbiMed Capital GP IV LLC, its General Partner

By: OrbiMed Advisors LLC, its General Partner

By: /s/ Jonathan Silverstein
Name: Jonathan Silverstein
Title: Member

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

HIGHCAPE PARTNERS QP, L.P.

By: HighCape Partners GP, L.P., its General Partner

By: HighCape Partners GP, LLC, its General Partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HIGHCAPE PARTNERS, L.P.

By: HighCape Partners GP, L.P., its General Partner

By: HighCape Partners GP, LLC, its General Partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

SIGNET HEALTHCARE PARTNERS
ACCREDITED PARTNERSHIP III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

SIGNET HEALTHCARE PARTNERS QP PARTNERSHIP III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

[Signature page to First Amendment and Joinder to Investor Rights Agreements]

Exhibit 4.4

EXECUTION COPY

TELA BIO, INC.

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

TABLE OF CONTENTS

TELA BIO, INC.

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THIS AMENDED AND RESTATED STOCKHOLDERS AGREEMENT (this "**Agreement**") is entered into as of October 2, 2014, by and among TELA Bio, Inc., a Delaware corporation (the "**Company**"), the Persons holding shares of Common Stock (as defined herein) identified on Exhibit A hereto (together with any other holders of Common Stock party hereto or who become party hereto, the "**Common Holders**"), and the Persons holding shares of Preferred Stock (as defined herein) identified on Exhibit B hereto (the "**Investors**", and, collectively with the Common Holders and such other Persons who may become party hereto pursuant to the terms hereof, the "**Stockholders**").

BACKGROUND

WHEREAS, concurrently with the execution of this Agreement, the Company and certain of the Investors are entering into a Series B Preferred Stock Purchase Agreement (the "**Purchase Agreement**") providing for the sale of shares of the Company's Series B Preferred Stock, par value $0.001 per share ("**Series B Preferred Stock**");

WHEREAS, certain of the Investors and the Common Holders are parties to that certain Stockholders Agreement, dated December 3, 2012, by and among the Company and the parties thereto (the "**Prior Agreement**"); and

WHEREAS, in connection with the purchase by certain Investors of shares of Series B Preferred Stock, the parties to the Prior Agreement desire to amend and restate the Prior Agreement in accordance with the terms of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS

As used herein, the following terms shall have the following definitions:

(a) "**Adversely Affected Holder**" shall have the meaning set forth in Section 4.5.

(b) "**Affiliate**" shall mean any Person who is an "affiliate" as defined in Rule 12b-2 of the Exchange Act.

(c) "**Agreement**" shall have the meaning set forth in the Preamble.

(d) "**Applicable Stockholder**" shall have the meaning set forth in Section 3.2(a).

(e) "**Audit Committee**" shall have the meaning set forth in Section 2.5(b).

(f) "**Board**" shall mean the Company's Board of Directors.

(g) "**Business Day**" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Philadelphia, Pennsylvania are authorized or required to close.

(h) "**Bylaws**" shall mean the Amended and Restated Bylaws of the Company approved on or about the date hereof, as the same may be amended and restated from time to time.

(i) "**CEO Director**" shall have the meaning set forth in Section 2.2(c)(i).

(j) "**Certificate**" shall mean the Amended and Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on or about the date hereof, as the same may be amended and restated from time to time.

(k) "**Change of Control**" shall mean, with respect to a Person (the "**Target**"), any transaction or series of related transactions (as a result of a tender offer, merger, consolidation or otherwise) that results in, or that is in connection with, any Person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of Persons acquiring beneficial ownership, directly or indirectly, of a majority of the then issued and outstanding voting securities of the Target from the Target's equityholders.

(l) "**Common Equity Securities**" shall mean, with respect to any Stockholder, any of the following that is now owned or that is hereinafter acquired by such Stockholder: (i) any Common Stock of the Company; and (ii) any warrant or option to purchase any shares of Common Stock.

(m) "**Common Holders**" shall have the meaning set forth in the Preamble.

(n) "**Common Stock**" shall mean the Company's common stock, par value $0.001 per share.

(o) "**Company**" shall have the meaning set forth in the Preamble.

(p) "**Compensation Committee**" shall have the meaning set forth in Section 2.5(a).

(q) "**Confidential Information**" shall have the meaning set forth in Section 4.22(a).

(r) "**Converted Shares**" shall have the meaning set forth in Section 4.6(a).

(s) "**Co-Sale Holder**" and "**Co-Sale Holders**" shall have the meanings set forth in Section 3.3(a).

(t) "**Disclosing Party**" shall have the meaning set forth in Section 4.22(b).

(u) "**Equity Securities**" shall mean, with respect to any Stockholder, any of the following that is now owned or that is hereinafter acquired by such Stockholder: (i) any

Common Stock, Preferred Stock or other class or series of capital stock of the Company; (ii) any security convertible, with or without consideration, into any securities described in clause (i) of this definition; (iii) any security carrying any warrant or right to subscribe for or purchase shares of any securities described in clause (i) of this definition; and (iv) any warrant, note, right, option or other derivative security which provides the right to subscribe for or purchase any securities described in clauses (i), (ii), or (iii) of this definition.

(v) "**Excess Stock**" shall have the meaning set forth in Section 3.2(c).

(w) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and any rules or regulations promulgated thereunder, all as the same is in effect from time to time.

(x) "**Forfeited Shares**" shall have the meaning set forth in Section 4.23.

(y) "**Fully Diluted Basis**" shall have the meaning ascribed to such term in the Certificate.

(z) "**HighCape**" shall mean HighCape Partners QP, L.P., and its permitted successors and permitted assigns.

(aa) "**HighCape Director**" shall have the meanings set forth in Section 2.2(b)(i).

(bb) "**Independent Director**" shall have the meaning set forth in Section 2.2(c)(ii).

(cc) "**Initial Public Offering**" shall mean the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(dd) "**Initiating Holders**" shall have the meaning set forth in Section 3.4(a).

(ee) "**Investors**" shall have the meaning set forth in the Preamble.

(ff) "**Joint Quaker/OrbiMed Director**" shall have the meaning set forth in Section 2.2(c)(iii).

(gg) "**Legend**" shall have the meaning set forth in Section 4.2(a).

(hh) "**License**" shall have the meaning set forth in Section 2.4(b).

(ii) "**Liens**" shall have the meaning set forth in Section 3.4(b)(i).

(jj) "**Mesynthes**" shall mean Mesynthes Ltd., a privately held New Zealand company.

(kk) "**Mesynthes Observer**" shall have the meaning set forth in Section 2.4(b).

(ll) "**Offered Stock**" shall have the meaning set forth in Section 3.2(b).

(mm) "**Offering Series A Stockholder**" shall have the meaning set forth in Section 3.6(a).

(nn) "**Offering Series B Stockholder**" shall have the meaning set forth in Section 3.6. (b).

(oo) "**OrbiMed**" shall mean OrbiMed Private Investments IV, LP, and its permitted successors and permitted assigns.

(pp) "**OrbiMed Director**" shall have the meaning set forth in Section 2.2(a)(ii).

(qq) "**OrbiMed Observer**" shall have the meaning set forth in Section 2.4(a).

(rr) "**Participant**" and "**Participants**" shall have the meanings set forth in Section 3.3(c).

(ss) "**Permitted Transferee**" shall mean (i) with respect to a Stockholder who is a natural Person, (A) the spouse or lineal descendants (but not minor children) of such Stockholder, (B) any trust created solely for the benefit of such Stockholder, the spouse or lineal descendants of such Stockholder, or such Stockholder's estate, (C) any corporation or partnership that is controlled by such Stockholder and in which such Stockholder, or the spouse or lineal descendants of such Stockholder, are the direct and beneficial owners of at least a majority of the voting securities (provided such Stockholder, spouse and lineal descendants agree in writing to remain the direct and beneficial owners of at least a majority of the voting securities), (D) upon such Stockholder's death, the legatees or beneficiaries of such Stockholder, or the personal representatives of such Stockholder for the purposes of administration of such Stockholder's estate, or (E) upon such Stockholder's adjudicated incapacity, the personal representatives of such Stockholder for purposes of the protection and management of the assets of such Stockholder; and (ii) with respect to a Stockholder who is not a natural Person, its Affiliates, including its stockholders, members or partners, provided, that such transferee shall transfer any Transferred Equity Securities back to such Stockholder within five (5) Business Days after ceasing to be an Affiliate of such Stockholder, unless such Transfer to its stockholders, members or partners was effected in connection with the dissolution of such Stockholder.

(tt) "**Person**" shall mean any individual, corporation, partnership, firm, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization, governmental entity or other entity.

(uu) "**Preferred Directors**" shall have the meanings set forth in Section 2.2(b)(ii).

(vv) "**Preferred Equity Securities**" shall mean, with respect to any Stockholder, any of the following that is now owned or that is hereinafter acquired by such Stockholder: (i) any Preferred Stock or other class or series of preferred capital stock of the Company; (ii) any security convertible, with or without consideration, into any securities described in clause (i) of this definition; (iii) any security carrying any warrant or right to subscribe for or purchase shares of any securities described in clause (i) of this definition; and (iv) any warrant, note, right, option or other derivative security which provides the right to subscribe for or purchase any securities described in clauses (i), (ii), or (iii) of this definition.

(ww) "**Preferred Holders**" shall mean the Investors and such other parties hereto who hold or may become holders of Preferred Stock (during such time as such Person holds Preferred Stock).

(xx) "**Preferred Stock**" shall mean the Series A Preferred Stock and/or Series B Preferred Stock.

(yy) "**Prior Agreement**" shall have the meaning set forth in the Recitals.

(zz) "**Prohibited Person**" shall have the meaning set forth in Section 3.1(b).

(aaa) "**Proposed Sale**" shall have the meaning set forth in Section 3.4(b).

(bbb) "**Proposed Series A Transfer**" shall have the meaning set forth in Section 3.6(a).

(ccc) "**Proposed Series B Transfer**" shall have the meaning set forth in Section 3.6(b).

(ddd) "**Purchase Agreement**" shall have the meaning set forth in the Background section of this Agreement.

(eee) "**Quaker**" shall mean Quaker Bioventures II, L.P., and its permitted successors and permitted assigns.

(fff) "**Quaker Director**" shall have the meanings set forth in Section 2.2(a)(i).

(ggg) "**Representative**" shall mean, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

(hhh) "**Restricted Stock**" shall have the meaning set forth in Section 4.23.

(iii) "**Sale Event**" shall have the meaning set forth in Section 3.4(a).

(jjj) "**Sale Event Notice**" shall have the meaning set forth in Section 3.4(a).

(kkk) "**Second Transfer Notice**" shall have the meaning set forth in Section 3.2(c).

(lll) "**Securities Act**" shall mean the Securities Act of 1933, as amended, and any rules or regulations promulgated thereunder, all as the same is in effect from time to time.

(mmm) "**Series A Directors**" shall have the meanings set forth in Section 2.2(a)(ii).

(nnn) "**Series A Holders**" shall mean the Investors and such other parties hereto who hold or may become holders of Series A Preferred Stock (during such time as such person holds Series A Preferred Stock).

(ooo) "**Series A Preferred Stock**" shall mean the Company's Series A Preferred Stock, par value $0.001 per share.

(ppp) "**Series B Directors**" shall have the meanings set forth in Section 2.2(b)(ii).

(qqq) "**Series B Holders**" shall mean the Investors and such other parties hereto who hold or may become holders of Series B Preferred Stock (during such time as such person holds Series B Preferred Stock).

(rrr) "**Series B Preferred Stock**" shall have the meaning set forth in the Recitals.

(sss) "**Signet**" shall mean Signet Healthcare Partners QP Partnership III, LP, and its permitted successors and permitted assigns.

(ttt) "**Signet Director**" shall have the meaning set forth in Section 2.2(b)(ii).

(uuu) "**Stockholders**" shall have the meaning set forth in the Preamble.

(vvv) "**Transfer**" shall mean, with respect to any Equity Security, any sale, assignment, encumbrance, hypothecation, pledge, conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, including transfers to receivers, levying creditors, trustees or receivers in bankruptcy proceedings or general assignees for the benefit of creditors, whether voluntary or by operation of law, directly or indirectly, of any Equity Security.

(www) "**Transfer Notice**" shall have the meaning set forth in Section 3.2(b).

(xxx) "**Transferor Stockholder**" shall have the meaning set forth in Section 3.2(b).

(yyy) "**Vesting Schedule**" shall have the meaning set forth in Section 4.23.

(zzz) "**Voting Securities**" shall mean, with respect to a Stockholder, (i) all Equity Securities now or hereafter owned of record, or beneficially, by such Stockholder, and (ii) all other Equity Securities over which the Stockholder now or hereafter has voting control.

SECTION 2. VOTING

2.1 General. Each Stockholder shall hold all Voting Securities subject to, and shall vote such Voting Securities in accordance with, the provisions of this Agreement.

2.2 Election of Directors.

(a) Series A Preferred Directors. On all matters relating to the election of the class of directors designated in the Certificate as being elected only by the holders of Series A Preferred Stock, the Series A Holders shall vote all of their respective Voting Securities (or shall consent pursuant to an action by written consent of the stockholders of the Company) so as to elect as members of the Board:

(i) One individual nominated in writing by Quaker (the "**Quaker Director**"), who initially shall be Adele C. Oliva, for so long as Quaker and its Affiliates continue to own beneficially at least ten percent (10%) of the outstanding shares of Series A Preferred Stock; and

(ii) one individual nominated in writing by OrbiMed (the "**OrbiMed Director**" and, together with the Quaker Director, the "**Series A Directors**") who initially shall be Vince Burgess, for so long as OrbiMed and its Affiliates continue to own beneficially at least ten percent (10%) of the outstanding shares of Preferred Stock;

provided, however, this Section 2.2(a) shall terminate simultaneously with the termination of the Series A Holders' rights, as set forth in the Certificate, to vote on the election of directors as a separate class.

(b) Series B Directors. On all matters relating to the election of the class of directors designated in the Certificate as being elected only by the holders of Series B Preferred Stock, the Series B Holders shall vote all of their respective Voting Securities (or shall consent pursuant to an action by written consent of the stockholders of the Company) so as to elect as members of the Board:

(i) one individual nominated in writing by HighCape (the "**HighCape Director**"), who initially shall be Kevin Rakin, for so long as HighCape and its Affiliates continue to own beneficially (a) at least ten percent (10%) of the outstanding shares of Series B Preferred Stock or (b) at least seventy-five percent (75%) of the shares of Series B Preferred Stock that HighCape purchased under the Purchase Agreement; and

(ii) one individual nominated in writing by Signet (the "**Signet Director**" and, together with the HighCape Director, the "**Series B Directors**"), who initially shall be Ashley Friedman, for so long as Signet and its Affiliates continue to own beneficially (a) at least ten percent (10%) of the outstanding shares of Series B Preferred Stock or (b) at least seventy-five percent (75%) of the shares of Series B Preferred Stock that Signet purchased under the Purchase Agreement. For purposes of this Agreement, the Series A Directors and the Series B Directors shall together be referred to as the "**Preferred Directors**."

provided, however, this Section 2.2(b) shall terminate simultaneously with the termination of the Series B Holders' rights, as set forth in the Certificate, to vote on the election of directors as a separate class.

(c) CEO Director and Independent Director. On all matters relating to the election of members of the Board other than the Preferred Directors and except as covered by Section 2.2(d), the Stockholders shall vote all of their respective Voting Securities (or shall consent pursuant to an action by written consent of the Stockholders) so as to elect as members of the Board:

(i) the Company's then-current Chief Executive Officer (the "**CEO Director**");

(ii) one director (the "**Independent Director**") nominated in writing by the Stockholders (other than Quaker) holding a majority of the shares of Common Stock then outstanding (other than Common Stock held by Quaker) and subject to the reasonable approval of the Stockholders holding at least seventy percent (70%) of the shares of Common Stock issuable upon conversion of the shares of Preferred Stock then outstanding (during such time as the shares Common Stock issuable upon conversion of the shares of Preferred Stock then

outstanding constitute at least twenty percent (20%) of the outstanding shares of Common Stock on an as converted and Fully Diluted Basis), who shall be independent and not an Affiliate of the Company or any Stockholder and who shall have industry experience. The Independent Director initially shall be Paul Touhey (and, for the sake of clarity, Paul Touhey shall continue to be a permitted Independent Director without regard to whether he owns shares of capital stock or other securities of the Company); and

(iii) One individual nominated in writing by Quaker and OrbiMed (the "**Joint Quaker/OrbiMed Director**") for so long as Quaker and OrbiMed and their respective Affiliates continue to own beneficially at least a number of shares of Preferred Stock (as adjusted for stock splits, stock dividends, combinations and other recapitalizations) with an aggregate original purchase price of at least Thirteen Million Dollars ($13,000,000), provided that if either Quaker or OrbiMed no longer holds any shares of Preferred Stock, but the other continues to meet the foregoing threshold, such other stockholder shall have the right to nominate a director under this subsection.

(d) Other Directors. To the extent that none of Sections 2.2(a), 2.2(b) or 2.2(c) are applicable, including if the Board is comprised of more than seven directors, any member of the Board, including any member of the Board who would otherwise have been designated in accordance with the terms of Sections 2.2(a), 2.2(b) or 2.2(c), shall instead be elected by all the stockholders of the Company entitled to vote thereon in accordance with, and pursuant to, the Certificate, the Bylaws and applicable law.

(e) Resignation, Removal and Vacancies. Each of the directors elected pursuant to Sections 2.2(a), 2.2(b) or 2.2(c) shall hold office, subject to his resignation or earlier removal from the Board in accordance with the following sentence, the Certificate, the Bylaws and applicable law, until his successor shall have been elected and shall have been duly qualified. No Stockholder shall vote to remove any director elected pursuant to Sections 2.2(a), 2.2(b) and 2.2(c), other than for cause, or to fill any vacancy created by the resignation or removal of a director elected pursuant to Sections 2.2(a), 2.2(b) and 2.2(c) unless such action shall have been approved by the Stockholders entitled to nominate and elect such director in accordance with the provisions of the Certificate and Sections 2.2(a), 2.2(b) and 2.2(c) (in which case the Stockholders shall vote to remove any such director upon the election of the Stockholders entitled to nominate such person). If the CEO Director resigns or is removed from his or her position as the Chief Executive Officer of the Company, then such person shall be removed from the Board and each Stockholder shall vote all of their respective Voting Securities (or shall consent pursuant to an action by written consent of the Stockholders) to effect such removal or to consent in writing to effect such removal.

(f) Size of Board. Each Stockholder shall take all actions, do all things and execute and deliver all documents, including approving an amendment to the Bylaws, and shall cause the Company to do the same, as may be necessary to ensure that the number of directors authorized and constituting the entire Board shall be seven, subject to increase or decrease in accordance with the terms of the Certificate, the Bylaws and pursuant hereto.

(g) No Liability. No Stockholder, nor any Affiliate thereof, shall have any liability as a result of nominating a person for election as a director, for any act or omission by

such designated person in his or her capacity as a director of the Company, or as a result of voting for any such nominee in accordance with the provisions of this Agreement.

2.3 Attendance at Board Meetings; Expenses. The Company shall cause regular meetings of the Board to be held at least five times per year. The Board shall meet in executive session (*i.e.*, meeting without any members of the Company's management who also serve on the Board) during a portion of each meeting of the Board. The Company shall reimburse all persons who are serving as directors of the Company for their reasonable and documented out- of-pocket expenses incurred in attending meetings of the Board and all committees thereof and otherwise incurred in fulfilling their duties as directors of the Company, provided that such right to reimbursement shall not be in addition to any reimbursement any director who is an employee of the Company receives therefor pursuant to any employment agreement or employee policies. The Company also shall reimburse OrbiMed and Mesynthes for the reasonable and documented out-of-pocket expenses incurred by the OrbiMed Observer and the Mesynthes Observer, respectively, attending meetings of the Board. The Company may compensate all persons who are serving as directors of the Company and who are not employees or Affiliates of any Stockholder at then-market rates for his services as a director of the Company if such compensation is approved by the Board, including the affirmative approval of the Independent Director (except in the case of the Independent Director, in which case the affirmative approval of the Independent Director is not required).

2.4 Board Observers.

(a) As long as OrbiMed owns at least seven and one-half percent (7.5%) of the outstanding shares of Preferred Stock, OrbiMed shall be entitled to designate in writing one individual (the "**OrbiMed Observer**"), who initially shall be Jonathan Silverstein, and who shall be entitled (a) to be present at all meetings of the Board as a non-voting observer and (b) to receive advance notice of all such meetings, including such meetings' time and place, in the same manner as the directors; provided, however, that the OrbiMed Observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information provided or otherwise disclosed to him by executing and delivering a non-disclosure agreement reasonably satisfactory to the Company. The Company, in its sole discretion, reserves the right to exclude the OrbiMed Observer from all or part of any meeting of the Board and to withhold information and redact portions or entire documents to the extent reasonably necessary to protect confidential information of the Company, maintain a legal privilege or address any actual or potential conflict of interest between the OrbiMed Observer or OrbiMed, on the one hand, and the Company, on the other hand.

(b) During the period commencing on the date hereof and ending on August 2, 2015 (but only for so long as Mesynthes owns shares of Common Stock during such time), Mesynthes shall be entitled to designate in writing one individual (the "**Mesynthes Observer**"), who initially shall be Brian Ward, and who shall be entitled (a) to be present at all meetings of the Board as a non-voting observer and (b) to receive advance notice of all such meetings, including such meetings' time and place, in the same manner as the directors; provided, however, that the Mesynthes Observer shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information provided or otherwise disclosed to him by executing and delivering a non-disclosure agreement reasonably satisfactory to the Company.

The Company, in its sole discretion, reserves the right to exclude the Mesynthes Observer from all or part of any meeting of the Board and to withhold information and redact portions or entire documents to the extent reasonably necessary to protect confidential information of the Company, maintain a legal privilege or address any actual or potential conflict of interest between the Mesynthes Observer or Mesynthes, on the one hand, and the Company, on the other hand. Mesynthes agrees that the Company's compliance with this Section 2.4(b) shall satisfy the Company's obligations under Section 16.2 of the Amended and Restated License, Product Development and Supply Umbrella Agreement, dated as of March 12, 2013, by and between the Company and Mesynthes (the "**License**").

2.5 Committees of the Board.

(a) Compensation Committee. The Board shall appoint a compensation committee of the Board (the "**Compensation Committee**"), which shall consist entirely of non-employee directors and shall include the Quaker Director (unless such requirement is waived by Quaker), the OrbiMed Director (unless such requirement is waived by OrbiMed) and the HighCape Director (unless such requirement is waived by HighCape). Subject to any other approvals required by the Certificate or this Agreement, the Compensation Committee shall be responsible for and have discretion concerning all compensation decisions and decisions concerning the issuance of stock options or other equity awards, including the vesting of stock options or other equity awards.

(b) Audit Committee. The Board shall appoint an audit committee of the Board (the "**Audit Committee**"), which shall consist entirely of non-employee directors and shall include the Quaker Director (unless such requirement is waived by Quaker) and the Signet Director (unless such requirement is waived by Signet). The Audit Committee shall be responsible for and have discretion concerning, among other things, reviewing with the Company's management and with the Company's independent auditors, both jointly and separately, the financial controls, accounting and audit and reporting activities of the Company, the performance of the Company's auditors, and the capability and performance of the Company's finance staff. The Audit Committee also shall be responsible for selecting an accounting firm to perform the Company's annual audits.

(c) Other Committees. The Board may also, from time to time, form one or more additional committees, provided any such committees shall include at least two Preferred Directors during such times as the Preferred Holders have the right to elect Preferred Directors pursuant to the Certificate (unless such requirement is waived by Quaker, OrbiMed, and at least one of either HighCape and Signet). Each such committee shall have the authority delegated to it by the Board.

2.6 Vote to Increase Authorized Common Stock. Each Stockholder shall vote (or shall consent pursuant to an action by written consent of the Stockholders) or cause to be voted all Voting Securities from time to time and at all times, in whatever manner as shall be necessary to increase the number of authorized shares of Common Stock from time to time to ensure that there will be sufficient shares of Common Stock available upon conversion of the Preferred Stock at any given time in accordance with the Certificate.

2.7 Irrevocable Proxy. Each party to this Agreement hereby grants to a Stockholder appointed by the Board, with full power of substitution, an irrevocable proxy with respect to the matters set forth herein, including the election of directors to, and the removal of directors from, the Board in accordance with Section 2.2, and hereby authorizes such proxy to represent and to vote, if and only if the party (a) fails to vote (whether by proxy, in person or by written consent), or (b) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Agreement, all of such party's Voting Securities in favor of the election of directors to, and the removal of directors from, the Board determined pursuant to and in accordance with the terms and provisions of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the parties in connection with the transactions contemplated by this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until this Agreement terminates pursuant to Section 4.18. Each party hereto hereby revokes any and all previous proxies or powers of attorney with respect to the Voting Securities and shall not hereafter, unless and until this Agreement terminates pursuant to Section 4.18 hereof, purport to grant any other proxy or power of attorney with respect to any of the Voting Securities, deposit any Voting Securities into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the Voting Securities, in each case, with respect to any of the matters set forth herein.

SECTION 3. Transfer Restrictions

3.1 General.

(a) No Stockholder may Transfer any Equity Securities except in accordance with the provisions of this Section 3. Any attempt by a Stockholder to Transfer any Equity Securities in violation of this Section 3 shall be void, and the Company shall not effect such a Transfer, nor will it treat any alleged transferee as the holder of such Equity Securities. At least fifteen (15) Business Days prior to any Transfer (but subject to the other provisions of this Agreement which might require sooner notice), each Stockholder shall notify the Company of any proposed Transfer, which notice shall include the name of the proposed transferee, and such Stockholder shall provide the Company with all information regarding the proposed Transfer and transferee, as may be reasonably requested by the Company.

(b) Notwithstanding any other provision of this Agreement, without the prior written consent of the Board (excluding from such vote any directors designated by the transferring Stockholder pursuant to this Agreement), no Stockholder shall Transfer any Equity Securities to a competitor of the Company or its subsidiaries, or to any Person holding, directly or indirectly, in excess of ten percent (10%) of the outstanding securities or voting securities (on an as converted and fully diluted basis) of any competitor of the Company or its subsidiaries (each, a "**Prohibited Person**"). Upon the request of any member of the Board, the transferor or the Company's Chief Executive Officer (provided that if the Company's Chief Executive Officer's is the transferor, any officer or the general counsel can also make such request), the Board (excluding from such vote any directors designated by the transferring Stockholder pursuant to this Agreement) shall determine in good faith whether a proposed transferee is a Prohibited Person. If, based on information not known to the Board prior to such Transfer (and

prior to providing any approval), the Company becomes aware that a Transfer was made to a Prohibited Person after such Transfer is effected, the Company shall have the right to redeem the purchased securities (including any Preferred Equity Securities) at a price per share equal to fair market value, as determined in good faith by the Board; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm or other professional advisor in order to make or support a good faith judgment of the fair value pursuant to this Section and any Person objecting to the Board's determination of fair value pursuant to this Section shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith.

(c) Notwithstanding any other provision of this Agreement, no Stockholder shall Transfer any Equity Securities:

(i) except as permitted under the Securities Act and other applicable federal or state securities laws, and then, if requested by the Company, only upon delivery to the Company of an opinion of counsel (at the Stockholder's expense), in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer would cause the Company to be required to file a registration statement or periodic reports under the Exchange Act;

(iii) if such Transfer would cause the Company or its subsidiaries to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(iv) if such Transfer would cause the assets of the Company or any of its subsidiaries to be deemed plan assets as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company or its subsidiaries.

(d) If a Change of Control occurs with respect to a Stockholder, then, as of immediately prior to the Change of Control, such Stockholder shall be deemed to have caused a Transfer of its Equity Securities and such Transfer shall be subject to this Agreement, including the Transfer provisions set forth in this Section 3, as may be applicable, with such necessary changes in the details thereof as are necessitated by the context (as determined in good faith by the Board) and the price per share shall equal fair market value, as determined in good faith by the Board; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm or other professional advisor in order to make or support a good faith judgment of the fair value pursuant to this Section and any Person objecting to the Board's determination of fair value pursuant to this Section shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith.

3.2 Rights of First Refusal.

(a) Until the occurrence of an Initial Public Offering, the Company first, and then each Preferred Holder second, shall have a right of first refusal to purchase the Equity Securities that any Stockholder holding Common Stock (each an "**Applicable Stockholder**"),

may, from time to time, propose to Transfer after the date of this Agreement, pursuant to the terms set forth in this Section 3.

(b) If any Applicable Stockholder proposes to Transfer any Equity Securities (a "**Transferor Stockholder**"), then such Transferor Stockholder shall give the Company and each Preferred Holder written notice (the "**Transfer Notice**") of such Transferor Stockholder's intention to so Transfer such Equity Securities (the "**Offered Stock**") at least sixty (60) days prior to the proposed consummation of such Transfer. The Transfer Notice shall state that it is being delivered pursuant to this Section 3.2 and describe in reasonable detail, the number of shares of Offered Stock to be transferred, the nature and the material terms and conditions of such Transfer, including the consideration to be paid, and the name and address of each prospective purchaser or transferee. If the consideration to be paid for the Offered Stock is not cash, the fair market value of the consideration shall be determined in good faith by the Board and a reasonably detailed explanation of the Board's determination of such value shall be included in the Transfer Notice. The Company and all Preferred Holders electing to participate in the purchase of the Offered Stock shall pay the cash equivalent thereof as so determined. Transmittal of the Transfer Notice to the Company shall constitute an offer to sell all of the Offered Stock to the Company at the price and upon the terms set forth in the Transfer Notice. The Company shall have twenty (20) days after receipt of such Transfer Notice to agree to purchase all or any portion of the Offered Stock for the price and upon the terms and conditions specified in the Transfer Notice. Such agreement shall be indicated by the Company giving written notice to the Transferor Stockholder and stating therein the quantity of Offered Stock to be purchased.

(c) If and to the extent that the Company fails to exercise in full its rights of first refusal to purchase all of the Offered Stock as set forth in Section 3.2(b), then the Transferor Stockholder shall promptly provide a second written notice (the "**Second Transfer Notice**") to each Preferred Holder, offering each of them the right to acquire such unsubscribed shares (the "**Excess Stock**"). Each Preferred Holder shall have ten (10) days after receipt of the Second Transfer Notice to provide the Transferor Stockholder with written notice of its agreement to (i) purchase up to such Preferred Holder's pro rata share (as determined as set forth below) of such Excess Stock and/or (ii) if applicable, to participate as a Co-Sale Holder pursuant to Section 3.3 in the event the Company and the other Preferred Holders do not exercise their collective rights to purchase all of the Offered Stock. For the purposes of this Section 3.2(c) only, a Preferred Holder's right to purchase its pro rata share of Offered Stock shall be based on the ratio of (a) the number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned by such Preferred Holder to (b) the total number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned by all of the Preferred Holders immediately prior to the sale of such Offered Stock.

(d) If fewer than all of the Preferred Holders elect to purchase their respective pro rata share of the Offered Stock indicated in the Second Transfer Notice, then the Transferor Stockholder shall promptly notify in writing the Preferred Holders who did so elect, and shall offer each such Preferred Holder the right to acquire up to all of such unsubscribed shares, subject to reduction, if necessary, to such Preferred Holder's pro rata portion of such unsubscribed shares based on the ratio of (i) the number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned held by each Preferred Holder who

elects to purchase some or all of such unsubscribed shares to (ii) the number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned by all of the Preferred Holders who so elect. Each such Preferred Holder shall have five (5) days after receipt of such notice to notify the Transferor Stockholder of its election to purchase the unsubscribed shares.

(e) The consummation of the purchase and sale of the Offered Stock shall take place on a date agreed upon by the Transferor Stockholder, the Company and/or the participating Preferred Holders, as the case may be, but in any event within sixty (60) days following the date of the Transfer Notice, at the principal office of the Company.

(f) If the Company and the Preferred Holders do not exercise their rights to purchase collectively all of the Offered Stock indicated in the Transfer Notice, then the Transferor Stockholder shall have sixty (60) days thereafter to Transfer such remaining Offered Stock, at a price no less than, and on the same terms and conditions (in all material respects) as, the price and other terms and conditions specified in the Transfer Notice; provided, however, that each Preferred Holder who has reserved its rights as a Co-Sale Holder under Section 3.2(c) shall have the rights set forth in Section 3.3. If the Transferor Stockholder has not sold such Offered Stock within such sixty (60) day period, the Transferor Stockholder shall not thereafter Transfer any Offered Stock (or any other Equity Securities), without first offering such securities to the Company and the Preferred Holders, as applicable, in the manner provided above and offering the Preferred Holders the rights to participate in such Transfer in the manner provided in Section 3.3.

(g) Any attempt by an Applicable Stockholder to Transfer any Equity Securities in violation of this Section 3.2 shall be void, and the Company shall not effect such a Transfer, nor will it treat any alleged transferee as the holder of such Equity Securities.

(h) This Section 3.2 shall not apply to any Transfer of any Preferred Equity Securities.

3.3 Co-Sale Rights.

(a) Subject to a Transferor Stockholder first complying with the provisions of Section 3.2, until the occurrence of an Initial Public Offering, if the Company and/or the Preferred Holders do not exercise their right to purchase all of the shares of Offered Stock to be Transferred by the Transferor Stockholder, then each Preferred Holder who has exercised such right (each, a "**Co-Sale Holder**" and, collectively, the "**Co-Sale Holders**") shall have the right, exercisable upon written notice to the Transferor Stockholder within ten (10) days after receipt by such Preferred Holder of the Second Transfer Notice, to participate in such Transfer of Offered Stock on the same terms and conditions as stated in the Transfer Notice. Such notice shall indicate the number of Equity Securities such Co-Sale Holder wishes to sell under its right to participate in such Transfer. To the extent the Co-Sale Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of Equity Securities that such Transferor Stockholder may Transfer in the transaction shall be correspondingly reduced in accordance with Section 3.3(b).

(b) Each Co-Sale Holder may Transfer all or any part of that number of shares equal to the product obtained by multiplying (i) the aggregate number of shares of Equity Securities covered by the Transfer Notice by (ii) a fraction, the numerator of which is the number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned by such participating Co-Sale Holder at the time of the Transfer, and the denominator of which is the total number of shares of Common Stock issuable upon conversion of the shares of Preferred Stock owned at the time of the Transfer by all Co-Sale Holders that exercise their right of participation in accordance with this Section 3.3 and the Transferor Stockholder.

(c) Each Co-Sale Holder who elects to participate in the Transfer pursuant to this Section 3.3 (each, a "**Participant**" and, collectively, the "**Participants**") shall effect its participation in the Transfer by executing and delivering all agreements, instruments and other documents required of a transferor in such Transfer and promptly delivering to the Transferor Stockholder for Transfer to the prospective purchaser or transferee one or more certificates, properly endorsed for Transfer, which represent:

(i) the type and number of shares of Common Stock which such Participant elects to Transfer; or

(ii) that number of shares of Preferred Stock which is at such time convertible into the number of shares of Common Stock which such Participant elects to Transfer; provided, however, that if the prospective purchaser or transferee objects to the delivery of Preferred Stock in lieu of Common Stock, such Participant shall convert such Preferred Stock into Common Stock and deliver Common Stock as provided in Section 3.3(c)(i). The Company agrees to make, to the extent reasonably practicable, any such conversion concurrent with the actual Transfer of such shares to the purchaser or transferee.

(d) The stock certificate or certificates that the Participants deliver to the prospective purchaser or transferee pursuant to Section 3.3(c) shall be transferred to such prospective purchaser or transferee in consummation of the Transfer of the Offered Stock, pursuant to the terms and conditions specified in the Transfer Notice, and the Participants shall receive that portion of the consideration to which such Participant is entitled by reason of its participation in such Transfer, pursuant to the terms and conditions specified in the Transfer Notice.

(e) To the extent that any prospective purchaser or transferee prohibits such assignment or otherwise refuses to purchase shares or other securities from a Participant exercising its rights of co-sale hereunder, such Transferor Stockholder shall not Transfer to such prospective purchaser or transferee any Equity Securities unless and until, simultaneously with such Transfer, such Transferor Stockholder shall purchase such shares or other securities from such Participant on the same terms and conditions specified in the Transfer Notice.

(f) The exercise or non-exercise of the rights of the Co-Sale Holders hereunder to participate in one or more Transfers of Equity Securities made by such Transferor Stockholder shall not adversely affect their rights to participate in subsequent Transfers of Equity Securities subject to Section 3.2.

(g) Any subsequent proposed Transfer of any of the Equity Securities by a Transferor Stockholder shall again be subject to the co-sale rights set forth herein and shall require compliance by a Transferor Stockholder with the procedures described in Section 3.2 and this Section 3.3.

(h) This Section 3.3 shall not apply to any Transfer of any Preferred Equity Securities.

3.4 Drag-Along Right.

(a) During such time as the outstanding shares of Preferred Stock constitutes at least twenty percent (20%) of the outstanding voting interests of the Company, if at any time the Board and (ii) the holders of at least seventy percent (70%) of the shares of Common Stock issuable upon conversion of the shares of Preferred Stock then outstanding (the "**Initiating Holders**"), propose to effect (or to cause the Company to effect) a Sale Event (as defined herein), the Company shall deliver a notice (a "**Sale Event Notice**") to all of the Stockholders stating that the Initiating Holders propose to effect (or to cause the Company to effect) such transaction, and specifying the name of the proposed parties to such transaction, the consideration payable in connection therewith and any other material terms and conditions of such transaction. Upon receipt of a Sale Event Notice, each Stockholder shall be obligated to Transfer all Equity Securities owned by it in the Sale Event (or, in the case of a Sale Event involving a sale of less than all of the outstanding Equity Securities, a percentage of the Equity Securities owned by it equal to the percentage of the Initiating Holders' Equity Securities being sold by the Initiating Holders), for a price and on the other terms and conditions set forth in the Sale Event Notice. In addition to selling its Equity Securities, each Stockholder shall take all other necessary action to cause the Company to consummate the proposed Sale Event, including:

(i) in the event such Sale Event is to be brought to a vote at a stockholder meeting, after receiving proper notice of any meeting of stockholders of the Company to vote on the approval of a Sale Event, to be present, in person or by proxy, as a holder of capital stock of the Company, at all such meetings and be counted for the purposes of determining the presence of a quorum at such meetings;

(ii) to vote (in person, by proxy or by action by written consent, as applicable) all of such Stockholder's Voting Securities in favor of such Sale Event and in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Sale Event;

(iii) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Sale Event;

(iv) to execute and deliver all related documentation and take such other action in support of the Sale Event as shall reasonably be requested by the Company or the Initiating Holders, including the sale of the Equity Securities held by such Stockholder in such Sale Event; and

(v) except as set forth herein, none of the Stockholders nor any Affiliates thereof shall deposit any Equity Securities legally or beneficially owned by such

Person in a voting trust or subject any such shares to any arrangement or agreement with respect to the voting of such shares.

For purposes of this Agreement, "**Sale Event**" means (x) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Company and its subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned subsidiary of the Company, or (y) any transaction or series of transactions involving the Company, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Company's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

(a) Notwithstanding the foregoing, a Stockholder will not be required to comply with Section 3.4(a) in connection with any proposed Sale Event (the "**Proposed Sale**") unless:

(i) any representations and warranties to be made by such Stockholder in connection with the Proposed Sale are limited to representations and warranties related to authority, ownership and the ability to convey title to such Equity Securities, including representations and warranties that (A) the Stockholder holds all right, title and interest in and to the Equity Securities such Stockholder purports to hold, free and clear of all liens, claims, charges, security interests or other encumbrances ("**Liens**") (other than restrictions imposed by this Agreement and applicable law), (B) the obligations of the Stockholder in connection with the transaction have been duly authorized, if applicable, (C) the documents to be entered into by the Stockholder have been duly executed by the Stockholder and delivered to the acquirer and are enforceable against the Stockholder in accordance with their respective terms and (D) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of the Stockholder's obligations thereunder, will cause a breach or violation of the terms of any agreement, law or judgment, order or decree of any court or governmental agency;

(ii) the Stockholder shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Proposed Sale, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any stockholder of any of identical representations, warranties and covenants provided by all stockholders);

(iii) the liability for indemnification, if any, of such Stockholder in the Proposed Sale and for the inaccuracy of any representations and warranties made by the Company or its Stockholders in connection with such Proposed Sale, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by

any stockholder of any identical representations, warranties and covenants provided by all stockholders);

(iv) the limitations of liability of the Stockholders in such Proposed Sale shall apply equally to all Stockholders and in no event shall the amount of a Stockholder's liability in the Proposed Sale exceed the amount of consideration otherwise payable to such Stockholder in connection with such Proposed Sale, except with respect to claims related to fraud by such Stockholder, the liability for which need not be limited as to such Stockholder;

(v) upon the consummation of the Proposed Sale, (A) each holder of each class or series of the Company's stock will receive the same form of consideration for their shares of such class or series as is received by other holders in respect of their shares of such same class or series of stock, (B) each holder of Series A Preferred Stock receive the same amount of consideration per share of Series A Preferred Stock as is received by other holders in respect of their shares of Series A Preferred Stock, (C) each holder of Series B Preferred Stock receive the same amount of consideration per share of Series B Preferred Stock as is received by other holders in respect of their shares of Series B Preferred Stock, (D) each holder of Common Stock will receive the same amount of consideration per share of Common Stock as is received by other holders in respect of their shares of Common Stock, and (E) unless the holders of at least seventy percent (70%) of the shares of Common Stock issuable upon conversion of the shares of Preferred Stock then outstanding elect to receive a lesser amount by written notice given to the Company at least ten (10) days prior to the effective date of any such Proposed Sale, the net consideration (i.e. the aggregate consideration less all reductions for purchase price adjustments, indemnification claims and other adjustments) receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock on the basis of the relative liquidation preferences to which the holders of Preferred Stock and the holders of Common Stock are entitled in a Liquidity Event (as defined in the Certificate) (assuming for this purpose that the Proposed Sale is a Liquidity Event) in accordance with the Certificate in effect immediately prior to the Proposed Sale; provided, however, that, notwithstanding the foregoing, if the consideration to be paid in exchange for any shares of capital stock of the Company includes any securities and due receipt thereof by any Stockholder would require under applicable law (x) the registration or qualification of such securities or of any Person as a broker or dealer or agent with respect to such securities or (y) the provision to any Stockholder or investor of any information other than such information as a prudent issuer would generally furnish in an offering made solely to "accredited investors" as defined in Regulation D promulgated under the Securities Act, the Company may cause to be paid to any such Stockholder in lieu thereof, against surrender of his shares of capital stock of the Company, which would have otherwise been sold by such Stockholder, an amount in cash equal to the fair value (as determined in good faith by the Board) of the securities which such Stockholder would otherwise receive as of the date of the issuance of such securities in exchange for his shares of capital stock of the Company; provided, however, for the sake of clarity, under no circumstances shall the Board be required to engage an investment bank, appraisal firm or other professional advisor in order to make or support a good faith judgment of the fair value pursuant to this Section and any Person objecting to the Board's determination of fair value pursuant to this Section shall be required to establish, by clear and convincing evidence, that the Board failed to act in good faith; and

(vi) subject to clause (v) above, requiring the same form of consideration to be available to the holders of any single class or series of capital stock, if any holders of any capital stock of the Company are given an option as to the form and amount of consideration to be received as a result of the Proposed Sale, all holders of such capital stock will be given the same option; provided, however, that nothing in this clause (vi) shall entitle any holder to receive any form of consideration that such holder would be ineligible to receive as a result of such holder's failure to satisfy any condition, requirement or limitation that is generally applicable to the Company's stockholders.

(b) The closing of any Sale Event for which the Initiating Holders have delivered a Sale Event Notice pursuant to this Section 3.4 shall be held at such time and place as the Initiating Holders shall reasonably specify. At such closing, the Stockholders shall deliver certificates representing the Equity Securities, if any, to be sold, duly endorsed for transfer and, to the extent required to be paid pursuant to the applicable purchase agreement, accompanied by all requisite stock transfer taxes, and the Equity Securities to be transferred shall be free and clear of any Liens (other than restrictions imposed by this Agreement and applicable law).

(c) Each Stockholder hereby grants to the Initiating Holders (i) an irrevocable proxy, coupled with an interest, to vote all Voting Securities owned by such Stockholder and (ii) an irrevocable power of attorney, which is coupled with an interest, to take such other actions, in each case to the extent necessary to carry out the provisions of this Section 3.4 in the event of any breach by such Stockholder of its obligations hereunder.

(d) Notwithstanding any provision of this Agreement, the purchase and sale of Equity Securities pursuant to Section 3.4 shall not be subject to the provisions of Sections 3.2, 3.3 and 3.6.

3.5 Exempt Transfers.

(a) Notwithstanding the foregoing, the rights of first refusal set forth in Section 3.2 and the co-sale rights set forth in Sections 3.3 and 3.6 shall not apply to any Transfer to any Permitted Transferee of such Stockholder; provided, however, that prior to effecting any such Transfer to a Permitted Transferee (i) the Transferor Stockholder shall inform the Company in writing of such Transfer and (ii) the transferee shall furnish the Company with a written agreement to be bound by, and comply with, all provisions of this Agreement. Such transferred Equity Securities shall remain "Equity Securities" hereunder, and such pledgee, transferee or donee shall be treated as the "Stockholder" for purposes of this Agreement. Notwithstanding anything to the contrary contained elsewhere in this Agreement, the provisions of Section 3 shall not apply to the sale of shares of Equity Securities to the public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act.

(b) This Agreement is subject to, and shall in no manner limit the right which the Company may have to repurchase securities from a Stockholder pursuant to, (i) any stock restriction agreement or other agreement between the Company and a Stockholder, or (ii) any equity incentive plan approved by the Board.

3.6 Additional Rights of Preferred Holders.

(a) Until the occurrence of an Initial Public Offering, if any Stockholder holding Series A Preferred Stock (the "**Offering Series A Stockholder**") proposes to transfer any Equity Securities other than shares of Series B Preferred Stock in a single transaction or a series of related transactions, other than transfers exempt pursuant to Section 3.5(a) (a "**Proposed Series A Transfer**"), each Preferred Holder shall have the right to participate in such sale on a pro rata, as converted basis, on the same terms and conditions, and for the same type and amount of consideration payable in connection with the Proposed Series A Transfer. With respect to the application of the rights contained in this Section 3.6(a), the parties shall follow the same procedures as outlined in Section 3.3 applying to co-sale rights generally, with the Offering Series A Stockholder being treated as the Transferor Stockholder and Stockholders holding Preferred Stock being treated as Co-Sale Holders under such provisions.

(b) Until the occurrence of an Initial Public Offering, if any Stockholder holding Series B Preferred Stock (the "**Offering Series B Stockholder**") proposes to transfer any Equity Securities other than shares of Series A Preferred Stock in a single transaction or a series of related transactions, other than transfers exempt pursuant to Section 3.5(a) (a "**Proposed Series B Transfer**"), each other Series B Holder shall have the right to participate in such sale on a pro rata, as converted basis, on the same terms and conditions, and for the same type and amount of consideration payable in connection with the Proposed Series B Transfer. With respect to the application of the rights contained in this Section 3.6(b), the parties shall follow the same procedures as outlined in Section 3.3 applying to co-sale rights generally, with the Offering Series B Stockholder being treated as the Transferor Stockholder and Stockholders holding Series B Preferred Stock being treated as Co-Sale Holders under such provisions.

(c) This Section 3.6 shall not apply to Common Equity Securities, provided such securities remain subject to the co-sale rights set forth in Section 3.3.

3.7 Subsequent Transferees. In the event of any Transfer to any Person, including a prospective purchaser or Permitted Transferee, acquiring Equity Securities, prior to effecting any such Transfer, the transferee shall furnish the Company with a written agreement to be bound by, and comply with, all provisions, restrictions, terms and conditions of this Agreement. Such transferred Equity Securities shall remain "Equity Securities" hereunder, and such pledgee, transferee or donee shall be treated as the "Stockholder" for purposes of this Agreement.

SECTION 4. Miscellaneous

4.1 Ownership. Each party hereto represents and warrants that (a) he, she or it now owns such shares of capital stock of the Company (if any), free and clear of Liens (except restrictions on transfer under applicable law and any restrictions set forth in this Agreement, the Company's Investor Rights Agreement, the Purchase Agreement, the Certificate and the Bylaws), and has not, prior to or on the date of this Agreement, executed or delivered any proxy or entered into any other voting agreement or similar arrangement other than one which has expired or terminated prior to or on the execution hereof, and (b) such party has full power and capacity to execute, deliver and perform this Agreement, which has been duly executed and

delivered by, and evidences the valid and binding obligation of, such party enforceable against such party in accordance with its terms.

4.2 Legend.

(a) Concurrently with the execution of this Agreement or thereafter as appropriate, the restrictive legend reading substantially as follows (the "**Legend**") shall be imprinted or otherwise placed, on certificates representing the Equity Securities:

> THE VOTING, SALE, TRANSFER OR ASSIGNMENT OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN STOCKHOLDERS AGREEMENT, AS AMENDED FROM TIME TO TIME, AMONG THE COMPANY AND CERTAIN HOLDERS OF ITS OUTSTANDING CAPITAL STOCK. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY.

Notwithstanding the foregoing, the Company shall not be required to replace or alter any certificates representing Equity Securities issued before the date hereof and which contain a legend substantially similar to the aforementioned Legend.

(b) The Company shall instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the Legend to enforce the provisions of this Agreement. The Legend shall be removed upon termination of this Agreement.

(c) During the term of this Agreement, the Company shall not remove, and will not permit to be removed (upon registration of transfer, reissuance or otherwise), the Legend from any such certificate and will place or cause to be placed the Legend on any new certificate issued to represent Equity Securities theretofore represented by a certificate carrying the Legend.

4.3 Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to a party hereto or to their heirs, personal representatives, successors or assigns by reason of the failure of a party to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable. If any party hereto or such party's heirs, personal representatives, or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any Person against whom such action or proceeding is brought hereby waives the claim or defense therein that such party or such personal representative has an adequate remedy at law, and such Person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

4.4 Governing Law. This Agreement, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law principles of any jurisdiction. No suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in a court of competent jurisdiction in the State of Delaware and the parties hereby submit to the

exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. Each of the parties hereto hereby irrevocably waives any right which it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority and agrees not to claim or plead the same. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

4.5 Amendment or Waiver. This Agreement may not be amended, modified or waived at any time, unless such amendment, modification or waiver is first approved by (a) the holders of at least seventy percent (70%) of the Preferred Stock then outstanding (on an as- converted basis, including for this purpose, any shares of Common Stock into which shares of Preferred Stock have been converted), (b) the holders of at least a majority of the shares of the then-outstanding Common Stock (other than Common Stock held by Quaker, including Common Stock issued to Quaker upon conversion of Preferred Stock), but only if such amendment, modification or waiver would materially and adversely impair the rights or increase the obligations of the holders of Common Stock, and (c) the Company; provided, however, that if any amendment, modification or waiver would materially and adversely impair the rights or increase the obligations of any holder of capital stock in a manner different from all holders of capital stock generally (each, an "**Adversely Affected Holder**"), such amendment, modification or wavier shall not be effective as to such Adversely Affected Holder unless consented to by such Adversely Affected Holder; and provided further that (A) any amendment, modification or waiver of this clause (A), Section 2.2(a)(i) or Quaker's right to remove the Quaker Director under Section 2.2(e) also shall require the approval of Quaker; (B) any amendment, modification or waiver of this clause (B), Sections 2.2(a)(ii) or 2.4(a) or OrbiMed's right to remove the OrbiMed Director under Section 2.2(e) also shall require the approval of OrbiMed; (C) any amendment, modification or waiver of this clause (C), Section 2.2(b)(i) or HighCape's right to remove the HighCape Director under Section 2.2(e) also shall require the approval of HighCape; (D) any amendment, modification or waiver of this clause (D), Section 2.2(b)(ii) or Signet's right to remove the Signet Director under Section 2.2(e) also shall require the approval of Signet; (E) any amendment, modification or waiver of this clause (E), Section 2.2(c)(ii) or the right of the holders of Common Stock to remove the Independent Director under Section 2.2(e) also shall require the approval of the Stockholders holding a majority of the shares of Common Stock then outstanding (other than Common Stock held by Quaker, including Common Stock issued upon conversion of Preferred Stock); (F) any amendment, modification or waiver of this clause (F), Section 2.2(c)(iii) or Quaker's and OrbiMed's right to remove the Joint Quaker/OrbiMed Director under Section 2.2(e) also shall require the approval of Quaker and OrbiMed (provided that if either Quaker or OrbiMed no longer holds any shares of Preferred Stock, but the other continues to meet the threshold set forth in Section 2.2(c)(iii), such other stockholder's shall be the approval required under thus clause (F)); and (G) any amendment, modification or waiver of this clause (G) or Section 2.2(c) also shall require the approval of the holders of at least a majority of the shares of the then-outstanding Common Stock (other than Common Stock held by Quaker, including Common Stock issued upon conversion of Preferred Stock). Any amendment, modification or waiver so effected shall be binding upon the Company, each of the parties hereto and any assignee of any such party. No waiver of any breach of this Agreement extended by any party hereto to any other party shall be construed as a waiver of any rights or remedies of any other party hereto or with respect to any subsequent breach.

4.6 Limitation on Rights to Receive Proceeds from a Liquidation.

(a) To ensure that the Preferred Holders do not receive an amount greater than the maximum amount contemplated by ARTICLE IV.C.3.1.1, ARTICLE IV.C.3.1.2 and ARTICLE IV.C.3.1.3 of the Certificate in respect of their shares of Preferred Stock, if, following the initial Liquidity Event (as defined in the Certificate) that is treated as a Liquidation (as defined in the Certificate), any shares of Preferred Stock are converted into Common Stock in accordance with the Certificate ("**Converted Shares**"), then, in such event, the Preferred Holder holding such Converted Shares shall relinquish its right to receive any consideration in respect of such Converted Shares in excess of the consideration that such Preferred Holder would otherwise have been entitled to receive in respect of such shares had they converted into Common Stock immediately prior to the first such Liquidation.

(b) Unless otherwise waived in writing by the holders of at least seventy percent (70%) of the shares of Common Stock issuable upon conversion of the then outstanding Preferred Stock, no Stockholder shall enter into any transaction or series of related transactions resulting in a Liquidity Event (as such term is defined in the Certificate) unless the terms of such transaction or transactions provide that the consideration to be paid to the stockholders of the Company is to be allocated in accordance with the preferences and priorities set forth in the Certificate.

4.7 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

4.8 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any party hereto, upon any breach, default or noncompliance of any party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on part of any party hereto of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to the parties hereto, shall be cumulative and not alternative.

4.9 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto; provided, however, that prior to the receipt by the Company of adequate written notice of the transfer of any shares of capital stock of the Company permitted under this Agreement specifying the full name and address of the transferee, the Company may deem and treat the Person listed as the holder of such shares in its records as the absolute owner

and holder of such shares for all purposes, including the payment of dividends or any redemption price.

4.10 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next Business Day, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, or (e) when sent by electronic mail, upon confirmation of receipt by the recipient via electronic mail. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or Exhibits A and B hereto or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto.

4.11 Additional Shares. In the event that subsequent to the date of this Agreement any shares or other securities (other than any shares or securities of another corporation issued to the Company's stockholders pursuant to a Sale Event) are issued on, or in exchange for, any of the Stockholder's Equity Securities by reason of any stock dividend, stock split, consolidation of shares, reclassification, consolidation or similar transaction involving the Company, such shares or securities shall be deemed to be such Stockholder's Equity Securities for purposes of this Agreement.

4.12 Other Rights. Except as otherwise provided by this Agreement, each of the Stockholders shall exercise the full rights of a stockholder of the Company with respect to such Stockholder's Equity Securities.

4.13 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional shares of its Preferred Stock from time to time, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "Investor," "Preferred Holder" and a party hereunder.

4.14 Additional Common Holders. The Company shall cause each holder of Common Stock to become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed a "Common Holder" and a party hereunder.

4.15 Right to Conduct Activities. The Company and each Stockholder hereby acknowledge that some or all Preferred Holders are professional investment funds or holding companies and, as such, hold investments in numerous portfolio companies, some of which may be competitive with the Company's business. No Preferred Holder shall be liable to the Company or to other Stockholders for any claim arising solely out of, or based solely upon, (a) the holding of securities by the Preferred Holder in any entity competitive with the Company, or (b) actions taken by any partner, officer or other Representative of any Preferred Holder to assist any such competitive company, whether or not such action was taken as a board member of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company, so long as this Agreement, including Section 4.22 (and any other applicable

agreement with or for the benefit of the Company) is not breached in any respect in connection with any such activities.

4.16 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

4.17 Counterparts; Execution by Facsimile Signature. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed by facsimile or other electronic signature(s) which shall be binding on the party delivering same.

4.18 Termination. This Agreement shall terminate upon the earlier of (a) the consummation by the Company of an Initial Public Offering or (b) the closing of a Sale Event.

4.19 Entire Agreement. The Prior Agreement shall be deemed amended and restated to read in its entirety as set forth in this Agreement. The Prior Agreement is hereby amended in its entirety and restated herein. All provisions of, rights granted under and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect. This Agreement and each of the Exhibits hereto constitutes the full and entire understanding and agreement between the parties hereto with regard to the subject matter hereof and thereof and no party hereto shall be liable or bound to any other party hereto in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

4.20 Spouses. This Agreement must be executed by the spouse of each party hereto who is an individual and a resident of a community property state (which, at the date hereof, are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington or Wisconsin). By executing this Agreement, such spouse acknowledges that she or he has read this Agreement and knows its contents and agrees to be bound in all respects by the terms of this Agreement to the same extent as the stockholders party hereto. Each such spouse further agrees that should she or he predecease the stockholder party hereto to whom she or he is married or should she or he become divorced from such stockholder, any of the capital stock of the Company which such spouse may own or in which she or he may have any interest shall remain subject to this Agreement.

4.21 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (w) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (x) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; (y) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated

thereunder; and (z) to a "day" means a calendar day unless otherwise expressly provided. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

4.22 Confidentiality.

(a) Except as contemplated by this Agreement or as otherwise required by law (including applicable securities laws) or regulatory authority, or by any listing or trading agreement to which a party is subject, each party hereto severally and not jointly hereby agrees that it will keep confidential and not disclose, divulge or use for any purpose (other than to monitor its investment in the Company or to enforce its legal rights) any confidential or proprietary information ("**Confidential Information**") which such party obtains from the Company (including notice of the Company's intention to file a registration statement and whether obtained before, on or after the date hereof); provided, however, that the Parties may disclose Confidential Information to their respective general partners, limited partners, members or legal or financial advisors in accordance with normal reporting practices and it may disclose Confidential Information to any prospective purchaser of any Equity Securities from such party as long as such prospective purchaser is bound by an agreement or obligation of confidentiality similar to the obligations set forth in this Section 4.22. "Confidential Information" shall not include the following: (a) information that is now in, or hereafter enters, the public domain through no fault of such party; (b) information that previously was known by such party independently of the Company; (c) information that is independently developed by such party without use of the Company's confidential information; (d) information that is disclosed with the written approval of the Company; or (e) information that is received from a third party without a breach of any obligation of confidentiality such third party may have to the Company.

(b) Notwithstanding the foregoing, in the event that any party (the "**Disclosing Party**") is required by applicable law (including the Freedom of Information Act, 5 U.S.C. Section 552, as amended from time to time), regulatory authority or any listing or trading agreement to disclose any Confidential Information, to the extent permitted by applicable law, the Disclosing Party shall notify the Company of the proposed disclosure as far in advance of such disclosure as practicable and shall use its commercially reasonable efforts to give the Company an opportunity (as is reasonable under the circumstances and at the Company's expense) to comment on such disclosure and, in the Company's discretion, so that the Company may seek an appropriate protective order or waive compliance with the provisions of this Agreement. The Disclosing Party warrants that it will cooperate fully with the Company in seeking any such protective orders. If, in the absence of a protective order or the receipt of a waiver hereunder, the Disclosing Party is, nonetheless, in the reasonable opinion of its counsel, compelled to disclose Confidential Information or else violate applicable law, regulatory requirement or contractual covenants, or stand liable for contempt or suffer other censure or penalty, the Disclosing Party may disclose only the minimum required disclosure without liability hereunder.

(c) This Section 4.22 shall survive termination of this Agreement.

4.23 Restrictions Regarding Mesynthes. For so long as Mesynthes holds any shares of Common Stock that have not vested in accordance with the vesting schedule (the "**Vesting Schedule**") set forth in Section 16.1 of the License (such shares, the "**Restricted Stock**"): (a) at each annual or special meeting of the Stockholders, with respect to each action on which the holders of Common Stock are entitled to vote, Mesynthes shall vote such shares of Restricted Stock in favor of each action otherwise approved by the Stockholders present at such meeting and holding a majority of the voting power entitled to vote on such action (or, if such action is being taken by written consent, to execute any written consent approved by such other Stockholders); and (b) such shares of Restricted Stock may not be Transferred to any Person (notwithstanding any other provisions of this Agreement) and any stock certificates representing the Restricted Stock shall include a legend referring to this Agreement. Mesynthes acknowledges and agrees that: (y) any shares of Common Stock that do not vest in accordance with the Vesting Schedule shall be deemed to be cancelled (without the requirement of further action) ("**Forfeited Shares**"); and (z) it will surrender, within five days after a request from the Company, any stock certificates representing Forfeited Shares (or execute and deliver a customary and reasonable lost stock certificate affidavit (including customary indemnification provisions) if any of such stock certificates have lost or destroyed), provided that the Company shall issue a new stock certificate with respect to any shares covered by a surrendered stock certificate that are not Forfeited Shares.

*****

IN WITNESS WHEREOF the parties hereto have executed this Stockholders Agreement as of the date first above written.

COMPANY:

TELA Bio, Inc.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Officer

Address: 1 Great Valley Parkway
Suite 24
Malvern, PA 19355

COMMON HOLDERS:

/s/ Antony Koblish
Antony Koblish

/s/ Maarten Persenaire
Maarten Persenaire

/s/ David McQuillan
David McQuillan

Quaker Bioventures II, L.P.

By: Quaker Bioventures Capital II, L.P.,
its general partner

By: Quaker Bioventures Capital II, LLC,
its general partner

/s/ Adele C. Olivia
Name: Adele C. Oliva
Title: Vice President

COMMON HOLDERS:

/s/ Christine Arasin
Christine Arasin

COMMON HOLDERS:

/s/ Paul Touhey
Paul Touhey

COMMON HOLDERS:

/s/ Kevin Rakin
Kevin Rakin

COMMON HOLDERS:

/s/ Donna Stauffer
Donna Stauffer

COMMON HOLDERS:

/s/ Darryl Roberts
Darryl Roberts

INVESTORS:

Quaker Bioventures II, L.P.

By: Quaker Bioventures Capital II, L.P.,
its general partner

By: Quaker Bioventures Capital II, LLC,
its general partner

By: /s/ Adele C. Oliva
Name: Adele C. Oliva
Title: Executive Manager

INVESTORS:

OrbiMed Private Investments IV, LP

By: OrbiMed Capital GP IV LLC,
its General Partner

By: OrbiMed Advisors LLC,
its Managing Partner

By: /s/ Jonathan Silverstein
Name: Jonathan Silverstein
Title: Member

INVESTORS:

HighCape Partners QP, L.P.

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HighCape Partners, L.P.

By: HighCape Partners GP, L.P.,
its general partner

By: HighCape Partners GP, LLC,
its general partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

INVESTORS:

Signet Healthcare Partners Accredited Partnership III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

Signet Healthcare Partners QP Partnership III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

INVESTORS:

/s/ Antony Koblish
Antony Koblish

/s/ Maarten Persenaire
Maarten Persenaire

/s/ David McQuillan
David McQuillan

/s/ Christine Arasin
Christine Arasin

/s/ Jeff Marx
Jeff Marx

INVESTORS:

Garen Vale Pty Ltd. Superannuation Fund

By: /s/ John A. Robinson
Name: John A. Robinson
Title: Authorized Person

/s/ Josef Koblish
Josef Koblish

/s/ Paul Touhey
Paul Touhey

Peter A. Scott Pty Ltd. Superannuation Fund

By: /s/ Peter A. Scott
Name: Peter A. Scott
Title: Authorized Person

/s/ William Tidmore
William Tidmore

/s/ Vincent Koblish
Vincent Koblish

/s/ Fiona McQuillan
Fiona McQuillan

/s/ Trevor McQuillan
Trevor McQuillan

/s/ Skott Greenhalgh
Skott Greenhalgh

INVESTORS:

/s/ Rene Snowden
Rene Snowden

/s/ Paul Talmo
Paul Talmo

/s/ Jamal Tawil
Jamal Tawil

/s/ Finlay Long
Finlay Long

/s/ Susan Drumm
Susan Drumm

/s/ Jennifer Barretta
Jennifer Barretta

/s/ Bruce Peacock
Bruce Peacock

/s/ Karim Benhamida
Karim Benhamida

INVESTORS:

/s/ John Alexander Robinson
John Alexander Robinson

INVESTORS:

/s/ Darryl Roberts
Darryl Roberts

EXHIBIT A
COMMON HOLDERS

Name and Address of Common Holder

Mesynthes Ltd.
***

Antony Koblish
***

Maarten Persenaire, MD
***

Quaker Bioventures II, L.P.
***

David McQuillan
***

Paul Touhey
***

Christine Arasin
***

Darryl Roberts
***

Kevin Rakin
***

Donna Stauffer
***

EXHIBIT B

LIST OF INVESTORS

Name and Address of Investors

OrbiMed Private Investments IV, LP
***

Quaker Bioventures II, L.P.
***

HighCape Partners QP, LP
- and -
HighCape Partners, LP
***

with a copy to (which shall not constitute notice)

***

Signet Healthcare Partners Accredited Partnership III, LP
-and-
Signet Healthcare Partners QP Partnership III, LP
***

Maarten Persenaire
***

Antony Koblish
***

Name and Address of Investors

Paul Touhey
***

David McQuillan
***

Garen Vale Pty Ltd. Superannuation Fund
***

John Alexander Robinson
***

Peter A. Scott Pty Ltd. Superannuation Fund
***

Amy Silfen
***

Jeff Marx
***

The Entrust Group, Inc. FBO Andrew W. Barnes IRA #56-00607
***

Josef Koblish
***

William Tidmore
***

Vincent Koblish
***

Name and Address of Investors

Christine Arasin
***

Skott Greenhalgh
***

Darryl Roberts
***

Fiona McQuillan
***

Trevor McQuillan
***

Rene Snowden
***

Paul Talmo
***

Jamal Tawil
***

Finlay Long
***

Susan Drumm
***

Jennifer Barretta
***

Bruce Peacock
***

Karim Benhamida
***

Exhibit 4.5

Execution Version

FIRST AMENDMENT AND JOINDER TO
AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

This First Amendment and Joinder to Amended and Restated Stockholders Agreement (this "**First Amendment and Joinder**") is made as of October 23, 2017 by and among between TELA Bio, Inc., a Delaware corporation (the "**Company**"), the Requisite Holders (as identified on the signature pages hereto (the "**Requisite Holders**")) and Pacira Pharmaceuticals, Inc., a Delaware corporation ("**Pacira**").

Recitals:

The Company, the Requisite Holders and the other Stockholders are parties to an Amended and Restated Stockholders Agreement dated as of October 2, 2014 (the "**Stockholders Agreement**"). Pursuant to the terms of that certain Series B Preferred Stock Purchase Agreement, dated as of even date herewith (the "**Pacira Purchase Agreement**"), effective as of the date hereof, Pacira is purchasing 12,931,034 newly-issued shares of Series B Preferred Stock of the Company (the "**Initial Shares**") from the Company and may subsequently purchase up to an additional 8,620,690 newly-issued shares of Series B Preferred Stock of the Company (the "**Option Shares**" and together with the Initial Shares, the "**Shares**"). In accordance with Section 4.13 of the Stockholders Agreement, the Company and Pacira are entering into this First Amendment and Joinder in connection with such purchase of the Shares, and in accordance with Section 4.5 of the Stockholders Agreement, the Requisite Holders constitute the Stockholders necessary to amend the Stockholders Agreement as set forth in this First Amendment and Joinder.

Each capitalized term used in this First Amendment and Joinder and not otherwise defined shall have the same respective meaning as that assigned to it in the Stockholders Agreement.

NOW, THEREFORE, in consideration of the premises and covenants set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Joinder to Stockholders Agreement. Upon the execution and delivery of this First Amendment and Joinder, Pacira agrees to be bound by and comply with all provisions, restrictions, terms and conditions of the Stockholders Agreement as an "Investor," "Stockholder" and "Series B Holder" in accordance with all of the terms and provisions of the Stockholders Agreement applicable to "Investors," "Stockholders" and "Series B Holders." In addition, Pacira shall have all rights of "Investors," "Stockholders" and "Series B Holders" under the Stockholders Agreement.

2. Amendments to Stockholders Agreement. The Stockholders Agreement is hereby amended as follows:

(a) A new Section 1(aaaa) shall be added as follows: "'**Pacira Director**' shall have the meaning set forth in Section 2.2(b)(iii)."

(b) Section 1.1(uu) shall be amended to replace "Section 2.2(b)(ii)" with Section 2.2(b)(ii)

(c) Section 1.1(ppp) shall be amended to replace "Section 2.2(b)(ii)" with "Section 2.2(b)(iii)."

(d) A new Section 1(cccc) shall be added as follows: "'**Standstill Period**' shall have the meaning set forth in Section 3.8."

(e) Section 2.2(b) shall be amended and restated in its entirety as follows:

"Series B Directors. On all matters relating to the election of the class of directors designated in the Certificate as being elected only by the holders of Series B Preferred Stock, the Series B Holders shall vote all of their respective Voting Securities (or shall consent pursuant to an action by written consent of the stockholders of the Company) so as to elect as members of the Board:

(i) one individual nominated in writing by HighCape (the '**HighCape Director**'), who initially shall be Kevin Rakin, for so long as HighCape and its Affiliates continue to own beneficially (a) at least ten percent (10%) of the outstanding shares of Series B Preferred Stock or (b) at least seventy-five percent (75%) of the shares of Series B Preferred Stock that HighCape purchased under the Purchase Agreement;

(ii) one individual nominated in writing by Signet (the '**Signet Director**'), who initially shall be Ashley Friedman, for so long as Signet and its Affiliates continue to own beneficially (a) at least ten percent (10%) of the outstanding shares of Series B Preferred Stock or (b) at least seventy-five percent (75%) of the shares of Series B Preferred Stock that Signet purchased under the Purchase Agreement; and

(iii) one individual nominated in writing by Pacira (the ' **Pacira Director**' and, together with the HighCape Director and the Signet Director, the '**Series B Directors**'), who initially shall be Ronald J. Ellis, Jr., for so long as Pacira continues to own beneficially at least fifty percent (50%) of the Shares that Pacira purchased under the Pacira Purchase Agreement; provided, however, that no Pacira Director shall serve as a director of any company that is or becomes a competitor of the Company. For purposes of this Agreement, the Series A Directors and the Series B Directors shall together be referred to as the '**Preferred Directors**.'

provided, however, this Section 2.2(b) shall terminate simultaneously with the termination of the Series B Holders' rights, as set forth in the Certificate, to vote on the election of directors as a separate class."

(f) Section 2.2(c)(iii) shall be amended and restated in its entirety as follows

"At the option of Quaker and OrbiMed, one individual nominated in writing by Quaker and OrbiMed (the '**Joint Quaker/OrbiMed Director**') for so long as Quaker and OrbiMed and their respective Affiliates continue to own beneficially at least a number of shares of Preferred Stock (as adjusted for stock splits, stock dividends, combinations and other recapitalizations) with an aggregate original purchase price of at least Thirteen Million Dollars ($13,000,000), and the Stockholders shall take any and all actions necessary to increase the size of the Board to accommodate the additional director; provided that if either Quaker or OrbiMed no longer holds any shares of Preferred Stock, but the other continues to meet the foregoing threshold, such other stockholder shall have the right to nominate a director under this subsection."

(g) The following sentence shall be added to the end of Section 2.3:

"If Pacira, or any of its Affiliates, acquires or makes an equity investment in a competitor of the Company, acquires rights to any business that is competitive with the Company's business, or commences the development of products that are competitive with the Company's products (collectively, '**Competitive Activities**'), and if requested by the Board in its good faith judgment as reasonably necessary to protect the Company's interests, the Pacira Director shall recuse himself or herself from Board discussions and activities regarding the Company's product candidates, product development and product manufacturing, (provided, however, that (a) the provision of any products used in an 'off-label' manner (provided that such activities are not in violation of the Company's Second Amended and Restated License, Product Development and Supply Agreement with Aroa Biosurgery Ltd. ('**Aroa**')) and (b) any investment by Pacira in Aroa or any of its Affiliates (or their successors) shall not be deemed Competitive Activities) and following the Standstill Period (as defined in Section 3.8 hereof), if reasonably requested by the Board, the Pacira Director shall recuse himself or herself from Board discussions and activities regarding any possible Sale Event."

(h) Section 2.5(c) shall be amended and restated in its entirety as follows:

"Other Committees. The Board may also, from time to time, form one or more additional committees, provided any such committees shall include at least two Preferred Directors during such times as the Preferred Holders have the right to elect Preferred Directors pursuant to the Certificate (unless such requirement is waived by Quaker, OrbiMed, Pacira and at least one of either HighCape and Signet). Each such committee shall have the authority delegated to it by the Board."

(i) Section 3.5(a) shall be amended and restated in its entirety as follows:

"Notwithstanding the foregoing, the rights of first refusal set forth in Section 3.2 and the co-sale rights set forth in Sections 3.3 and 3.6 shall not apply to any

Transfer to any Permitted Transferee of such Stockholder; provided, however, that prior to effecting any such Transfer to a Permitted Transferee (i) the Transferor Stockholder shall inform the Company in writing of such Transfer and (ii) the transferee shall furnish the Company with a written agreement to be bound by, and comply with, all provisions of this Agreement; provided, further, that, notwithstanding anything else in this Agreement, Pacira shall not be permitted to transfer its shares of Preferred Stock to its stockholders and that no Transfer by Pacira to a Permitted Transferee shall relieve Pacira of any obligations set forth in this Agreement. Such transferred Equity Securities shall remain 'Equity Securities' hereunder, and such pledgee, transferee or donee shall be treated as the 'Stockholder' for purposes of this Agreement. Notwithstanding anything to the contrary contained elsewhere in this Agreement, the provisions of Section 3 shall not apply to the sale of shares of Equity Securities to the public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act."

(j) A new Section 3.8 shall be added as follows:

"During the period beginning on the First Closing Date (as defined in the Pacira Purchase Agreement) and ending on the one (1) year anniversary of the First Closing Date (the '**Standstill Period**'), the Company and the Stockholders holding a majority of the shares of Common Stock outstanding and issuable upon conversion of the shares of Preferred Stock then outstanding, voting together as a single class, agree that each shall not: (a) cause or permit any Sale Event or Proposed Sale (b) solicit or hold any negotiations or discussions, or enter into any letter of intent or agreement, with any third party regarding any Proposed Sale Event. In the event that Pacira purchases all of the Option Shares, the Standstill Period shall be extended until the earlier to occur of (x) the one (1) year anniversary of the date as of which Pacira has acquired all of the Option Shares, or (y) the date that is eighteen (18) months following the First Closing Date. For the avoidance of doubt, the standstill obligations set forth in this Section 3.8 will not prevent any third party debt or minority equity financings in the Company that do not, individually or in the aggregate, result in a Sale Event, provided that such financings are for bona fide capital raising purposes duly approved by the Board and, if applicable, the Stockholders. Notwithstanding any other provisions set forth in this Agreement, upon the commencement by Pacira, or any of its Affiliates, of any Competitive Activities, which remain uncured for thirty (30) days after delivery to Pacira of prior written notice thereof, the term of the Standstill Period shall automatically be amended to be the shorter of (i) the remaining term of the Standstill Period as of the date immediately prior to the commencement by Pacira or its Affiliate of such Competitive Activities and (ii) ninety (90) days from the date on which Pacira or its Affiliate commences such Competitive Activities."

(k) Section 4.5 shall be amended to add a new clause (E) as follows and re-letter the subsequent clauses, as applicable: "(E) any amendment, modification or waiver of this

clause (E), Section 2.2(b)(iii), Section 3.8 or Pacira's right to remove the Pacira Director under Section 2.2(e) also shall require the approval of Pacira."

(l) A new Section 4.24 shall be added as follows:

"Restrictions Regarding Pacira. Each of the Company and Pacira will agree not to solicit the other party's employees for as long as Pacira owns an equity interest in the Company and for a period of one (1) year thereafter."

3. Effect of First Amendment and Joinder. The parties acknowledge and agree that all of the terms, provisions, covenants and conditions of the Stockholders Agreement shall hereafter continue in full force and effect in accordance with the terms thereof, except to the extent expressly modified, amended or revised herein.

4. Counterparts; Facsimile or Electronic Transmission. This First Amendment and Joinder may be executed on separate counterparts, each of which is deemed to be an original and both of which taken together shall constitute one and the same agreement. This First Amendment and Joinder may be delivered by any party by facsimile or electronic transmission.

5. Governing Law. This First Amendment and Joinder, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the conflicts of law principles of any jurisdiction. No suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in a court of competent jurisdiction in the State of Delaware and the parties hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. Each of the parties hereto hereby irrevocably waives any right which it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority and agrees not to claim or plead the same. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment and Joinder to Amended and Restated Stockholders Agreement as of the day and year first above written.

COMPANY:

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: President and Chief Executive Officer

[Signature page to First Amendment and Joinder to Stockholders Agreements]

PACIRA:

PACIRA PHARMACEUTICALS, INC.

By: /s/ Kristen Williams
Name: Kristen Williams
Title: Chief Administrative Officer and General Counsel

[Signature page to First Amendment and Joinder to Stockholders Agreements]

REQUISITE HOLDERS:

QUAKER BIOVENTURES II, L.P.

By: Quaker Bioventures Capital II, L.P., its General Partner

By: Quaker Bioventures Capital II, LLC, its General Partner

By: /s/ Adele C. Oliva
Name: Adele C. Oliva
Title: Executive Manager

ORBIMED PRIVATE INVESTMENTS IV, LP

By: OrbiMed Capital GP IV LLC, its General Partner

By: OrbiMed Advisors LLC, its General Partner

By: /s/ Jonathan Silverstein
Name: Jonathan Silverstein
Title: Member

HIGHCAPE PARTNERS QP, L.P.

By: HighCape Partners GP, L.P., its General Partner

By: HighCape Partners GP, LLC, its General Partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

HIGHCAPE PARTNERS, L.P.

By: HighCape Partners GP, L.P., its General Partner

By: HighCape Partners GP, LLC, its General Partner

By: /s/ William Matthew Zuga
Name: William Matthew Zuga
Title: Managing Member

[Signature page to First Amendment and Joinder to Stockholders Agreements]

SIGNET HEALTHCARE PARTNERS
ACCREDITED PARTNERSHIP III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

SIGNET HEALTHCARE PARTNERS QP PARTNERSHIP III, LP

By: /s/ James C. Gale
Name: James C. Gale
Title: Managing Director

[Signature page to First Amendment and Joinder to Stockholders Agreements]

Exhibit 4.6

NEITHER THIS WARRANT NOR ANY OF THE SECURITIES IS SUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). OR UNDER THE SECURITIES LAWS OF ANY FOREIGN JURISDICTION OR ANY STATE SECURITIES LAWS WITHIN THE UNITED STATES AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED UNLESS THERE IS A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS IN EFFECT COVERING THIS WARRANT OR SUCH SECURITIES, AS THE CASE MAY BE, OR THERE IS AVAILABLE AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR THE HOLDER DELIVERS TO THE COMPANY AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

PREFERRED STOCK PURCHASE WARRANT

Warrant No. [ ] [Date]

Void After the Expiration Date

THIS CERTIFIES that, for value received, [ ], or his/her/its registered assigns ("Holder"), is entitled to subscribe for and purchase from TELA Bio, Inc. (the "Company"), a Delaware corporation, shares of Conversion Stock (as defined below) at the Exercise Price (as defined below), each subject to adjustment as set forth herein.

This Warrant is one of a series of warrants to purchase shares of the Company's capital stock (each, a "Warrant" and collectively, the "Warrants") being issued by the Company in connection with the transactions contemplated by that certain Secured Convertible Note and Warrant Purchase Agreement dated as of January 18, 2017 by and between the Company, the Holder and the other Purchasers set forth therein (the "Purchase Agreement"). Pursuant to the Purchase Agreement, the Company is issuing to the Purchasers certain convertible promissory notes (each, a "Note" and collectively, the "Notes"). As an inducement to each Purchaser to purchase a Note, at the time of the sale and issuance by the Company of each such Note, pursuant to the terms of the Purchase Agreement the Company is also issuing to such Purchaser a Warrant in the form hereof. The Note to which this Warrant relates is referred to herein as the "Applicable Note." Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement or Applicable Note.

The Purchaser has, subject to the terms set forth herein, the right to purchase, at any time prior to the Expiration Date (as defined in Section l(e)), up to a number of shares of Conversion Stock (as defined in Section l(a)(ii)), at a per share exercise price equal to the Exercise Price (as defined below). The Exercise Price is subject to adjustment as provided in Section 4 hereof.

"Exercise Price" as used herein shall mean, an amount equal to (i) the price per share of Conversion Stock sold by the Company in the Next Qualified Financing or Non-Qualified Financing or (ii) the Series B Conversion Price (as defined in the Company's Amended and Restated Certificate of Incorporation, as amended from time to time) in effect as of the time of exercise into the Series B Preferred Stock, par value $0,001 per share (the "Series B Preferred Stock"), whichever is applicable.

Section 1. Exercise and Duration of Warrant.

(a) Determination of Conversion Stock; Exercise Price.

(i) Conversion Stock. For the purposes of this Warrant, "Conversion Stock" shall mean (a) Series B Preferred Stock until such time as the conversion of the Applicable Note and thereafter, (b) the class or series of the Company's Preferred Stock received by the Holder upon the conversion of the Applicable Note.

(ii) Shares of Conversion Stock. The number of shares of Conversion Stock which the Holder shall be entitled to purchase prior to the Expiration Date shall be equal to the quotient of (A) twenty-five percent (25%) of the principal amount of the Applicable Note divided by (B) the applicable Exercise Price.

(b) Exercise Procedures. Holder may exercise this Warrant, in whole or in part (each, a "Calculation Date"), by presentation and surrender of this Warrant to the Company with the Form of Subscription, attached as Exhibit A hereto (the "Form of Subscription"), duly executed and accompanied by payment to the Company of the full Exercise Price for each share of Conversion Stock to be purchased, in the form of cash, certified check, by wire transfer of United States funds for the account of the Company or money order payable in lawful money of the United States of America, or in the form of a Cashless Exercise to the extent permitted in Section l(c) below.

(c) Cashless Exercise. If, on such Calculation Date, the fair market value of one share of Conversion Stock is greater than the Exercise Price as of such Calculation Date, in lieu of exercising this Warrant by payment of cash, the Holder may elect to receive, and the Company shall issue and deliver as of the Calculation Date, such number of shares of Conversion Stock as is determined using the following formula, by surrender of this Warrant to the Company and delivery to the Company of the properly endorsed Form of Subscription duly executed by Holder electing such "cashless" or "net-issue" exercise (a "Cashless Exercise"):

$$X = \frac{Y*(A - B)}{A}$$

Where X = the number of shares of Conversion Stock to be issued to the Holder on such Calculation Date;

Y = the number of shares of Conversion Stock purchasable under the Warrant or, in the case of a partial exercise of the Warrant, the portion of the Warrant the Holder has elected to exercise on such Calculation Date;

A = the fair market value of one share of Conversion Stock on the Calculation Date; and

B = the Exercise Price as of such Calculation Date.

Solely for the purposes of this paragraph, "fair value" per share of Common Stock shall mean the average Closing Price (as defined below) per share of Common Stock for the twenty (20) trading days immediately preceding the date on which the Notice of Exercise is deemed to have been sent to the Company. "Closing Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market or any other national securities exchange, the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary eligible market or exchange on which the Common Stock is then listed or quoted; (b) if prices for the Common Stock are then quoted on the OTC Bulletin Board or any tier of the OTC Markets, the closing bid price per share of the Common Stock for such date (or the nearest preceding date) so quoted; or (c) if prices for the Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent closing bid price per share of the Common Stock so reported. If the Common Stock is not publicly traded as set forth above, the "fair value" per share of Common Stock shall be reasonably and in good faith determined by the Board of Directors of the Company as of the date which the Form of Subscription is deemed to have been sent to the Company.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Conversion Stock issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for such shares shall be deemed to have commenced, on the date of this Warrant.

(d) Issuance of Conversion Stock. Upon receipt of this Warrant with the Form of Subscription duly executed and accompanied by payment of the aggregate Exercise Price for the shares of Conversion Stock for which this Warrant is being exercised, the Company at its expense shall cause to be issued certificates for the total number of whole shares of Conversion Stock for which this Warrant is exercised (adjusted to reflect the effect of the provisions contained in Section 4, if any), and the Company shall thereupon deliver such certificates to Holder. Holder shall be deemed to be the holder of record of the shares of Conversion Stock issuable upon such exercise, notwithstanding that certificates representing such shares of Conversion Stock or other evidence of such issuance as aforesaid shall not then be actually delivered to Holder. In case such exercise is in part only, the Company shall also cause to be issued a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Conversion Stock equal to the number of shares of Conversion Stock for which this Warrant is exercisable minus the number of shares of Conversion Stock purchased by the Holder upon all exercises made in accordance with Section l(a) above. Without limitation of the other provisions of this Section 1, as a condition to the receipt of evidence of the issuance of the Conversion Stock to Holder, Holder shall if requested by the Company execute and deliver to the Company a counterpart signature page or joinder to the Company's then effective investor rights agreement and stockholders agreement, or other similar agreements customarily entered into by a Holder in such transactions, with respect to the Conversion Stock and such additional instruments to evidence exercise as shall be reasonably requested by the Company.

(e) Duration. This Warrant shall expire at the close of business on the earliest to occur of the following (the "Expiration Date"): (i) the ten-year anniversary of the

date of issuance of this Warrant, (ii) a liquidation, dissolution or winding up of the Company (other than in connection with a consolidation or merger) or a sale, or a sale of all or substantially all of its property, assets and business as an entirety, (iii) such time as the Company shall have a class of securities registered under the Securities Exchange Act of 1934, as amended, or (iv) immediately prior to the consummation of a Deemed Liquidation Event (as such term is defined in the Company's Amended and Restated Certification of Incorporation, as amended and then in effect). The Company shall provide to each Holder in the case of matters referred to in clauses (ii), (iii) and (iv) in this Section l(e) written notice of such impending transaction not later than ten (10) days prior to the stockholders' meeting called to approve such transaction, or ten (10) days prior to the closing of such transaction, whichever is earlier, and shall also notify such Holder in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction (and specify the date on which the Holders shall be entitled to exercise their Warrants) and the Company shall thereafter give such Holder prompt notice of any material changes. The transaction shall in no event take place sooner than ten (10) days after the Company has given the first notice provided for herein or ten (10) days after the Company has given notice of any material changes provided for herein.

Section 2. Reservation of Shares. The Company hereby agrees that at all times after the date of conversion of the Applicable Note, there shall be reserved for issuance and delivery upon exercise of this Warrant such number of shares of Conversion Stock from time to time issuable upon exercise of this Warrant and, if applicable, such number of shares of Common Stock into which those shares are convertible.

Section 3. Covenants as to Capital Stock. The Company covenants and agrees that all shares of Conversion Stock that may be issued upon the exercise of the rights represented by this Warrant, and, if applicable, all shares of Common Stock into which those shares are convertible, will, upon issuance, be validly issued, fully paid and non-assessable, and free from all taxes, liens and charges with respect to the issue thereof. Without limiting the generality of the foregoing, the Company covenants that it will from time to time take all such other action as may be required to assure that the stated or par value per share of the Conversion Stock is at all times equal to or less than the then effective Exercise Price per share of the Conversion Stock issuable upon exercise of this Warrant. Notwithstanding the foregoing, by acceptance of this Warrant, Holder acknowledges that there may not be sufficient shares of Conversion Stock issuable upon exercise of this Warrant authorized under the then-effective Certificate of Incorporation of the Company. Upon such time as the Conversion Stock is determined in accordance with this Warrant, the Company agrees to take such action within its control as shall be necessary to authorize the securities for which this Warrant becomes exercisable to the extent that a sufficient number of such securities is not otherwise authorized at such time.

Section 4. Adjustments; Antidilution Provisions; No Impairment.

(a) Stock Split, Subdivision or Combination. If the Company, at any time following the date of conversion of the Applicable Note and while this Warrant is outstanding, shall split, subdivide or combine the Conversion Stock (by reclassification or otherwise than by payment of a dividend in Conversion Stock), the number of shares subject to purchase under this Warrant (i) shall be proportionately increased and the Exercise Price shall be proportionately decreased, in case of a split or subdivision of Conversion Stock, as of the effective date of such stock split or subdivision, or, if the Company shall take a record of the holders of the Conversion Stock for the purpose of so splitting or subdividing, as at such

record date, whichever is earlier, or (ii) shall be proportionately decreased and the Exercise Price per share shall be proportionately increased, in the case of combination of Conversion Stock, as at the effective date of such combination or, if the Company shall take a record of holders of the Conversion Stock for the purpose of so combining, as at such record date, whichever is earlier.

(b) Stock Dividends. If the Company, at any time or from time to time while this Warrant is outstanding, shall pay a dividend payable in, or make any other distribution (except any distribution specifically provided for in Section 4(a) or Section 4(c)) in the nature of a dividend of, Conversion Stock, then the Exercise Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction, the numerator of which shall be the total number of shares of Conversion Stock outstanding immediately prior to such dividend or distribution, and the denominator of which shall be the total number of shares of Conversion Stock outstanding immediately after such dividend or distribution. Holder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Conversion Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Conversion Stock issuable upon the exercise hereof immediately prior to such adjustment, and dividing the product so obtained by the Exercise Price resulting from such adjustment.

(c) Asset or Capital Dividend. If the Company, at any time or from time to time while this Warrant is outstanding, shall make a distribution of its assets to the holders of the Conversion Stock and/or any class of stock convertible into the Conversion Stock as a dividend in liquidation or partial liquidation or as a return of capital other than as a dividend payable out of funds legally available for dividends under the laws of the State of Delaware, Holder shall, upon exercise and payment of the Exercise Price within 10 business days after notification of such distribution pursuant to Section 11, be entitled to receive, in addition to the number of shares receivable thereupon, and without payment of any additional consideration therefor, a sum equal to the amount of such assets as would have been payable to Holder had Holder been the holder of record of such shares on the record date for such distribution; and an appropriate provision therefor shall be made for Holder to be made a party to any such distribution.

(d) Adjustments for Consolidation, Merger, Sale of Assets, Reorganization or Reclassification. Subject to the provisions of Section l(d), in the event the Company, at any time or from time to time while this Warrant is outstanding, (i) shall consolidate with or merge into any other entity and shall not be the continuing or surviving corporation of such consolidation or merger, or (ii) shall permit any other entity to consolidate with or merge into the Company and the Company shall be the continuing or surviving entity but, in connection with such consolidation or merger, the Conversion Stock shall be changed into or exchanged for capital stock or other securities or property of any other entity, or (iii) shall transfer all or substantially all of its properties and assets to any other entity, or (iv) shall effect a capital reorganization or reclassification of the Conversion Stock (other than one deemed to result in the issue of additional Conversion Stock), then, and in each such event, lawful provision shall be made so that Holder shall be entitled to receive upon the exercise hereof at any time after the consummation of such consolidation, merger, transfer, reorganization or reclassification, in lieu of the shares issuable upon exercise of this Warrant prior to such consummation, the capital stock and other securities and property to

which Holder would have been entitled upon such consummation if Holder had exercised this Warrant immediately prior thereto.

(e) Certificate of Adjustment. The Company shall, within a reasonable time period after written request at any time by Holder, furnish or cause to be furnished to Holder a certificate setting forth adjustments of the Exercise Price and of the number of shares issuable upon exercise of this Warrant and the amount, if any, of other property at the time receivable upon the exercise of this Warrant.

(f) No Impairment. Except and to the extent waived or consented to by the Holder, or as otherwise permitted under the terms hereof the Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

(g) Conversion of Preferred Stock. In the event that all outstanding shares of Preferred Stock are converted to Common Stock, or any other security, in accordance with the terms of the Company's Certificate of Incorporation in connection with the Company's Initial Public Offering or other event, this Warrant shall become exercisable for Common Stock or such other security.

Section 5. Transfer of Warrant. This Warrant, if presented or surrendered for transfer, shall, if so required by the Company, be accompanied by a duly executed written instrument of transfer, in substantially the form of the Form of Assignment attached hereto as Exhibit B, and such other documentation as the Company shall reasonably request.

Section 6. Exchange of Warrant. This Warrant is exchangeable, upon the surrender hereof by Holder at the office of the Company, for new Warrants of like tenor representing in the aggregate the rights to subscribe for and purchase the number of shares that may be subscribed for and purchased hereunder, each of such new Warrants to represent the right to subscribe for and purchase such number of shares as shall be designated by Holder at the time of such surrender.

Section 7. Fractional Shares. Fractional shares shall not be issued upon the exercise of this Warrant, but in any case where Holder would, except for the provisions of this Section 7, be entitled under the terms hereof to receive a fraction of a share upon the exercise of this Warrant, the Company shall, upon the exercise of this Warrant, pay a sum in cash equal to the product obtained by multiplying such fraction by the Current Fair Market Value (as determined by the Board of Directors of the Company) of one share of Conversion Stock.

Section 8. Lost, Stolen, Mutilated or Destroyed Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Company, at its expense, will execute and deliver to the Holder, in lieu thereof, a new Warrant of like

date and tenor. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

Section 9. No Stockholder Rights. This Warrant shall not entitle Holder to any rights as a stockholder of the Company. To the extent that Holder is not at the time of exercise of this Warrant a stockholder of the Company, as a condition to the exercise hereof, if requested by the Company, Holder shall execute an agreement to be bound by any then-effective voting agreement, right of first refusal and co-sale agreement and/or investor rights agreement, and/or any agreement to which the holders of Conversion Stock are parties.

Section 10. Amendments and Waivers. For purposes of the Warrants, no course of dealing between the Company and the holders of the Warrants, or any of them, and no delay on the part of any such party in exercising any rights hereunder shall operate as a waiver of the rights thereof. Any term of this Warrant may be amended, supplemented, modified or waived only with the written consent of the Company and the Requisite Holders (as defined in the Applicable Note); provided, however, that any such amendment, supplement, modification or waiver that impairs the rights or increases the obligations of Holder shall not be effected without the prior written consent of Holder unless such amendment, supplement, modification or waiver applies to all holders of the Warrants in the same general fashion (other than due to proportionate differences resulting from differences in the relative number of shares for which a Warrant is exercisable). Any amendment, supplement, modification of waiver effected in accordance with this Section 10 shall be binding upon Holder notwithstanding the fact that Holder did not consent thereto.

Section 11. Notices. All notices given hereunder shall be in writing and shall be delivered in person or duly sent by mail, postage prepaid; by an overnight delivery service, charges prepaid; or by confirmed telecopy; addressed to Holder at Holder's address in the records of the Company and addressed to the Company at its principal place of business to the attention of its Secretary.

Section 12. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware, notwithstanding principles of conflicts of laws.

Section 13. Transfer Restriction Legend. This Warrant and each certificate for Conversion Stock issued upon exercise of this Warrant, unless at the time of exercise such shares are registered under the Securities Act of 1933, as amended, shall bear the legend set forth on the first page of this Warrant, as well as such other legends as otherwise required by applicable securities laws.

(Signature page follows.)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its duly authorized officer as of the date first above written.

TELA BIO, IMS.

By: _____

Antony Koblish
President-arm Chief Executive Officer

(Signature Page to TELA Bio, Inc. Preferred Stock Purchase Warrant)

EXHIBIT A

FORM OF SUBSCRIPTION

To: TELA Bio, Inc.

Attention: Antony Koblish, President and CEO

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase ( ) shares of of TELA Bio, Inc., a Delaware corporation (the "Company"), pursuant to the terms of this Warrant issued by the Company, dated January 18, 2017 (the "Warrant") and tenders herewith payment of the purchase price of such shares in full.

The undersigned elects to pay for the purchase price as follows:

(1) by delivery of $ (in cash as provided for in the foregoing Warrant) and any applicable taxes payable by the undersigned pursuant to such Warrant; or

(2) by Cashless Exercise in accordance with Section l(c) of the Warrant.

Please issue a certificate or certificates representing said securities in the name of the undersigned or in such other name as is specified below:

_____

(Name)

_____

_____

(Address)

The undersigned hereby represents and warrants that the aforesaid securities are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares and all representations and warranties of the undersigned set forth in the Subscription Agreement are true and correct as of the date hereof.

Signed in the presence of:

_____

(Signature and Date)

_____

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____

(Insert Social Security or Other Identifying Number of Holder)

EXHIBIT B

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder
desires to transfer the Warrant.)

FOR VALUE RECEIVED (the "Transferor") hereby sells, assigns and transfers unto (the "Transferee")

(Please print name and address of transferee)

this Warrant, together with all right, title and interest herein, and does hereby irrevocably constitute and appoint as its Attorney to transfer this Warrant on the books of TELA Bio, Inc., a Delaware corporation (the "Company"), with full power of substitution. The Transferor has provided a written instrument to the Company notifying the Company of such transfer and pursuant to which the Transferee hereunder has agreed in writing to be bound by the terms of this Warrant.

Dated: _____

Signature _____
Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
(Insert Social Security or other Identifying Number of Holder)

Signed in the presence of:

_____

THIS WARRANT, AND THE SECURITIES ISSUABLE UPON THE EXERCISE OF THIS WARRANT, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL (WHICH MAY BE COMPANY COUNSEL) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT, OR ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT AGREEMENT

To Purchase Shares of Preferred Stock of

TELA BIO, INC.

Dated as of March 31, 2017 (the "Effective Date")

WHEREAS, TELA Bio, Inc., a Delaware corporation, has entered into a Loan and Security Agreement of even date herewith (as amended and in effect from time to time, the "Loan Agreement") with Hercules Capital, Inc., a Maryland corporation, in its capacity as administrative agent, Hercules Technology II, L.P., a Delaware limited partnership, in its capacity as lender (the "Warrantholder") and the other lender parties thereto;

WHEREAS, the Company (as defined below) desires to grant to Warrantholder, in consideration for, among other things, the financial accommodations provided for in the Loan Agreement, the right to purchase shares of Preferred Stock (as defined below) pursuant to this Warrant Agreement (this "Warrant" or this "Agreement");

NOW, THEREFORE, in consideration of the Warrantholder executing and delivering the Loan Agreement and providing the financial accommodations contemplated therein, and in consideration of the mutual covenants and agreements contained herein, the Company and Warrantholder agree as follows:

SECTION 1. GRANT OF THE RIGHT TO PURCHASE PREFERRED STOCK.

(a) For value received, the Company hereby grants to the Warrantholder, and the Warrantholder is entitled, upon the terms and subject to the conditions hereinafter set forth, to subscribe for and purchase, from the Company, up to such number of shares of Preferred Stock as determined pursuant to Section l(b) below, at a purchase price per share equal to the Exercise Price (as defined below). The number and class/series of shares for which this Warrant is exercisable and the Exercise Price are subject to adjustment from time to time as provided in this Warrant. As used herein, the following terms shall have the following meanings:

"Act" means the Securities Act of 1933, as amended.

"Company" means TELA Bio, Inc., a Delaware corporation, and any successor or surviving entity that assumes the obligations of the Company under this Agreement pursuant to Section 8(a).

"Charter" means the Company's Certificate of Incorporation as filed with the Secretary of State of Delaware, as may be amended and/or restated and in effect from time to time.

"Common Stock" means the Company's common stock, $0,001 par value per share;

"Exercise Price" means (i) with respect to the Tranche 1 Shares and the Tranche 2 Shares (as hereinafter defined), $1.16, subject to adjustment from time to time pursuant to Section 8 (the "Tranche 1 Shares and Tranche 2 Shares Exercise Price"); provided, that, in connection with the Next Equity Round, if the Warrantholder elects (as provided below) for the Preferred Stock to become the Next Equity Round Series, then the "Tranche 1 Shares and Tranche 2 Shares Exercise Price" shall thereupon be the Next Equity Round Price, subject to adjustment thereafter from time to time pursuant to Section 8; and (ii) with respect to the Tranche 3 Shares (as hereinafter defined),

the Next Equity Round Price, subject to adjustment from time to time in accordance with the provisions of this Warrant (the "Tranche 3 Shares Exercise Price"); provided, that if, prior to the consummation of the Next Equity Round, there shall be a Merger Event or Initial Public Offering, or the Company shall wind up and liquidate, then the "Tranche 3 Shares Exercise Price" shall be the then-effective Tranche 1 Shares and Tranche 2 Shares Exercise Price as of immediately prior to the closing of such Merger Event, the effectiveness of the registration statement filed in connection with the Initial Public Offering or the first distribution in liquidation to the holders of the Preferred Stock, as the case may be, and subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant. As used in this Warrant, "Exercise Price" shall mean the Tranche 1 Shares and Tranche 2 Shares Exercise Price with respect to the Tranche 1 Shares and Tranche 2 Shares and the Tranche 3 Shares Exercise Price with respect to the Tranche 3 Shares.

"Initial Public Offering" means the initial underwritten public offering of the Company's Common Stock pursuant to a registration statement under the Act, which public offering has been declared effective by the Securities and Exchange Commission ("SEC");

"Merger Event" means any (i) sale, lease or other transfer of all or substantially all assets of the Company; (ii) any merger or consolidation involving the Company in which the Company is not the surviving entity, or in which the outstanding shares of the Company's capital stock are otherwise converted into or exchanged for shares of preferred stock, other securities or property of another entity; or (iii) any sale or other transfer, in a single transaction or series of related transactions, by holders of the Company's issued and outstanding capital stock of shares representing more than fifty percent (50%) of the total combined voting power of the Company;

"Next Equity Round" means the first sale and issuance by the Company after the Effective Date of shares of its preferred stock to one or more investors for cash for financing purposes in which the Company actually receives gross cash proceeds of at least $5,000,000;

"Next Equity Round Notice" has the meaning given in Section l(c) below.

"Next Equity Round Price" means the lowest effective price per share for which shares of the Next Equity Round Series are sold and issued in the Next Equity Round. For the avoidance of doubt, if shares of the Next Equity Round Series are sold and issued in the Next Equity Round to one or more investors in consideration of the conversion by such investors of Company indebtedness at a conversion price per share less than the cash price per share for which shares of the Next Equity Round Series are sold and issued to cash purchasers thereof, then the "Next Equity Round Price" shall equal such conversion price per share;

"Next Equity Round Series" means the series or other designation of the Company's preferred stock sold and issued in the Next Equity Round;

"Preferred Stock" means (i) with respect to the Tranche 1 Shares and Tranche 2 Shares, Series B Stock, subject to adjustment from time to time pursuant to Section 8; provided, that, in connection with the closing of the Next Equity Round, the Warrantholder may in its sole discretion (but shall not be obligated to) elect for the Preferred Stock with respect to the Tranche 1 Shares and Tranche 2 Shares to become the Next Equity Round Series, such election to be made in writing by the Warrantholder delivered not later than the later to occur of (i) two (2) business days before the closing of the Next Equity Round, or (ii) seven (7) days following the Company's delivery of the Next Equity Round Notice, subject to adjustment thereafter from time to time to the extent provided in Section 8; and (ii) with respect to the Tranche 3 Shares the Next Equity Round Series, subject to adjustment from time to time in accordance with the provisions of this Warrant; provided, that if, prior to the consummation of the Next Equity Round, there shall be a Merger Event or Initial Public Offering, or the Company shall wind up and liquidate, then "Preferred Stock" with respect to the Tranche 3 Shares shall be Series B Stock as of immediately prior to the closing of such Merger Event, the effectiveness of the registration statement filed in connection with the Initial Public Offering or the first distribution in liquidation to the holders of the Preferred Stock, as the case may be, and subject to adjustment thereafter from time to time in accordance

with the provisions of this Warrant; and in all cases, to the extent provided in Sections 8(a) and (b), any other stock into or for which such Preferred Stock may be converted or exchanged.

"Purchase Price" means, with respect to any exercise of this Agreement, an amount equal to the Exercise Price as of the relevant time multiplied by the number of shares of Preferred Stock requested to be exercised under this Agreement pursuant to such exercise; and

"Series B Stock" means the Company's presently authorized Series B Preferred Stock, $0.001 par value per share.

(b) Number of Shares. This Warrant shall be exercisable for the Tranche 1 Shares, the Tranche 2 Shares and the Tranche 3 Shares. As used herein, (i) "Tranche 1 Shares" means such number of shares of Preferred Stock as shall equal (x) $150,000, divided by (y) the Tranche 1 Shares and Tranche 2 Shares Exercise Price in effect from time to time, (ii) Tranche 2 Shares" means such number of shares of Preferred Stock as shall equal (x) $150,000, divided by (y) the Tranche 1 Shares and Tranche 2 Shares Exercise Price in effect from time to time; and (iii) "Tranche 3 Shares" means such number of shares of Preferred Stock as shall equal (i) $150,000, divided by (y) the Tranche 3 Shares Exercise Price in effect from time to time; in all cases subject to adjustment from time to time in accordance with the provisions of this Warrant.

(c) Notice of Next Equity Round. The Company shall provide written notice to the Warrantholder not less than seven (7) days prior to the anticipated closing of the Next Equity Round, which notice shall state all material terms and conditions thereof and all material rights, powers, preferences and privileges of the Next Equity Round Series (the "Next Equity Round Notice"). Following delivery of such Next Equity Round Notice, the Company shall promptly provide to the Warrantholder such copies of the execution versions of the transaction documents (or if execution versions are not yet available, then current drafts of such transaction documents) in connection with the Next Equity Round (including, without limitation, the Company's amended and/or restated Certificate of Incorporation, the securities purchase agreement and pre- and post-closing capitalization tables) as the Warrantholder shall request from time to time.

SECTION 2. TERM OF THE AGREEMENT.

Except as otherwise provided for herein, the term of this Agreement and the right to purchase Preferred Stock as granted herein (the "Warrant") shall commence on the Effective Date and shall be exercisable for a period ending on the tenth (10^{th}) anniversary of the Effective Date.

SECTION 3. EXERCISE OF THE PURCHASE RIGHTS.

(a) Exercise. The purchase rights set forth in this Agreement are exercisable by the Warrantholder, in whole or in part, at any time, or from time to time, prior to the expiration of the term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached hereto as Exhibit I (the "Notice of Exercise"), duly completed and executed, Promptly upon receipt of the Notice of Exercise and the payment of the Purchase Price in accordance with the terms set forth below, and in no event later than five (5) days thereafter, the Company shall issue to the Warrantholder a certificate for the number of shares of Preferred Stock purchased and shall execute the acknowledgment of exercise in the form attached hereto as Exhibit II (the "Acknowledgment of Exercise") indicating the number of shares which remain subject to future purchases, if any,

The Purchase Price may be paid at the Warrantholder's election either (i) by cash or check, or (ii) by surrender of all or a portion of the Warrant for shares of Preferred Stock to be exercised under this Agreement and, if applicable, an amended Agreement representing the remaining number of shares purchasable hereunder, as determined below ("Net Issuance"). If the Warrantholder elects the Net Issuance method, the Company will issue Preferred Stock in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of shares of Preferred Stock to be issued to the Warrantholder.

Y = the number of shares of Preferred Stock requested to be exercised under this Agreement.
A = the fair market value of one (1) share of Preferred Stock at the time of issuance of such shares of Preferred Stock.
B = the Exercise Price.

For purposes of the above calculation, current fair market value of Preferred Stock shall mean with respect to each share of Preferred Stock:

(i) if the exercise is in connection with an Initial Public Offering, and if the Company's Registration Statement relating to such Initial Public Offering has been declared effective by the SEC, then the fair market value per share shall be the product of (x) the initial "Price to Public" of the Common Stock specified in the final prospectus with respect to the offering and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise;

(ii) if the exercise is after, and not in connection with an Initial Public Offering, and:

(A) if the Common Stock is traded on a securities exchange, the fair market value shall be deemed to be the product of (x) the average last sale price of a share of common stock reported for the five (5) trading days ending two (2) days before the date on which the Warrantholder delivers this Warrant for exercise and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise; or

(B) if the Common Stock is traded over-the-counter, the fair market value shall be deemed to be the product of (x) the prior day closing bid and asked price quoted on the NASDAQ system (or similar system) before the day the current fair market value of the securities is being determined and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise;

(iii) if at any time the Common Stock is not listed on any securities exchange or quoted in the NASDAQ National Market or the over-the-counter market, the current fair market value of Preferred Stock shall be the product of (x) the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by its Board of Directors and (y) the number of shares of Common Stock into which each share of Preferred Stock is convertible at the time of such exercise, unless the Company shall become subject to a Merger Event, in which case the fair market value of Preferred Stock shall be deemed to be the per share value received by the holders of the Company's Preferred Stock on a common equivalent basis pursuant to such Merger Event.

Upon partial exercise by either cash or Net Issuance, the Company shall promptly issue an amended Agreement representing the remaining number of shares purchasable hereunder. All other terms and conditions of such amended Agreement shall be identical to those contained herein, including, but not limited to the Effective Date hereof.

As a condition to the receipt of evidence of the issuance of shares of Preferred Stock to the Warrantholder following exercise hereof, Warrantholder shall, if requested by the Company, execute and deliver to the Company a counterpart signature page or joinder to the Company's then effective investor rights agreement and stockholders agreement, or other similar agreements entered into by shareholders of the Company with respect to the Preferred Stock, in each case solely with respect to the shares of Preferred Stock issued on such exercise, solely to the extent such agreement is then by its terms in force and effect, and only if all holders of the outstanding shares of Preferred Stock (or, if the Preferred Stock is then Common Stock in

accordance with the definition of Preferred Stock in Section 1(a) above, holders of eighty percent (80%) of the then-outstanding shares of Preferred Stock) are then parties thereto.

(b) Exercise Prior to Expiration. To the extent this Agreement is not previously exercised as to all Preferred Stock subject hereto, and if the fair market value of one share of the Preferred Stock is greater than the Exercise Price then in effect, this Agreement shall be deemed automatically exercised pursuant to Section 3(a) (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Preferred Stock upon such expiration shall be determined pursuant to Section 3(a). To the extent this Agreement or any portion thereof is deemed automatically exercised pursuant to this Section 3(b), the Company agrees to promptly notify the Warrantholder of the number of shares of Preferred Stock, if any, the Warrantholder is to receive by reason of such automatic exercise.

SECTION 4. RESERVATION OF SHARES.

During the term of this Agreement, the Company will at all times have authorized and reserved a sufficient number of shares of its Preferred Stock to provide for the exercise of the rights to purchase Preferred Stock as provided for herein, and shall have authorized and reserved a sufficient number of shares of its Common Stock to provide for the conversion of the shares of Preferred Stock issuable hereunder.

SECTION 5. NO FRACTIONAL SHARES OR SCRIP.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Agreement, but in lieu of such fractional shares the Company shall make a cash payment therefor upon the basis of the then fair market value of one share of Preferred Stock.

SECTION 6. NO RIGHTS AS SHAREHOLDER/STOCKHOLDER.

This Agreement does not entitle the Warrantholder to any voting rights or other rights as a shareholder/stockholder of the Company prior to the exercise of this Agreement.

SECTION 7. WARRANTHOLDER REGISTRY.

The Company shall maintain a registry showing the name and address of the registered holder of this Agreement. Warrantholder's initial address, for purposes of such registry, is set forth below Warrantholder's signature on this Agreement. Warrantholder may change such address by giving written notice of such changed address to the Company.

SECTION 8. ADJUSTMENT RIGHTS.

The Exercise Price and the number of shares of Preferred Stock purchasable hereunder are subject to adjustment, as follows:

(a) Merger Event. If at any time there shall be Merger Event, then, as a part of such Merger Event, lawful provision shall be made so that the Warrantholder shall thereafter be entitled to receive, upon exercise of this Agreement, the number of shares of preferred stock or other securities or property (collectively, "Reference Property") that the Warrantholder would have received in connection with such Merger Event if Warrantholder had exercised this Agreement immediately prior to the Merger Event. In any such case, appropriate adjustment (as determined in good faith by the Company's Board of Directors and reasonably acceptable to the Warrantholder) shall be made in the application of the provisions of this Agreement with respect to the rights and interests of the Warrantholder after the Merger Event to the end that the provisions of this Agreement (including adjustments of the Exercise Price, the ability of the Warrantholder to elect the class and series of Preferred Stock as set forth in the definition thereof, and adjustments to ensure that the provisions of this Section 8 shall thereafter be applicable, as nearly as possible, to the purchase rights under this Agreement in relation to any Reference Property thereafter acquirable upon exercise of such purchase rights) shall continue to be applicable in their entirety, and to the greatest extent possible. Without limiting the foregoing, in connection with any Merger Event, upon the closing thereof, the successor or surviving entity shall assume the obligations of this Agreement;

provided that the foregoing assumption requirement shall not apply if (i) the consideration to be paid for or in respect of the outstanding shares of Preferred Stock in such Merger Event consists solely of cash and/or readily marketable securities, and (ii) the value of such consideration (as determined at closing in accordance with the definitive executed transaction documents) to be paid for or in respect of each outstanding share of Preferred Stock is at least two (2) times the Exercise Price in effect as of immediately prior to the closing of such Merger Event. In connection with a Merger Event and upon Warrantholder's written election to the Company, the Company shall cause this Warrant Agreement to be exchanged for the consideration that Warrantholder would have received if Warrantholder had chosen to exercise its right to have shares issued pursuant to the Net Issuance provisions of this Warrant Agreement without actually exercising such right, acquiring such shares and exchanging such shares for such consideration. The provisions of this Section 8(a) shall similarly apply to successive Merger Events.

(b) Reclassification of Shares. Except for Merger Events subject to Section 8(a), and subject to Section 8(f), if the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change any of the securities as to which purchase rights under this Agreement exist into the same or a different number of securities of any other class or classes, this Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities which were subject to the purchase rights under this Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change; provided, that to the extent Warrantholder has the right to elect to receive upon exercise either Series B Stock or the Next Equity Round Series, the adjustment under this clause (b) shall apply solely to the class and series of preferred stock that has been so combined, reclassified, exchanged or subdivided and shall not impair the Warrantholder's right to elect to exercise the purchase rights for any other class or series of preferred stock. The provisions of this Section 8(b) shall similarly apply to successive combination, reclassification, exchange, subdivision or other change.

(c) Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Preferred Stock, (i) in the case of a subdivision, the Exercise Price shall be proportionately decreased and the number of shares of Preferred Stock issuable hereunder shall be proportionately increased, or (ii) in the case of a combination, the Exercise Price shall be proportionately increased and the number of shares of Preferred Stock issuable hereunder shall be proportionately decreased.

(d) Stock Dividends. If the Company at any time while this Agreement is outstanding and unexpired shall:

(i) pay a dividend with respect to the Preferred Stock payable in Preferred Stock, then the Exercise Price shall be adjusted, from and after the date of determination of stockholders entitled to receive such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Preferred Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Preferred Stock outstanding immediately after such dividend or distribution; or

(ii) make any other distribution with respect to Preferred Stock (or stock into which the Preferred Stock is convertible), except any distribution specifically provided for in any other clause of this Section 8, then, in each such case, provision shall be made by the Company such that the Warrantholder shall receive upon exercise or conversion of this Warrant a proportionate share of any such distribution as though it were the holder of the Preferred Stock (or other stock for which the Preferred Stock is convertible) as of the record date fixed for the determination of the stockholders of the Company entitled to receive such distribution.

(e) Antidilution Rights. Additional antidilution rights applicable to the Preferred Stock purchasable hereunder are as set forth in the Charter and shall be applicable with respect to the Preferred Stock issuable hereunder. The Company shall promptly provide the Warrantholder with any restatement, amendment, modification or waiver of the Charter; provided, that no such amendment, modification or waiver shall impair or reduce the antidilution rights applicable to the Preferred Stock as of the date hereof unless such amendment, modification or waiver affects the rights of Warrantholder with respect to the Preferred Stock in the same manner as it affects all other holders of Preferred Stock. The Company shall provide Warrantholder with prior written notice of any issuance of its stock or other equity security to occur after the Effective Date of this Agreement, which notice shall include (a) the price at which such stock or security is to be sold, (b) the number of shares to be issued, and (c) such other information as necessary for Warrantholder to determine if a dilutive event has occurred. For the avoidance of doubt, there shall be no duplicate anti-dilution adjustment pursuant to this subsection (e), the forgoing subsection (d) and the Charter.

(f) Notice of Adjustments. If: (i) the Company shall declare any dividend or distribution upon its stock, whether in stock, cash, property or other securities; (ii) there shall be any Merger Event; (iv) there shall be an Initial Public Offering; (iii) the Company shall sell, lease, license or otherwise transfer all or substantially all of its assets; or (iv) there shall be any voluntary dissolution, liquidation or winding up of the Company; then, in connection with each such event, the Company shall send to the Warrantholder: (A) at least thirty (30) days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the holders of Preferred Stock shall be entitled thereto) or for determining rights to vote in respect of such Merger Event, dissolution, liquidation or winding up; (B) in the case of any such Merger Event, sale, lease, license or other transfer of all or substantially all assets, dissolution, liquidation or winding up, at least thirty (30) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Preferred Stock shall be entitled to exchange their Preferred Stock for securities or other property deliverable upon such Merger Event, dissolution, liquidation or winding up); and (C) in the case of an Initial Public Offering, the Company shall give the Warrantholder at least thirty (30) days' written notice prior to the effective date thereof.

Each such written notice shall set forth, in reasonable detail, (i) the event requiring the notice, and (ii) if any adjustment is required to be made, (A) the amount of such adjustment, (B) the method by which such adjustment was calculated, (C) the adjusted Exercise Price (if the Exercise Price has been adjusted), and (D) the number of shares subject to purchase hereunder after giving effect to such adjustment, and shall be given in accordance with Section 12(g) below.

(g) Timely Notice. Failure to timely provide such notice required by subsection (f) above shall entitle Warrantholder to retain the benefit of the applicable notice period notwithstanding anything to the contrary contained in any insufficient notice received by Warrantholder. For purposes of this subsection (g), and notwithstanding anything to the contrary in Section 12(g), the notice period shall begin on the date Warrantholder actually receives a written notice containing all the information required to be provided in such subsection (g).

SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

(a) Reservation of Preferred Stock. The Preferred Stock issuable upon exercise of the Warrantholder's rights has been or, in the case of Preferred Stock issuable in the Next Equity Round, will be duly and validly reserved and, when issued in accordance with the provisions of this Agreement, will be validly issued, fully paid and non-assessable, and will be free of any taxes, liens, charges or encumbrances of any nature whatsoever; provided, that the Preferred Stock issuable pursuant to this Agreement may be subject to restrictions on transfer under state and/or federal securities laws. The Company has made available to the Warrantholder true, correct and complete copies of its Charter and current bylaws. The issuance of certificates for shares of Preferred Stock upon exercise of this Agreement shall be made without charge to the Warrantholder for any issuance tax in respect thereof, or other cost incurred by the Company in connection with such exercise and the related issuance of shares of Preferred

Stock; provided, that the Company shall not be required to pay any tax which may be payable in respect of any transfer and the issuance and delivery of any certificate in a name other than that of the Warrantholder.

(b) Due Authority. The execution and delivery by the Company of this Agreement and the performance of all obligations of the Company hereunder, including the issuance to Warrantholder of the right to acquire the shares of Preferred Stock and the Common Stock into which it may be converted, have been duly authorized by all necessary corporate action on the part of the Company. This Agreement: (1) does not violate the Company's Charter or current bylaws; (2) does not contravene any law or governmental rule, regulation or order applicable to it; and (3) does not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms.

(c) Consents and Approvals. No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by the Company of its obligations under this Agreement, except for the filing of notices pursuant to Regulation D under the Act and any filing required by applicable state securities law, which filings will be effective by the time required thereby.

(d) Capitalization. The fully-diluted capitalization table of the Company attached hereto as Exhibit IV is true and complete in all material respects as of the Effective Date.

(e) Registration Rights. The Company agrees that the shares of Common Stock issued and issuable upon conversion of the shares of Preferred Stock issued and issuable upon exercise of this Warrant, and, at all times (if any) when the Preferred Stock shall be Common Stock, the shares of Preferred Stock issued and issuable upon exercise of this Warrant, shall have the "Piggyback," and S-3 registration rights pursuant to and as set forth in the Company's investor rights agreement or similar agreement (the "Investor Rights Agreement") on a *pari passu* basis with the holders of outstanding shares of Preferred Stock who are parties thereto. The provisions set forth in the Company's Investor Rights Agreement or similar agreement relating to such registration rights in effect as of the Effective Date may not be amended, modified or waived without the prior written consent of the Warrantholder unless such amendment, modification or waiver affects the rights associated with the shares of Preferred Stock issued and issuable upon exercise hereof in the same manner as such amendment, modification, or waiver affects the rights associated with all outstanding shares of Preferred Stock whose holders are parties thereto.

(f) Other Commitments to Register Securities. Except as set forth in this Agreement, the Company is not, pursuant to the terms of any other agreement currently in existence, under any obligation to register under the Act any of its presently outstanding securities or any of its securities which may hereafter be issued.

(g) Exempt Transaction. Subject to the accuracy of the Warrantholder's representations in Section 10, the issuance of the Preferred Stock upon exercise of this Agreement, and the issuance of the Common Stock upon conversion of the Preferred Stock, will each constitute a transaction exempt from (i) the registration requirements of Section 5 of the Act, in reliance upon Section 4(2) thereof, and (ii) the qualification requirements of the applicable state securities laws.

(h) Compliance with Rule 144. If the Warrantholder proposes to sell Preferred Stock issuable upon the exercise of this Agreement, or the Common Stock into which it is convertible, in compliance with Rule 144 promulgated by the SEC, then, upon Warrantholder's reasonable written request to the Company, the Company shall furnish to the Warrantholder, within ten days after receipt of such request, a written statement confirming the Company's compliance with the filing requirements of the SEC as set forth in such Rule, as such Rule may be amended from time to time.

(i) Information Rights. During the term of this Warrant and prior to the Initial Public Offering, Warrantholder shall be entitled to the information rights contained in subsections 7.1(c) and (f) of the Loan Agreement, and such subsections of the Loan Agreement are hereby incorporated into this Agreement by this reference as though fully set forth herein.

SECTION 10. REPRESENTATIONS AND COVENANTS OF THE WARRANTHOLDER.

This Agreement has been entered into by the Company in reliance upon the following representations and covenants of the Warrantholder:

(a) Investment Purpose. The right to acquire Preferred Stock is being acquired for investment and not with a view to the sale or distribution of any part thereof, and the Warrantholder has no present intention of selling or engaging in any public distribution of such rights or the Preferred Stock except pursuant to an effective registration statement or an exemption from the registration requirements of the Act.

(b) Private Issue. The Warrantholder understands (i) that the Preferred Stock issuable upon exercise of this Agreement is not registered under the Act or qualified under applicable state securities laws on the ground that the issuance contemplated by this Agreement will be exempt from the registration and qualifications requirements thereof, and (ii) that the Company's reliance on such exemption is predicated on the representations set forth in this Section 10.

(c) Financial Risk. The Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment.

(d) Risk of No Registration. The Warrantholder understands that if the Company does not register with the SEC pursuant to Section 12 of the Securities Exchange Act of 1934 (the "1934 Act"), or file reports pursuant to Section 15(d) of the 1934 Act, or if a registration statement covering the securities under the Act is not in effect when it desires to sell (i) the rights to purchase Preferred Stock pursuant to this Agreement or (ii) the Preferred Stock issuable upon exercise of the right to purchase, it may be required to hold such securities for an indefinite period. The Warrantholder also understands that any sale of (A) its rights hereunder to purchase Preferred Stock or (B) Preferred Stock issued or issuable hereunder which might be made by it in reliance upon Rule 144 under the Act may be made only in accordance with the terms and conditions of that Rule.

(e) Accredited Investor. Warrantholder is an "accredited investor" within the meaning of the Securities and Exchange Rule 501 of Regulation D, as presently in effect.

SECTION 11. TRANSFERS.

Subject to compliance with applicable federal and state securities laws, this Agreement and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes) upon surrender of this Agreement properly endorsed. Each taker and holder of this Agreement, by taking or holding the same, consents and agrees that this Agreement, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Agreement shall have been so endorsed and its transfer recorded on the Company's books, shall be treated by the Company and all other persons dealing with this Agreement as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Agreement. The transfer of this Agreement shall be recorded on the books of the Company upon receipt by the Company of a notice of transfer in the form attached hereto as Exhibit III (the "Transfer Notice"), at its principal offices and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. Until the Company receives such Transfer Notice, the Company may treat the registered owner hereof as the owner for all purposes.

SECTION 12. MISCELLANEOUS.

(a) Effective Date. The provisions of this Agreement shall be construed and shall be given effect in all respects as if it had been executed and delivered by the Company on the date hereof. This Agreement shall be binding upon any successors or assigns of the Company.

(b) Remedies. In the event of any default hereunder, the non-defaulting party may proceed to protect and enforce its rights either by suit in equity and/or by action at law, including but not limited to an action for damages as a result of any such default, and/or an action for specific performance for any default where Warrantholder will not have an adequate remedy at law and where damages will not be readily ascertainable. The Company expressly agrees that it shall not oppose an application by the Warrantholder or any other person entitled to the benefit of this Agreement requiring specific performance of any or all provisions hereof or enjoining the Company from continuing to commit any such breach of this Agreement.

(c) No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Agreement, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

(d) Additional Documents. The Company, upon execution of this Agreement, shall provide the Warrantholder with certified resolutions with respect to the representations, warranties and covenants set forth in Sections 9(a) through 9(d), 9(f) and 9(g). The Company shall also supply documentation reasonably necessary to evaluate whether to exercise (in cash or a net issuance basis) this Warrant, including without limitation, (i) any merger/purchase/asset sale agreement and related documents and estimated payout allocations to each of the respective shareholders, warrant and option holders in connection with a Merger Event, (ii) the most recent capitalization tables, 409A valuations (if any), and board determination of share value (including any waterfall or per share allocations provided to the share/unitholders), and (iii) most recent articles of incorporation or organization (as applicable).

(e) Attorney's Fees. In any litigation, arbitration or court proceeding between the Company and the Warrantholder relating hereto, the prevailing party shall be entitled to attorneys' fees and expenses and all costs of proceedings incurred in enforcing this Agreement. For the purposes of this Section 12(e), attorneys' fees shall include without limitation fees incurred in connection with the following: (i) contempt proceedings; (ii) discovery; (iii) any motion, proceeding or other activity of any kind in connection with an insolvency proceeding; (iv) garnishment, levy, and debtor and third party examinations; and (v) post-judgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment.

(f) Severability. In the event any one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intention of the parties underlying the invalid, illegal or unenforceable provision.

(g) Notices. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication that is required, contemplated, or permitted under this Agreement or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile or hand delivery if transmission or delivery occurs on a business day at or before 5:00 pm in the time zone of the recipient, or, if transmission or delivery occurs on a non-business day or after such time, the first business day thereafter, or the first business day after deposit with an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, and shall be addressed to the party to be notified as follows:

If to Warrantholder:

Hercules Technology III, L.P.
Legal Department
Attention: Chief Legal Officer
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060

If to the Company:

TELA Bio, Inc.
Attention: Chief Financial Officer
1 Great Valley Parkway, Suite 24
Malvern, PA 19355
Facsimile:
Telephone:

or to such other address as each party may designate for itself by like notice.

(h) Entire Agreement; Amendments. This Agreement constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof, and supersede and replace in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof (including Warrantholder's proposal letter dated February 27, 2017). None of the terms of this Agreement may be amended except by an instrument executed by each of the parties hereto.

(i) Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

(j) No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(k) No Waiver. No omission or delay by Warrantholder at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Company at any time designated, shall be a waiver of any such right or remedy to which Warrantholder is entitled, nor shall it in any way affect the right of Warrantholder to enforce such provisions thereafter.

(1) Survival. All agreements, representations and warranties contained in this Agreement or in any document delivered pursuant hereto shall be for the benefit of Warrantholder and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

(m) Governing Law. This Agreement have been negotiated and delivered to Warrantholder in the State of California, and shall have been accepted by Warrantholder in the State of California. Delivery of Preferred Stock to Warrantholder by the Company under this Agreement is due in the State of California. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(n) Consent to Jurisdiction and Venue. All judicial proceedings arising in or under or related to this Agreement may be brought in any state or federal court of competent jurisdiction located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 12(g), and shall be deemed effective and received as set forth in Section 12(g). Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

(o) Mutual Waiver of Jury Trial. Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE COMPANY AND WARRANTHOLDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE COMPANY AGAINST WARRANTHOLDER OR ITS ASSIGNEE OR BY WARRANTHOLDER OR ITS ASSIGNEE AGAINST THE COMPANY. This waiver extends to all such Claims, including Claims that involve Persons other than Company and Warrantholder; Claims that arise out of or are in any way connected to the relationship between the Company and Warrantholder; and any Claims for damages, breach of contract, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement.

(p) Judicial Reference. If the waiver of jury trial set forth above is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(q) Prejudgment Relief. In the event Claims are to be resolved by arbitration, either party may seek from a court of competent jurisdiction identified in Section 12(n), any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

(r) Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by its officers . thereunto duly authorized as of the Effective Date.

COMPANY: TELA BIO, INC.

By: /s/ Francis M. Conway
Name: Francis M. Conway
Title: Vice President - Finance

WARRANTHOLDER: HERCULES TECHNOLOGY II, L.P., a Delaware limited partnership

By: Hercules Technology SBIC Management LLC, its General Partner

By: Hercules Capital, Inc., its Manager

By: /s/ Zhuo Huang
Name: Zhuo Huang
Title: Associate General Counsel

EXHIBIT I

NOTICE OF EXERCISE

To: [ ]

(1) The undersigned Warrantholder hereby elects to purchase [ ] shares of the Series [ ] Preferred Stock of [ ], pursuant to the terms of the Agreement dated the [ ] day of [,] (the "Agreement") between [ ] and the Warrantholder, and [CASH PAYMENT: Tenders herewith payment of the Purchase Price in full, together with all applicable transfer taxes, if any.] [NET ISSUANCE: elects pursuant to Section 3(a) of the Agreement to effect a Net Issuance.]

(2) Please issue a certificate or certificates representing said shares of Series [ ] Preferred Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

WARRANTHOLDER:

HERCULES TECHNOLOGY II, L.P., a Delaware limited partnership

By: Hercules Technology SBIC Management LLC, its General Partner

By: Hercules Capital, Inc., its Manager

By: _____
Name: _____
Title: _____

EXHIBIT II
ACKNOWLEDGMENT OF EXERCISE

The undersigned [ ], hereby acknowledge receipt of the "Notice of Exercise" from Hercules Technology II, L.P.. to purchase [ ] shares of the Series [ ] Preferred Stock of [ ], pursuant to the terms of the Agreement, and further acknowledges that [ ] shares remain subject to purchase under the terms of the Agreement.

COMPANY: [ ]

By: _____

Title: _____

Date: _____

EXHIBIT III
TRANSFER NOTICE

(To transfer or assign the foregoing Agreement execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Agreement and all rights evidenced thereby are hereby transferred and assigned to

_____
(Please Print)

whose address is

Dated: _____
Holder's Signature: _____
Holder's Address: _____

_____

Signature Guaranteed:

NOTE: The signature to this Transfer Notice must correspond with the name as it appears on the face of the Agreement, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Agreement.

Exhibit 4.8

Execution Version

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AND PURSUANT TO THE PROVISIONS OF ARTICLE 5 BELOW, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS INSTRUMENT ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

WARRANT TO PURCHASE STOCK

Company:	TELA Bio, Inc., a Delaware corporation
Number of Shares	206,897 (Subject to adjustment as hereinafter provided)
Class of Stock:	Series B Preferred Stock (Subject to Section 1.7)
Warrant Price:	$1.16 per Share (Subject to adjustment as hereinafter provided)
Issue Date:	April 26, 2018
Expiration Date:	The earlier to occur of the (i) expiration of this Warrant pursuant to Section 1.6 hereof or (ii) 10th anniversary of the Issue Date
Credit Facility:	This Warrant is issued in connection with the Credit and Security Agreement (Term Loan), dated as of April 26, 2018, among the Company, the other Borrowers (as defined therein) from time to time party thereto, MidCap Financial Trust, a Delaware statutory trust, as Agent and the lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

THIS WARRANT TO PURCHASE STOCK (this "Warrant") CERTIFIES THAT, for good and valuable consideration, including without limitation the mutual promises contained in the Credit Agreement (defined above), MidCap Funding XXVIII Trust, a Delaware statutory trust (together with any registered holder from time to time of this Warrant or any holder of the Shares issuable or issued upon the exercise or conversion of this Warrant, "Holder") is entitled to purchase the number of fully paid and nonassessable shares of the class and series of capital stock of the Company at the Warrant Price, all as set forth above or herein below and as adjusted pursuant to the terms of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. As used herein, "Share" or "Shares" shall refer to either (i) the shares of stock issuable upon the exercise or conversion of this Warrant and any shares of capital stock into which such shares may be converted or exchanged, or (ii) the authorized or issued and outstanding shares of capital stock of the Company which are of the same class and

series as the shares of stock issuable upon the exercise or conversion of this Warrant, in either case as the specific provisions of this Warrant or the context may require.

ARTICLE 1 EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check, wire transfer (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may at any time and from time to time after the Issue Date convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate Fair Market Value of the number of Shares or the securities otherwise issuable upon exercise of this Warrant with respect to which Holder elects to convert this Warrant minus the aggregate Warrant Price of such Shares by (b) the Fair Market Value of one Share, and by delivering a duly completed and executed Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company. The "Fair Market Value" of a Share shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Company's common stock is traded on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "Trading Market") and the Shares are common stock, the Fair Market Value of each Share shall be the closing price of a Share reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of the Company's initial public offering of its common stock ("IPO"), the "price to public" per share specified in the final prospectus relating to such offering). If the Company's common stock is traded in a Trading Market and the Shares are preferred stock, the Fair Market Value of each Share shall be the closing price of such common stock reported for the business day immediately before Holder delivers its Notice of Exercise to the Company (or in the instance where the Warrant is exercised immediately prior to the effectiveness of an IPO, the initial "price to public" per share specified in the final prospectus relating to the IPO), in either case, multiplied by the number of shares of the Company's common stock into which a Share is then convertible. In the event of an exercise in connection with an Acquisition, the Fair Market Value of a Share shall be the value to be received per Share by all holders of such Shares in such transaction. In the event of an exercise other than in connection with an IPO or Acquisition, and where the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the Fair Market Value in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Promptly after Holder exercises or converts this Warrant pursuant to Section 1.1 or 1.2, respectively, and, if applicable, the Company receives payment of the aggregate Warrant Price, the Company shall promptly deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant of like tenor representing the Shares not so acquired. This Warrant shall be deemed to have been exercised and such certificates deemed issued, and Holder shall become the holder of record of the Shares for all purposes, as of the

date of Holder's delivery of the exercise notice pursuant to Section 1.1 or 1.2 and payment of the Warrant Price, if applicable.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.6 Treatment of Warrant Upon Acquisition of Company.

1.6.1 "Acquisition". For the purpose of this Warrant, "Acquisition" means (a) any sale, exclusive license, or other disposition of all or substantially all of the assets of the Company, or (b) any reorganization, consolidation, share exchange or merger of the Company with or into another person or entity, or sale of outstanding securities of the Company by the holders thereof, in each case where the holders of the Company's securities before the transaction beneficially own less than fifty percent (50%) of the outstanding voting securities of the successor, acquiring or surviving person or entity after the transaction.

1.6.2 Treatment of Warrant Upon Acquisition.

A) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that (i) is not described in Section 1.6.1(a), (ii) in which the sole consideration is cash, and (iii) in connection with or as a result of which all holders of the Shares are receiving or have the right to receive solely cash in the same proportions in respect of all of their Shares, then either (a) Holder shall exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition, or (b) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition, subject to Section 5.8. The Company shall provide Holder with written notice of its request relating to the foregoing (together with such reasonable information as Holder may reasonably request in connection with such contemplated Acquisition giving rise to such notice), which notice is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

B) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition that is described in Section 1.6.1(a) and is an "arms'-length" transaction with a third party that is not an Affiliate (as defined below) of the Company (a "True Asset Sale"), Holder may (a) exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such True Asset Sale, (b) permit this Warrant to continue (unless exercised in the interim) until the earlier of the Expiration Date or the dissolution and/or liquidation of the Company following the closing of any such True Asset Sale, subject to Section 5.8, or (c) elect to have the terms of Section 1.6.2(D) below apply. The Company shall provide Holder with written notice of its request relating to the foregoing (together with such reasonable information as Holder may request in connection with such contemplated Acquisition giving rise to such notice), which notice is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed True Asset Sale.

C) Upon the written request of the Company, Holder agrees that, in the event of an Acquisition (i) in which the consideration is a combination of cash and equity securities of the acquirer listed for trading on a U.S. national securities exchange and which may be freely resold

pursuant to a resale registration statement or under Rule 144 of the Act without any restriction or limitation (including without limitation volume and manner of sale restrictions), (ii) in connection with or as a result of which all holders of the Shares are receiving or have the right to receive solely cash and/or such securities in the same proportions in respect of all of their Shares, and (iii) on the record date for which the Fair Market Value of one Share (or other securities issuable upon exercise of this Warrant) is greater than the Warrant Price, Holder may (a) exercise its conversion or purchase right under this Warrant and such exercise will be deemed effective immediately prior to the consummation of such Acquisition, or (b) if Holder elects not to exercise the Warrant, this Warrant will expire upon the consummation of such Acquisition, subject to Section 5.8. The Company shall provide Holder with written notice of its request relating to the foregoing (together with such reasonable information as Holder may reasonably request in connection with such contemplated Acquisition giving rise to such notice), which notice is to be delivered to Holder not less than ten (10) days prior to the closing of the proposed Acquisition.

D) Upon the closing of any Acquisition other than those particularly described in subsections (A), (B) and (C) above (or in the case of an Acquisition described in Section 1.6.2(B) above if Holder elects to have the terms of this Section 1.6.2(D) apply), the successor, surviving or acquiring entity shall assume in writing the obligations of this Warrant, including agreements to deliver to Holder in exchange for this Warrant a written instrument issued by the successor, surviving or acquiring entity pursuant to which this Warrant shall thereafter be exercisable for the kind, amount and value of securities, cash, and property as would have been payable for the Shares issuable upon exercise of the unexercised portion of this Warrant had such Shares been outstanding on the record date for the Acquisition and subsequent closing. The Warrant Price and/or number of Shares shall be adjusted accordingly.

E) Conditional Exercise. Notwithstanding any other provision hereof, if an exercise of this Warrant is to be made in connection with an IPO or an Acquisition, such exercise may at the election of Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

As used herein “Affiliate” shall mean any person or entity that owns or controls directly or indirectly ten percent (10%) or more of the voting securities of the Company, any person or entity that controls, is controlled by or is under common control with any such person or entity, and each of such person’s or entity’s officers, directors, members, managers, joint venturers or partners, as applicable (whether as a result of the ownership of voting securities, by contract or otherwise).

1.7 Adjustment in Number, Class and/or Series of Shares and Warrant Price in Certain Equity Financings. In the event of an equity financing after the Issue Date (the "Next Round"), if the price per share (the "Next Round Price") of any class or series of Company's capital stock issued in such financing (the "Next Round Stock") is less than the Warrant Price, Holder and any permitted transferee shall have the right, in Holder's sole discretion, to elect to cause this Warrant to be (and this Warrant shall be deemed automatically upon such election to be) exercisable for shares of the Next Round Stock at the Next Round Price (with the number of such shares subject to this Warrant automatically adjusted to equal (i) the Warrant Price divided by (ii) the Next Round Price). The Shares for which this Warrant is exercisable upon such election, if at all, shall bear the same rights, preferences, and privileges applicable to all holders of such Next Round Stock. Company shall provide Holder no less than ten (10) days' written notice prior to any sale of Next Round Stock; and Holder shall provide Company written notice of its election, if at all, under this Section 1.7, no less than five (5) days' prior to such sale. Any adjustment to the number of Shares, class or series of Shares and/or Warrant Price made as a result of this Section 1.7 shall be in addition to any adjustment(s) to be made in accordance with Article 2 hereof.

ARTICLE 2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Subdivisions and Combinations. If the Company declares or pays a dividend on the Shares payable in common stock or other securities, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend occurred. If the Company subdivides the Shares by reclassification, stock split, split-up or otherwise into a greater number of shares or takes any other action which increases the number of shares of any class or series of capital stock into which the Shares are convertible, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding Shares are combined or consolidated, by reclassification, reverse stock split or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combination or Substitution. Upon any reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of the underlying securities as to which purchase rights under this Warrant exist, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number, amount and kind of securities, money and property that Holder would have ultimately received upon the completion of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event if this Warrant had been exercised immediately before such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event. Such an event shall include any automatic conversion of the outstanding or issuable securities of the Company of the same class or series as the Shares to common stock pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, as amended (the "Certificate"). The Company or its successor shall promptly issue to Holder an amendment to this Warrant setting forth the number and kind of such new securities or other property issuable upon exercise or conversion of this Warrant as a result of such reclassification, exchange, combination, substitution, reorganization, merger, consolidation or other event that results in a change of the number and/or class of securities issuable upon exercise or conversion of this Warrant. The amendment to this Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including,

without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the amended Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, reorganizations, mergers, consolidations or other events.

2.3 Adjustments for Diluting Issuances. The Warrant Price and the number of Shares issuable upon exercise of this Warrant, and the number of shares of common stock or other securities issuable upon conversion of the Shares, shall be subject to adjustment, from time to time in the manner set forth in the Certificate as if the Shares were issued and outstanding on and as of the date of any such required adjustment. The provisions set forth for the Shares in the Certificate relating to the above in effect as of the Issue Date may not be amended, modified or waived, without the prior written consent of Holder unless such amendment, modification or waiver affects the rights associated with the Shares in the same manner as such amendment, modification or waiver affects the rights associated with all other shares of the same series and class as the Shares.

2.4 No Impairment. Without the prior written consent of Holder, the Company shall not, by amendment of the Certificate, the Stockholders Agreements (as defined below) or the Company's by-laws, or through any reorganization, recapitalization, share exchange, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities, or any other voluntary action, intentionally avoid or seek to avoid the performance of any of the Company's obligations set forth in this Warrant.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of this Warrant, and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional share interest by paying Holder the amount computed by multiplying the fractional interest by the Fair Market Value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Warrant Price or the kind or number of securities issuable under this Warrant pursuant to this Article 2, the Company shall promptly notify Holder in writing, and, at the Company's expense, promptly compute such adjustment, and furnish Holder with a certificate of its Chief Executive Officer, Corporate Secretary or a senior financial officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Warrant Price and the number and kind of securities issuable under this Warrant in effect upon the date thereof and the series of adjustments leading to such Warrant Price and such number and kind of securities.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants and covenants to Holder as follows:

(a) The Company has all requisite legal and corporate power and authority, and has taken all corporate action on the part of itself, its officers, directors and stockholders necessary, to execute, issue and deliver this Warrant, to issue the Shares issuable upon exercise or conversion of this Warrant and the securities issuable upon conversion of the Shares, and to carry out and perform its obligations under this Warrant, and this Warrant constitutes the legally binding and valid obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, or to principles of equity.

(b) (i) This Warrant has been validly issued and is free of restrictions on transfer and (ii) all Shares which may be issued upon the exercise of the purchase or conversion right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances (including preemptive or other similar rights), in each case except for restrictions on transfer provided for herein or under applicable federal and state securities laws or as set forth in the Certificate, the Stockholders Agreements; provided that no restrictions on transfer as set forth in the Certificate, the Stockholders Agreements shall restrict Holder from transferring this Warrant or the Shares, in whole or in part, to any Affiliate of Holder or to any Eligible Assignee, as defined in the Credit Agreement, in connection with the transfer of a Lender's Loan to such Eligible Assignee.

(c) The execution, delivery, and performance of this Warrant will not result in a violation of, be in conflict with, or constitute a default under, with or without the passage of time or giving of notice, any provision of the Certificate, the Stockholders Agreements or the Company's by-laws, any provision of any judgment, decree, or order to which the Company is a party, by which it is bound, or to which any of its material assets are subject, any contract, obligation, or commitment to which the Company is a party or by which it is bound, or any statute, rule, or governmental regulation applicable to the Company, or the creation of any lien, charge, or encumbrance upon any assets of the Company.

(d) The capitalization table of the Company is attached hereto as Exhibit A, and such capitalization table is complete and accurate as of the date hereof and reflects all outstanding capital stock of the Company and all outstanding warrants, options, conversion privileges, preemptive rights and other rights or agreements to purchase or otherwise acquire or issued any equity securities or convertible debt securities of the Company. The Company has reserved a sufficient number of Shares for issuance upon the exercise of this Warrant and a sufficient number of shares of the securities issuable upon conversion of the Shares.

(e) The Warrant Price is no greater than the lowest price per share of any shares of Series B Preferred Stock sale that have been issued prior to the Issue Date.

3.2 Notice of Certain Events; Information. If the Company proposes at any time (a) to declare any dividend or distribution upon any of its stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to effect any reclassification or recapitalization of any of its stock; (c) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, (d) to approve or participate in any Acquisition or an IPO, (e) to liquidate, dissolve or wind up or approve or consummate any Liquidity Event (as defined in the Certificate), or (f) to take any action or to effect any transaction which requires the Company to provide notice to other holders of the Shares, then, in connection with each such event, the Company shall give Holder: (1) at least ten (10) days prior written notice of the date on which a record will be taken for such dividend or distribution (and specifying the date on which the holders of stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) above; and (2) in the case of the matters referred to in (b), (c), (d), (e) or (f) above, at least ten (10) days prior written notice of the date when the same will take place (and, if applicable, specifying the date on which the holders of stock will be entitled to exchange their common stock for securities or other property deliverable upon

the occurrence of such event). The Company will also provide such information in its possession as is requested by Holder and as is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements, including without limitation, a capitalization table, to be provided to Holder within thirty (30) days after the end of each fiscal quarter of the Company, including the per share price of the Company's equity securities most recently issued prior to the date such capitalization table and indication are so provided; provided, that the Company's obligations set forth in this sentence shall terminate immediately prior to the Company's IPO.

3.3 Stockholders Agreements; No Other Stockholder Rights. Except as provided in this Warrant and subject to the following provisions of this Section 3.3, Holder will not have any rights as a stockholder of the Company until the exercise of this Warrant and the issuance of the Shares. Effective upon any exercise or conversion of this Warrant, Holder and any permitted transferee of the Warrant or the Shares shall be entitled to all of the rights and benefits provided to, and subject to all of the obligations of, all other holders of the Shares pursuant to, and the Company and Holder agree that Holder (and any permitted transferee of the Warrant or the Shares) will execute a counterpart signature page and become a party to (a) the Amended and Restated Stockholders Agreement, dated as of October 2, 2014 and the Amended and Restated Investor Rights Agreement, dated as of October 2, 2014, in each case, by and among the Company and certain of its stockholders (as hereafter amended, restated or superseded, together, the "Stockholders Agreements"), provided that no such amendment shall in any respect restrict Holder's or such permitted transferee's right and ability to transfer this Warrant or the Shares to any affiliate of Holder or such permitted transferee and (b) provided Holder or any permitted transferee agrees to become a party to any such agreement entered into hereafter (such agreement not to be unreasonably withheld), any agreement to which holders of the Shares may hereafter become parties and the Shares may become bound (including, without limitation, any stockholders, investor rights, registration rights, right of refusal, voting and co-sale rights or similar agreement); and provided, that (v) Holder and any permitted transferee shall have all of the rights and obligations of each other holder of Shares under all such agreements without regard to any applicable minimum share ownership or other requirement on which such rights are conditioned, (w) with respect to Holder and its permitted transferees and assigns, notwithstanding any term or restriction on transfer contained in the Stockholders Agreements, Holder and its permitted transferees shall have the unrestricted right to transfer all or any portion of the Shares to any assignee of or purchaser from Holder or its affiliate of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein, (x) Holder and its permitted transferees may transfer all of the rights and obligations under the Stockholders Agreements to any affiliate of Holder or any assignee of or purchaser from Holder or its affiliates of their rights under the Credit Agreement (to the extent permitted by the Credit Agreement) or any interest or participation therein that assumes the rights and obligations of this Warrant or, if applicable, acquires any of the Shares, (y) Holder and its permitted transferees shall have purchase, participation, preemptive and registration rights, if any, granted to any other holders of the Shares, and (z) in the event any term, restriction or condition of the Stockholders Agreements or any such agreement conflicts with, is inconsistent with or would otherwise prohibit or restrict the exercise of any right of Holder under this Warrant, the terms of this Warrant shall control and this Warrant and Holder shall not be subject to such term, restriction or condition, if applicable. As an illustration and not by way of limitation as to the purpose and intent of this Section 3.3, the Company shall grant registration rights to Holder for any Shares acquired by Holder upon exercise or conversion of this Warrant or conversion of such Shares in parity to the registration rights granted to any other holder of the Shares.

ARTICLE 4 .REPRESENTATIONS AND WARRANTIES OF HOLDER. Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the Shares to be acquired upon exercise of this Warrant by Holder will be acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act and Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption or any transfer contemplated by or permitted under Section 5.3. Holder also represents that Holder has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities is highly speculative and involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of U.S. Securities and Exchange Commission ("SEC") Rule 501 of Regulation D promulgated the under the Act as presently in effect.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise or conversion hereof have not been registered, and may never be registered, under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise or conversion hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available.

4.6 Market Stand-Off. Holder hereby agrees that, in connection with the Company's IPO it shall not to the extent requested by the Company's underwriter(s) sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than any disposed of in the registration and those acquired by Holder in the IPO or thereafter in open market transactions, or any disposed of in a private transaction to a transferee who agrees to be bound by the terms of this Section 4.6) for up to one hundred eighty (180) days from the effective date of the registration statement filed in connection

with the IPO; provided, however, that such one hundred eighty (180) day period may be extended to the extent necessary to permit any managing underwriter to comply with applicable law; provided further, however, that Holder shall not be bound by the restrictions set forth in this Section 4.6 unless all stockholders that own at least five percent (5%) of the issued and outstanding capital stock of the Company agree to such restrictions; and provided, further, that any discretionary waiver or termination of the foregoing restrictions by the Company or the underwriters shall apply to all holders of the Company's equity securities subject to such restrictions pro rata based on the number of shares subject to such restrictions. Holder agrees to enter into the form of lock-up agreement as reasonably requested by the underwriter(s) in connection with this Section 4.6.

ARTICLE 5 .MISCELLANEOUS.

5.1 Term. This Warrant is exercisable in whole or in part at any time and from time to time on or before the Expiration Date. The conditions under which the Warrant shall automatically convert on the Expiration Date are set forth in Section 5.8 below.

5.2 Legends.

(a) This Warrant and each certificate evidencing the Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT PURSUANT TO THE PROVISIONS OF ARTICLE 5, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS REGISTERED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAW, OR UNLESS SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION CAN BE MADE IN COMPLIANCE WITH RULE 144 OF THE ACT, OR UNLESS, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS EXEMPT FROM REGISTRATION.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A MARKET STAND-OFF PERIOD OF UP TO 180 DAYS IN THE EVENT OF A PUBLIC OFFERING, OR FOR A LONGER PERIOD IF THE ISSUER'S TRANSFER AGENT IS NOTIFIED BY THE ISSUER OR THE ISSUER'S COUNSEL THAT THIS MARKET STAND-OFF RESTRICTION HAS BEEN EXTENDED FOR THE PURPOSE OF COMPLYING WITH APPLICABLE LAW.

(b) Notwithstanding the foregoing, neither this Warrant nor any certificate or instrument evidencing this Warrant or the Shares shall bear, and the Company hereby agrees to remove, within ten (10) days of any written request (together with such evidence or documentation described in the following provisions) by Holder, pursuant to the following provisions of this Section 5.2(b), or not to affix, as applicable, any restrictive or other legend, notice or provision restricting the sale or transfer of this Warrant or the Shares, in each case provided that Holder has provided reasonable evidence to the Company (including any customary

broker's or transferring stockholder's letters but expressly excluding an opinion of counsel other than with respect to clause (D) below) that: (A) a transfer of this Warrant or the Shares, as applicable, has been made pursuant to SEC Rule 144 (assuming the transferor is not an "affiliate" (as defined in SEC Rule 144) of the Company); (B) the Warrant or the Shares, as applicable, are then eligible for transfer pursuant to SEC Rule 144 promulgated under the Act ("Rule 144"); (C) a transfer of this Warrant or the Shares has been made for no consideration to an affiliate of Holder or any assignee or purchaser of Holder's or its affiliate's rights under the Credit Agreement or any interest or participation therein or has otherwise been made to any affiliate of Holder who is an "accredited investor" as defined in Regulation D, and that is otherwise in compliance with all applicable securities laws; or (D) in connection with any other sale or transfer, provided that upon the request of the Company, such Holder provides the Company with an opinion of counsel to such Holder, in a reasonably acceptable form to the Company, to the effect that either such sale or transfer may be made without registration under the applicable requirements of the Act or that such a legend, notice or provision is not required by, and is not required in order to establish compliance with any provisions of, the Act. For all purposes of Section 1.4, the Company shall not be deemed to have delivered to Holder Shares unless and until the Company shall have fully complied with all of the terms and conditions of this Section 5.2(b) (if removal has been requested by Holder in compliance with this Section 5.2(b)).

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and, subject to Section 5.2(b), legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder or any assignee or purchaser of Holder's or its affiliate's rights under the Credit Agreement or any interest or participation therein. Additionally, the Company shall also not require an opinion of counsel if there is no reasonable basis for the Company to have any material question as to the availability of Rule 144.

5.4 Transfer Procedure. Upon and effective immediately as of providing Company with written notice substantially in the form attached as Appendix 2, Holder and any permitted transferee may transfer all or part of (x) this Warrant (subject to the provisions of Section 5.3) or (y) the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) (subject to (i) the provisions of Section 5.3, (ii), the transfer restrictions and procedures set forth in the Stockholders Agreements, (iii) the provisions of Section 3.3), in each case, to any transferee, provided, however, in connection with any such transfer, Holder or such transferee will give the Company notice of the portion of the Warrant being transferred (if applicable) with the name, address and taxpayer identification number of the transferee and, in the case of transfer to a transferee who is not an affiliate of the Holder, Holder or such transferee promptly thereafter surrenders this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); provided, further, that with respect to a transfer of the Shares, prior to or simultaneously with any such transfer, the transferee shall have executed joinders to each of the Stockholders Agreements on forms satisfactory to the Company. The Company, in its reasonable discretion, may refuse to transfer this Warrant or the Shares, and the Holder shall not be permitted to transfer this Warrant or the Shares, to any company or other person who directly competes with the Company, unless, in either case, the stock of the Company is publicly traded on a national securities exchange.

5.5 Notices. All notices, requests, documents and other communications (collectively, "Notices") from the Company to Holder, or vice versa, shall be in writing and deemed validly delivered effective as of the earliest to occur of (a) when actually received, (b) when transmitted by facsimile or electronic mail (PDF), (c) the first business day after mailing by first-class registered or certified mail, postage prepaid, or after deposit with a reputable overnight courier with all charges paid, in each case other than actual receipt at such mailing, facsimile or electronic mail address as may have been furnished to the Company or Holder, as the case may be. As used in this Warrant, "business days" shall refer to all days other than any Saturday, Sunday or day on which the Company's primary depository bank is closed. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

MIDCAP FUNDING XXVIII TRUST
c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, MD 20814
Attention: Portfolio Management - TELA Bio transaction
Facsimile: (301) 941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

TELA Bio, Inc.
1 Great Valley Parkway, Suite 24
Malvern, PA 193557
Attention: Vice President - Finance
Fax: 610-644-3769
E-Mail: fconway@telabio.com

With a copy to:

Duane Morris LLP
30 S. 17th Street
Philadelphia, PA 19103
Attention: David C. Toner, Esq.
Fax: (215) 689-4452
E-Mail: toner@duanemorris.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Automatic Conversion upon Expiration. Unless Holder notifies the Company in writing to the contrary prior to such automatic conversion, in the event that, upon the earliest to occur of the Expiration Date or any expiration, involuntary termination or cancellation of this Warrant, the Fair Market Value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed as of immediately before such date to have been converted pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised or converted, and the Company shall promptly deliver a certificate representing the Shares issued upon such conversion to the Holder.

5.9 Counterparts. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Maryland, in each case (except to the extent the General Corporation Law of the State of Delaware applies) without giving effect to its principles regarding conflicts of law.

5.11 Headings. The various headings in this Warrant are inserted for convenience only and shall not affect the meaning or interpretation of this Warrant or any provisions hereof.

5.12 Severability. In the event any one or more of the provisions of this Warrant shall for any reason be held invalid, illegal or unenforceable, the remaining provisions of this Warrant shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision.

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“COMPANY”

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish

Title: President & CEO

"HOLDER"

MIDCAP FUNDING XXVIII TRUST

By: Apollo Capital Management, L.P.,

its investment manager

By: Apollo Capital Management GP, LLC,

its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

APPENDIX 1
NOTICE OF EXERCISE

1. Holder elects to purchase shares of the [Preferred/Common] Stock of TELA Bio, Inc. pursuant to the terms of the attached Warrant, and tenders payment of the purchase price of the shares in full.

[or]

1. Holder elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant. This conversion is exercised for of the Shares covered by the Warrant.

[Strike paragraph that does not apply.]

2. Please issue a certificate or certificates representing the shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Article 4 of the Warrant as the date hereof.

HOLDER:

_____

By:. _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

ASSIGNMENT

For value received, MIDCAP FUNDING XXVIII TRUST hereby sells, assigns and transfers unto

Name:

Address:

Tax ID:

that certain Warrant to Purchase Stock issued by TELA Bio, Inc. (the "Company"), on April 26, 2018 (the "Warrant") together with all rights, title and interest therein.

MIDCAP FUNDING XXVIII TRUST

By: Apollo Capital Management, L.P.,

its investment manager

By: Apollo Capital Management GP, LLC,

its general partner

By: _____

Name: _____
(Print)

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

[NAME OF TRANSFEREE]

By: _____

Name: _____

Title: _____

EXHIBIT A

CAPITALIZATION TABLE

[See attached.]

Exhibit 10.1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of [ ], 2019 between TELA Bio, Inc., a Delaware corporation (the "**Company**"), and [ ] ("**Indemnitee**").

RECITALS

WHEREAS, the Company's Board of Directors (the "**Board**") has determined that the increased difficulty in attracting and retaining directors is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, directors to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is intended to clarify Indemnitee's entitlement to the maximum indemnity afforded directors under the General Corporation Law of the State of Delaware (the "**DGCL**") and is a supplement to and in furtherance of the provisions calling for indemnification of directors contained in the bylaws or certificate of incorporation of the Company (collectively and as amended from time to time, the "**Charter Documents**") and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee does not regard the protection available under the Company's Charter Documents and insurance as adequate in the present circumstances, and Indemnitee is not willing to serve or continue to serve as a director without adequate protection, and the Company desires Indemnitee to serve in such capacity.

AGREEMENT

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve, and to continue his or her service, as a director after the date hereof, the parties hereto agree as follows.

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of his or her Corporate Status (as hereinafter defined), Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee, or on his or her behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or

not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his or her Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that a court of competent jurisdiction of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf if, by reason of his Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the

Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in Section 3(a), if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness, or is made (or asked to) respond to discovery requests, in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless and only to the extent such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (i) by a majority vote of the Disinterested Directors (as defined in Section 13 below), even though less than a quorum; (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum; (iii) by Independent Counsel (as defined in Section 13 below) in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, if (A) there are no Disinterested Directors or if the Disinterested Directors so direct, or (B) a Change of Control (as hereinafter defined) shall have occurred and Indemnitee so requests; or (iv) if so directed by the Board, by the stockholders of the Company.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board, but shall only be an Independent Counsel to which Indemnitee does not properly object in accordance with the subsequent provisions of this Section 6(c); provided, however, that if a Change of Control shall have occurred, Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board does not properly object in accordance with the subsequent provisions of this Section 6(c). Within ten (10) days after such written notice of selection shall have been given, the non-selecting party shall deliver to the selecting party,

as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition any court of competent jurisdiction in the State of Delaware for resolution of any objection which shall have been made to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) For purposes of this Section 6, "**Change of Control**" means a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), whether or not the corporation is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule l3d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least a majority of the members of the Board in office immediately prior to such acquisition (other than any person (together with its affiliates) who is the beneficial owner of twenty-five percent (25%) or more of the combined voting power of the Company's outstanding securities as of the date here); and (ii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter.

(e) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(f) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as defined in Section 13 below), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(f) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(g) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60)-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(g) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(h) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(i) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such Proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(j) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of Indemnitee's rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the

Company, the Company shall pay on Indemnitee's behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by Indemnitee in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter Documents, any agreement, a vote of stockholders, a resolution of directors or otherwise, of the Company. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Charter Documents and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other Enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company

shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, and the Indemnitee shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other Enterprise (the "Primary Indemnitor"). Any indemnification or advancement of Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other Enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act, or similar provisions of state statutory law or common law; or

(c) except with respect to a Proceeding relating to enforcement of, or to indemnity under, this Agreement, the Charter Documents, the DGCL or any insurance policy relating to Indemnitee's Corporate Status, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided that this prohibition shall not apply to a counterclaim, cross-claim or third party claim brought in any Proceeding.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of the

Company or another Enterprise) and for a period of ten (10) years thereafter, and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of Indemnitee's Corporate Status, whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement and regardless of any subsequent amendment to the Charter Documents, the DGCL or any other agreement relating to indemnification of Indemnitee. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other Enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any

Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director of the Company, by reason of any action taken by Indemnitee or of any inaction on Indemnitee's part while acting as a director of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another Enterprise; in each case whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to Indemnitee shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay actually materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) to Indemnitee at the address set forth below Indemnitee signature hereto; or

(b) to the Company at: TELA Bio, Inc.

_____

_____

_____

Attn: Board of Directors

With a copy to (which shall not constitute notice):

Pepper Hamilton LLP
3000 Two Logan Square
Philadelphia, PA 19103-2799
Attn: Rachael Bushey
Email: busheyr@pepperlaw.com

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Headings. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The

Company and Indemnitee hereby irrevocably and unconditionally (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the state and federal courts of the State of Delaware (the "**Delaware Courts**"), and not in any other state or federal court in the United States of America or any court in any other country, (b) consent to submit to the exclusive jurisdiction of the Delaware Courts for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) waive any objection to the laying of venue of any such action or proceeding in the Delaware Courts, and (d) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Courts has been brought in an improper or inconvenient forum.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

COMPANY:

TELA Bio, Inc.

By: _____
Name:
Title

INDEMNITEE:

_____
[ ]

Address:

Exhibit 10.2

TELA BIO, INC.
2012 STOCK INCENTIVE PLAN

TABLE OF CONTENTS

TELA BIO INC.
2012 STOCK INCENTIVE PLAN

ARTICLE 1.
PURPOSE

1.1. GENERAL. The purpose of the TELA Bio, Inc. 2012 Stock Incentive Plan (the "Plan") is to promote the success, and enhance the value of, TELA Bio, Inc. (the "Company") by linking the personal interests of employees, officers, directors and consultants of the Company or any Subsidiary (as defined below) to those of Company shareholders and by providing such persons with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of employees, officers, directors and consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent. Accordingly, the Plan permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and other awards from time to time to selected employees, officers, directors and consultants of the Company and its Subsidiaries.

ARTICLE 2.
DEFINITIONS

2.1. DEFINITIONS. When a word or phrase appears in this Plan or in an Award Agreement with the initial letter capitalized, and the word or phrase does not commence a sentence, the word or phrase shall generally be given the meaning ascribed to it in this Section or in Section 1.1 unless otherwise defined. The following words and phrases shall have the following meanings:

(a) "Award" means any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Stock-Based Award, or any other right or interest relating to Stock or cash, granted to a Participant under the Plan.

(b) "Award Agreement" means a written document, in such form as the Committee prescribes from time to time, setting forth the terms and conditions of an Award. Award Agreements may be in the form of individual award agreements or certificates or a program document describing the terms and provisions of Awards or series of Awards under the Plan as approved by the Committee.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" shall have the same meaning as ascribed to such term in the Participant's employment agreement, an Award Agreement, or, if there is no such agreement, "Cause" shall mean (i) the Participant's indictment, commission of, or the entry of a plea of guilty or no contest to,

(A) a felony or (B) any crime (other than a felony) that causes the Company or its affiliates public disgrace or disrepute,

or adversely affects the Company's, or its affiliates' operations or financial performance or the relationship the Company has with its affiliates, customers and suppliers; (ii) the Participant's commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to the Company or any of its affiliates; (iii) a breach of the Participant's fiduciary duty of loyalty to the Company or any of its affiliates; (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription) by the Participant; (v) material breach of any agreement with the Company or any of its affiliates, including any restrictive covenant agreement; (vi) a material breach of any Company policy regarding employment practices; or (vii) refusal to perform the lawful directives of the Board, or if applicable, the Participant's direct report, if not cured within thirty (30) days following receipt by the Participant from the Company of written notice thereof.

(e) "Change in Control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Company; or

(ii) any transaction or series of transactions involving the Company, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Company's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur on account of (l) the sale of Shares in an IPO or any restructuring of the Company or the Board in contemplation of an IPO, or (2) acquisition of securities of the Company by an investor, any affiliate thereof or any other Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities.

(f) "Code" means the Internal Revenue Code of 1986 and the underlying regulations, as amended from time to time.

(g) "Committee" means the committee of the Board described in Article 4.

(h) "Company" means the "Company" as defined in Section 1.1, or any successor corporation.

(i) "Continuous Status as a Participant" means the absence of any interruption or termination of service as an employee, officer, director or consultant of the Company; provided, however, that for purposes of an Incentive Stock Option, or a Stock Appreciation Right issued in tandem with an Incentive Stock Option, "Continuous Status as a Participant" means the absence of any interruption or termination of service as an employee of the Company or any Subsidiary, as applicable, pursuant to applicable tax regulations. Continuous Status as a Participant shall not be considered interrupted in the case of any leave of absence authorized in writing by the Company prior to its commencement; provided, however, that for purposes of Incentive Stock Options, no such leave may exceed 90 days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave any Incentive Stock Option held by the Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option.

(j) "Corporate Transaction" has the meaning defined in Section 12.1.

(k) "Disability" or "Disabled" has the same meaning as provided in the long-term disability plan or policy maintained by the Company or if applicable, most recently maintained, by the Company or if applicable, a Subsidiary, for the Participant, whether or not such Participant actually receives disability benefits under such plan or policy. If no long-term disability plan or policy was ever maintained on behalf of Participant or if the determination of Disability relates to an Incentive Stock Option, Disability means Permanent and Total Disability as defined in Section 22(e)(3) of the Code. Notwithstanding the foregoing, the Committee may, in its discretion, determine that for a particular Award the term "Disability" shall have such meaning as to enable such Award to be exempt from or to comply with Section 409A of the Code. In the event of a dispute, the determination whether a Participant is Disabled will be made by the Committee.

(l) "Effective Date" has the meaning assigned such term in Section 3.1.

(m) "Fair Market Value" means (i) when the Shares are not traded on an established securities market, the fair market value of a Share as determined by the Committee in accordance with a valuation methodology approved by the Committee and in compliance with Section 409A of the Code and the regulations issued thereunder, and (ii) when the Shares are traded on an established securities market, the fair market value as determined pursuant to a method selected by the Committee using actual transactions in Shares as reported in such securities market.

(n) "Good Reason" shall have the same meaning as ascribed to such term in the Participant's employment agreement, an Award Agreement, or, if there is no such agreement, "Good Reason" shall mean, with respect to any particular

Participant, the termination of the Participant's employment with the Company by the Participant after the occurrence of the following without such Participant's consent: (i) a material reduction in the Participant's title, duties, authority or responsibilities, provided that a material reduction of the Participant's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change of Control, (A) if the Company remains a separate entity, Participant is the most senior executive directly responsible for the operations of the Company, or (B) if the Company does not remain a separate entity, Participant is the most senior executive directly responsible for the operations of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of the terms of the Participant's employment with the Company; or (iii) a material reduction in aggregate compensation paid by the Company to the Participant that is not in accordance with the terms of the Participant's employment. The notice by the Participant of the condition constituting Good Reason shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition.

(o) "Grant Date" of an Award means the first date on which all necessary corporate action has been taken to approve the grant of the Award as provided in the Plan or, if later, the date specified as part of such action as the "Grant Date" for the Award. Notice of the grant shall be provided to the grantee within a reasonable time after the Grant Date.

(p) "Incentive Stock Option" means an Option that is intended to be an incentive stock option and meets the requirements of Section 422 of the Code or any successor provision thereto.

(q) "IPO" means the first day as of which sales of Shares are made public pursuant to the first firm commitment underwritten public offering of Shares registered under the Securities Act

(r) "Nonstatutory Stock Option" means an Option that is not an Incentive Stock Option.

(s) "Option" means a right granted to a Participant under Article 7 of the Plan to purchase Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(t) "Other Stock-Based Award" means a right, granted to a Participant under Article 10, that relates to or is valued by reference to Stock or other Awards relating to Stock.

(u) "Parent" means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

Notwithstanding the above, with respect to an Incentive Stock Option, "Parent" shall have the meaning set forth in Section 424(e) of the Code.

(v) "Participant" means a person who, as an employee, officer, director or consultant of the Company or any Subsidiary, has been granted an Award under the Plan; provided that in the case of the death of a Participant, the term "Participant" refers to a beneficiary designated under the Plan or the legal guardian or other legal representative acting in a fiduciary capacity on behalf of the Participant under applicable state law and/or court supervision.

(w) "Person" has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 14(d) and 15(d) thereof.

(x) "Plan" means the TELA Bio, Inc. 2012 Stock Incentive Plan, as amended from time to time.

(y) "Restricted Stock Award" means Stock granted to a Participant under Article 9 that is subject to certain restrictions and to risk of forfeiture.

(z) "Restricted Stock Unit Award" means the right granted to a Participant under Article 9 to receive Shares (or the equivalent value. in cash or other property if the Committee so provides) in the future, which right is subject to certain restrictions and to risk of forfeiture.

(aa) "Shares" means shares of the Company's Stock. If there has been an adjustment or substitution pursuant to Article 12, the tern "Shares" shall also include any shares of stock or other securities that are substituted for Shares or into which Shares are adjusted pursuant to Article 12.

(bb) "Stock" means the $0.0001 par value common stock of the Company and such other securities of the Company as may be substituted for Stock pursuant to Article 12.

(cc) "Stock Appreciation Right" or "SAR" means a right granted to a Participant under Article 8 to receive a payment equal to the difference between the Fair Market Value of a Share as of the date of exercise of the SAR over the grant price of the SAR, all as determined pursuant to Article 8.

(dd) "Subsidiary" means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company. Notwithstanding the above, with respect to an Incentive Stock Option, "Subsidiary" shall have the meaning set forth in Section 424(D of the Code.

(ee) "1933 Act" means the Securities Act of 1933, as amended from time to time.

ARTICLE 3.
EFFECTIVE TERM OF PLAN

3.1. EFFECTIVE DATE. The Plan shall be effective as of the date it is approved by both the Board and the shareholders of the Company (the "Effective Date").

3.2. TERMINATION OF PLAN. The Plan shall terminate on the tenth anniversary of the Effective Date unless earlier terminated as provided herein. The termination of the Plan on such date shall not affect the validity of any Award outstanding on the date of termination.

ARTICLE 4.
ADMINISTRATION

4.1. COMMITTEE. The Plan shall be administered by a Committee appointed by the Board (which Committee shall consist of at least two directors) or, at the discretion of the Board from time to time, the Plan may be administered by the Board. The members of the Committee shall be appointed by, and may be changed at any time and from time to time in the discretion of, the Board. The Board may reserve to itself any or all of the authority and responsibility of the Committee under the Plan or may act as administrator of the Plan for any and all purposes. To the extent the Board has reserved any authority and responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the Committee (other than in this Section 4.1) shall include the Board. To the extent any action of the Board under the Plan conflicts with actions taken by the Committee, the actions of the Board shall control.

4.2. ACTION AND INTERPRETATIONS BY THE COMMITTEE. For purposes of administering the Plan, the Committee may from time to time adopt rules, regulations, guidelines and procedures for carrying out the provisions and purposes of the Plan and make such other determinations, not inconsistent with the Plan, as the Committee may deem appropriate. The Committee's interpretation of the Plan, any Awards granted under the Plan, any Award Agreements and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's or any Subsidiary's independent certified public accountants, Company counsel or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

4.3. AUTHORITY OF COMMITTEE. Except as provided below, the Committee has the exclusive power, authority and discretion to;

(a) Grant Awards;

(b) Designate Participants;

(c) Determine the type or types of Awards to be granted to each Participant;

(d) Determine the number of Awards to be granted and the number of Shares, the dollar amount or other property to which an Award will relate;

(e) Determine the terms and conditions of any Award granted under the Plan, including but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, based in each case on such considerations as the Committee in its sole discretion determines;

(f) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property;

(g) Determine whether an Award may be canceled, forfeited, or surrendered;

(h) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(i) Decide all other matters that must be determined in connection with an Award;

(j) Establish, adopt or revise any rules, regulations, guidelines or procedures as it may deem necessary or advisable to administer the Plan;

(k) Make all other decisions and determinations that may be required under the Plan or as the Committee deems necessary or advisable to administer the Plan; and

(l) Amend the Plan, any outstanding Award or any Award Agreement as provided herein.

4.4. DELEGATION TO EXECUTIVE OFFICERS. To the extent permitted by applicable law, the Board may delegate to one or more executive officers of the Company the power to grant Awards to employees or officers of the Company or any of its present or future Subsidiaries and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of the Awards to be granted by such executive officers (including the exercise price of any Options to be granted, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to Awards that the executive officers may grant; provided further, however, that no executive officer shall be authorized to grant Awards to any “executive officer” of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) or to any “officer” of the Company (as defined by Rule 16a-l under the Exchange Act).

4.5. AWARD AGREEMENT. Each Award shall be evidenced by an Award Agreement. Each Award Agreement shall include such provisions, not inconsistent with the Plan, as may be specified by the Committee.

ARTICLE 5.
SHARES SUBJECT TO THE PLAN

5.1. PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be Three Million Three Hundred Ninety Nine Thousand and Fourteen (3,399,014) Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any or all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards.

5.2. STOCK DISTRIBUTED. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

ARTICLE 6.
ELIGIBILITY

6.1. GENERAL. Awards may be granted only to employees, officers, directors and consultants of the Company or a Subsidiary, except that Incentive Stock Options may be granted only to an individual who has the status of an employees of the Company or a Subsidiary.

ARTICLE 7.
STOCK OPTIONS

7.1. GENERAL. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) EXERCISE PRICE. The exercise price per Share under an Option shall not be less than the Fair Market Value as of the Grant Date.

(b) TIME AND CONDITIONS OF EXERCISE. The Committee shall determine the time or times at which an Option may be exercised in whole or in

part, subject to Section 7. I(d). The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised or vested.

(c) PAYMENT. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation, cash, Shares, or other property (including "cashless exercise" arrangements), and the methods by which Shares shall be delivered or deemed to be delivered to Participants.

(d) EXERCISE TERM. In no event may any Option be exercisable for more than ten years from the Grant Date.

7.2. INCENTIVE STOCK OPTIONS. In addition to the requirements set forth in Section 7.1, the terms of any Incentive Stock Options granted under the Plan must comply with the following additional rules:

(a) TERMINATION OF OPTION. Subject to any earlier termination provision contained in the Award Agreement, an Incentive Stock Option shall lapse upon the earliest of the following circumstances; provided, however, that the Committee may, prior to the lapse of the Incentive Stock Option under the circumstances described in subsections (3), (4) or (5) below, provide in writing that the Option will extend until a later date, but if an Option is so extended and is exercised after the dates specified in subsections (3), (4) or (5) below, it will automatically become a Nonstatutory Stock Option:

(l) The expiration date set forth in the Award Agreement;

(2) The tenth anniversary of the Grant Date;

(3) Three months after termination of the Participant's Continuous Status as a Participant for any reason other than the Participant's Disability or death;

(4) One year after termination of the Participant's Continuous Status as a Participant by reason of the Participant's Disability; or

(5) One year after the Participant's death if the Participant dies (i) while employed, (ii) during the three-month period described in paragraph (3) or (iii) during the one-year period described in paragraph (4) and before the Option otherwise lapses.

(b) INDIVIDUAL DOLLAR LIMITATION. The aggregate Fair Market Value (determined as of the Grant Date) of all Shares with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000.00.

(c) TEN PERCENT OWNERS. No Incentive Stock option shall be granted to any individual who, at the Grant Date, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary unless the exercise price per share of such Option is at least one hundred and ten percent (110%) of the Fair Market Value per Share at the Grant Date and the Option expires no later than five (5) years after the Grant Date.

(d) RIGHT TO EXERCISE. During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant or, in the case of the Participant's Disability, by the Participant's guardian or legal representative.

(e) ELIGIBLE GRANTEES. The Committee may not grant an Incentive Stock Option to a Participant who is not at the Grant Date an employee of the Company or a Subsidiary.

ARTICLE 8.
STOCK APPRECIATION RIGHTS

8.1. GRANT OF STOCK APPRECIATION RIGHTS. The Committee is authorized to grant Stock Appreciation Rights to Participants on the following terms and conditions:

(a) RIGHT TO PAYMENT. Upon the exercise of a Stock Appreciation Right, the Participant to whom it is granted has the right to receive, with respect to each Share underlying such Stock Appreciation Right, the excess, if any, of:

1. The Fair Market Value of one Share on the date of exercise; over

2. The base price of the Stock Appreciation Right as determined by the Committee, which shall not be less than the Fair Market Value of one Share on the Grant Date.

(b) OTHER TERMS. All awards of Stock Appreciation Rights shall be evidenced by an Award Agreement. The terms, methods of exercise, methods of settlement, form of consideration payable in settlement, and any other terms and conditions of any Stock Appreciation Right shall be determined by the Committee at the time of the grant of the Award and shall be reflected in the Award Agreement.

ARTICLE 9.
RESTRICTED STOCK AND RESTRICTED STOCK UNIT AWARDS

9.1. GRANT OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS. The Committee is authorized to make Awards of Restricted Stock or Restricted Stock Units to Participants in such amounts and subject to such terms and conditions as may be selected by the Committee. An Award of Restricted Stock or Restricted Stock Units shall

be evidenced by an Award Agreement setting forth the terms, conditions, and restrictions applicable to the Award.

9.2. ISSUANCE AND RESTRICTIONS. Restricted Stock or Restricted Stock Units shall be subject to such restrictions on transferability and other restrictions as the Committee may determine. These restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Committee determines at the time of the grant of the Award or thereafter. Except as otherwise provided in an Award Agreement, the Participant shall have all of the rights of a shareholder with respect to the Restricted Stock, and the Participant shall have none of the rights of a stockholder with respect to Restricted Stock Units until such time as Shares are paid in settlement of the Restricted Stock Units.

9.3. FORFEITURE. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of Continuous Status as a Participant during the applicable restriction period or upon failure to satisfy a requirement during the applicable restriction period, Restricted Stock or Restricted Stock Units that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may provide in any Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock or Restricted Stock Units will be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock or Restricted Stock Units.

9.4. DELIVERY OF RESTRICTED STOCK. Shares of Restricted Stock shall be delivered to the Participant at the time of grant either by book-entry registration or by delivering to the Participant, or a custodian or escrow agent (including, without limitation, the Company or one or more of its employees) designated by the Committee, a stock certificate or certificates registered in the name of the Participant. If physical certificates representing shares of Restricted Stock are registered in the name of the Participant, such certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

ARTICLE 10,
STOCK OR OTHER STOCK-BASED AWARDS

10.1. GRANT OF STOCK OR OTHER STOCK-BASED AWARDS. The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including without limitation Shares awarded purely as a "bonus" and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, and Awards valued by reference to book value of Shares or the value of securities of or the performance of the Company or any Subsidiary. The Committee shall determine the terms and conditions of such Awards.

ARTICLE 11.
PROVISIONS APPLICABLE TO AWARDS

11.1. STAND-ALONE AND TANDEM AWARDS. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, any other Award granted under the Plan. Subject to Section 11.2, Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

11.2. TERM OF AWARD. The term of each Award shall be for the period as determined by the Committee, provided that in no event shall the term of any Option or a Stock Appreciation Right exceed a period of ten years from its Grant Date (or, if Section 7.2(c) applies, five years from its Grant Date).

11.3. FORM OF PAYMENT FOR AWARDS. Subject to the terms of the Plan and any applicable law or Award Agreement, payments or transfers to be made by the Company on the grant or exercise of an Award may be made in such form as the Committee determines at or after the Grant Date, including without limitation, cash, Stock, other Awards, or other property, or any combination, and may be made in a single payment or transfer, in installments, in each case determined in accordance with rules adopted by, and at the discretion of, the Committee.

11.4. LIMITS ON TRANSFER. No right or interest of a Participant in any unexercised or restricted Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company. No unexercised or restricted Award shall be assignable or transferable by a Participant other than by will or the laws of descent and distribution or, except in the case of an Incentive Stock Option, pursuant to a domestic relations order that would satisfy Section 414(p)(l)(A) of the Code if such Section applied to an Award under the Plan; provided, however, that the Committee may (but need not) permit other transfers where the Committee concludes that such transferability (i) does not result in accelerated taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Code Section 422(b), and (iii) is otherwise appropriate and desirable, taking into account any factors deemed relevant, including without limitation, state or federal tax or securities laws applicable to transferable Awards.

11.5. BENEFICIARIES. Notwithstanding Section 11.4, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights under the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If no beneficiary has been designated or survives the Participant, payment shall be made to the Participant's estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

11.6. STOCK CERTIFICATES. All Stock issuable under the Plan is subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate or issue instructions to the transfer agent to reference restrictions applicable to the Stock.

11.7. TERMINATION OF EMPLOYMENT. Each Participant's Award Agreement shall set forth the treatment of the Awards following termination of the Participant's employment or, if the Participant is a director or consultant, service with the Company. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards and may reflect distinctions based on the reasons for termination or employment or service,

11.8. FORFEITURE EVENTS, The Committee may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment, violation of Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company,

11.9. SUBSTITUTE AWARDS. The Committee may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another entity who become employees of the Company as a result of a merger or consolidation of the former employing entity with the Company or the acquisition by the Company of property or stock of the former employing corporation. The Committee may direct that the substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

11.10. CHANGE IN CONTROL/ IPO. Each Participant's Award Agreement shall set forth the treatment of the Awards in the event of a Change in Control or IPO. Such provisions shall be determined in the sole discretion of the Committee and need not be uniform among all Awards.

11.11. RIGHT OF FIRST REFUSAL/RIGHT OF REPURCHASE. The Committee may provide in a Participant's Award Agreement that the grant of an Award shall be conditioned upon the Participant's (or any other interested person's) execution of a shareholder agreement in such form as is satisfactory to the Committee with respect to any Shares delivered or deliverable pursuant to such Award. Without limiting the foregoing, the Committee may provide in a Participant's Award Agreement that while Shares are not traded on an established securities market that the Company may have certain repurchase rights or rights of first refusal with respect to the Shares subject to an Award Agreement and Shares issued to the Participant pursuant to Awards under the Plan. In addition, at the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement or any other document a right of first refusal to purchase all Shares

that a Participant (or a subsequent transferee) may propose to transfer to a third party, provided, that such right of first refusal terminates upon an IPO.

ARTICLE 12.
CHANGES IN CAPITAL STRUCTURE

12.1. GENERAL. In the event of a corporate event or transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares (each a "Corporate Transaction"), the Committee in its sole discretion may take the actions set forth in Section 12.2, Notwithstanding the foregoing, in the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Shares other than an ordinary cash dividend, the authorization limit under Article 5 shall be adjusted proportionately, and the Committee shall make such other adjustments to the Awards and to any provisions of the Plan as the Committee deems necessary.

12.2. ACTIONS BY THE COMMITTEE. Action by the Committee in the event of a Corporate Transaction may include: (i) adjustment of the number and kind of shares which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the exercise price of outstanding Awards or the measure to be used to determine the amount of the benefit payable on an Award; and (iv) any other adjustments that the Committee determines. In addition, upon the occurrence or in anticipation of such an event that is a Change in Control, the Committee may, in its sole discretion, provide (i) that Awards will be settled in cash rather than Stock, (ii) that Awards will become immediately vested and exercisable and will expire after a designated period of time to the extent not then exercised, (iii) that Awards will be assumed by another party to a transaction or otherwise be equitably converted or substituted in connection with such transaction, (iv) that outstanding Awards may be settled by payment in cash or cash equivalents equal to the excess of the Fair Market Value of the underlying Stock, if any, as of a specified date associated with the transaction, over the exercise or base price of the Award, and with the understanding that if the exercise or base price of any Awards exceeds such Fair Market Value, then the value of such Award shall be zero and subject to settlement and cancellation for no consideration, or (v) any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated. To the extent that any adjustments made pursuant to this Article 12 cause Incentive Stock Options to cease to qualify as Incentive Stock Options, such Options shall be deemed to be Nonstatutory Stock Options. Notwithstanding the foregoing, as may be determined by the Committee, any such adjustment shall not (i) cause an Award which is exempt from Section 409A of the Code to become subject to Section 409A of the Code or (ii) cause an Award subject to Section 409A of the Code not to comply with the requirements of Section 409A of the Code. Notwithstanding any other provision of this Plan to the contrary, unless expressly provided otherwise in the Award Agreement, if the right to receive or benefit from an Award under this Plan, either alone or together with payments that a Participant has a right to receive from the Company, would constitute a

"parachute payment" (as defined in Section 280G of the Code), all such payments will be reduced to the largest amount that will result in no portion being subject to the excise tax imposed by Section 4999 of the Code.

ARTICLE 13.
AMENDMENT, MODIFICATION AND TERMINATION

13.1. AMENDMENT MODIFICATION AND TERMINATION. The Board or the Committee may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; provided, however, the Board or Committee may condition any other amendment or modification on the approval of shareholders of the Company for any reason, including by reason of such approval being necessary or deemed advisable to satisfy any other tax, securities or other applicable laws, policies or regulations.

13.2. OPTIONS PREVIOUSLY GRANTED. At any time and from time to time, the Committee may amend, modify or terminate any outstanding Award without approval of the Participant; provided, however:

(a) Subject to the terms of the applicable Award Agreement, such amendment, modification or termination shall not, without the Participant's consent, reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed out or otherwise settled on the date of such amendment or termination (with the per-share value of an Option or Stock Appreciation Right for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment or termination over the exercise or base price of such Award);

(b) The original term of an Option may not be extended without the prior approval of the shareholders of the Company;

(c) Except as otherwise provided in Article 12, the exercise price of an Option may not be reduced, directly or indirectly, without the prior approval of the shareholders of the Company; and

(d) No termination, amendment, or modification of the Plan shall adversely affect any Award previously granted under the Plan, without the written consent of the Participant affected thereby. An outstanding Award shall not be deemed to be "adversely affected" by a Plan amendment if such amendment would not reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment (with the per-share value of an Option or Stock Appreciation Right for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment over the exercise or base price of such Award, and with the understanding that if the exercise or base price of such Awards exceeds such Fair Market Value, then the value of such Award shall be zero and subject to settlement and cancellation for no consideration).

ARTICLE 14.
GENERAL PROVISIONS

14.1. NO RIGHTS TO AWARDS, NON-UNIFORM DETERMINATIONS. No Participant shall have any claim to be granted any Award under the Plan. Neither the Company nor the Committee is obligated to treat Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Eligible Participants who receive, or are eligible to receive, Awards (whether or not such Eligible Participants are similarly situated).

14.2. NO SHAREHOLDER RIGHTS. No Award gives a Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

14.3. WITHHOLDING. The Company shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of the Plan. If Shares are surrendered to the Company to satisfy tax obligations in excess of the minimum tax withholding obligation, such Shares must have been held by the Participant as fully vested shares for such period of time, if any, as necessary to avoid the recognition of an expense under generally accepted accounting principles. The Company shall have the authority to require a Participant to remit cash to the Company in lieu of the surrender of Shares for taxes if the surrender of Shares for such purpose would result in the Company's recognition of expense under generally accepted accounting principles. With respect to withholding required upon any taxable event under the Plan, the Committee may, at the time the Award is granted or thereafter, require or permit that any such withholding requirement be satisfied, in whole or in part, by withholding from the Award Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes.

14.4. NO RIGHT TO CONTINUED SERVICE. Nothing in the Plan, any Award Agreement or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or status as an officer, director or consultant at any time, nor confer upon any Participant any right to continue as an employee, officer, director or consultant of the Company, whether for the duration of a Participant's Award or otherwise.

14.5. UNFUNDED STATUS OF AWARDS. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that arc greater than those of a general creditor of the Company. This Plan is intended not to be subject to the Employee Retirement Income Security Act of 1974, as amended.

14.6. RELATIONSHIP TO OTHER BENEFITS. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or benefit plan of the Company unless provided otherwise in such other plan.

14.7. EXPENSES. The expenses of administering the Plan shall be borne by the Company.

14.8. TITLES AND HEADINGS. The titles and headings of the Sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

14.9. GENDER AND NUMBER. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

14.10. FRACTIONAL SHARES. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down.

14.11. GOVERNMENT AND OTHER REGULATIONS.

(a) Notwithstanding any other provision of the Plan, no Participant who acquires Shares pursuant to the Plan may, during any period of time that such Participant is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the 1933 Act), sell such Shares, unless such offer and sale is made (i) pursuant to an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) pursuant to an appropriate exemption from the registration requirement of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act.

(b) Notwithstanding any other provision of the Plan, if at any time the Committee shall determine that the registration, listing or qualification of the Shares covered by an Award upon any exchange or under any foreign, federal, state or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase or receipt of Shares thereunder, no Shares may be purchased, delivered or received pursuant to such Award unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any Participant receiving or purchasing Shares pursuant to an Award shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements. The Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to the Committee's determination that all related requirements have been fulfilled. The Company shall in no event be

obligated to register any securities pursuant to the 1933 Act or applicable state or foreign law or to take any other action in order to cause the issuance and delivery of such certificates to comply with any such law, regulation or requirement.

14.12. GOVERNING LAW. To the extent not governed by federal law, the Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware.

14.13. ADDITIONAL PROVISIONS. Each Award Agreement may contain such other terms and conditions as the Committee may determine; provided that such other terms and conditions are not inconsistent with the provisions of the Plan. Notwithstanding the foregoing, any Award Agreement for a resident in any state shall contain such other terms and conditions as are necessary to comply with the laws of such state.

14.14. ADDENDA. Subject to Section 14.13, the Committee may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Participants, which Awards may contain such terms and conditions as the Committee deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which, if so required under applicable laws, may deviate from the terms and conditions set forth in this Plan.

14.15. NO LIMITATIONS ON RIGHTS OF COMPANY. The grant of any Award shall not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets. The Plan shall not restrict the authority of the Company, for proper corporate purposes, to draft or assume awards, other than under the Plan, to or with respect to any person.

14.16. INDEMNIFICATION. Each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with Article 4 shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's charter or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

The foregoing is hereby acknowledged as being the TELA Bio, Inc. 2012 Stock Incentive Plan adopted by the Board on December 3, 2012.

By: /s/ Antony Koblish
Name: Antony Koblish
Its: Secretary

The foregoing is hereby acknowledged as being the TELA Bio, Inc. 2012 Stock Incentive Plan adopted by the shareholders of the Company on December 3, 2012.

Exhibit 10.3

AMENDMENT TO THE TELA BIO, INC.
2012 STOCK INCENTIVE PLAN

WHEREAS, TELA Bio, Inc., a Delaware corporation (the "Company"), sponsors and maintains the TELA Bio, Inc. 2012 Stock Incentive Plan, as amended (the "Plan"), to promote the success, and enhance the value of, the Company by linking the personal interests of employees, officers, directors and consultants of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance; and

WHEREAS, pursuant to Section 13.1 of the Plan, the Board of Directors of the Company (the "Board") may, at any time and from time to time, amend, modify or terminate the Plan; and

WHEREAS, at a meeting held December 10, 2013, the Board approved an increase in the number of shares authorized for issuance under the Plan from 3,399,059 shares of Common Stock to 5,185,759 shares of Common Stock; and

WHEREAS, the Company desires to amend the Plan to reflect this increase in the number of shares of Common Stock authorized for issuance under the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Section 5.1 of the Plan is hereby amended and restated in its entirety to read as follows:

"5.1 PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 5,185,759 Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any and all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards."

Exhibit 10.4

AMENDMENT

TO THE

TELA BIO, INC. 2012 STOCK INCENTIVE PLAN

WHEREAS, TELA Bio, Inc., a Delaware corporation (the **"Company"),** sponsors and maintains the TELA Bio, Inc. 2012 Stock Incentive Plan (the **"Plan")** to promote the success, and enhance the value of, the Company by linking the personal interests of employees, officers, directors and consultants of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance; and

WHEREAS, pursuant to Section 13.1 of the Plan, the Board of Directors of the Company (the **"Board")** may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; and

WHEREAS, the Board previously took action at a meeting held December 10, 2013 to increase the number of shares authorized for issuance under the Plan from 3,399,059 shares of Common Stock to 5,185,759 shares of Common Stock; and

WHEREAS, the Board has authorized an additional increase in the number of shares authorized for issuance under the Plan, from 5,185,759 shares of Common Stock to 11,706,604 shares of Common Stock; and

WHEREAS, the Board desires to amend the Plan to reflect this increase in the number of shares of Common Stock authorized for issuance under the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Section 5.1 of the Plan is hereby amended and restated in its entirety to read as follows:

"5.1 PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 11,706,604 Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any and all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards."

Exhibit 10.5

THIRD AMENDMENT

TO THE

TELA BIO, INC. 2012 STOCK INCENTIVE PLAN

WHEREAS, TELA Bio, Inc., a Delaware corporation (the **"Company"),** sponsors and maintains the TELA Bio, Inc. 2012 Stock Incentive Plan (the **"Plan")** to promote the success, and enhance the value of, the Company by linking the personal interests of employees, officers, directors and consultants of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance; and

WHEREAS, pursuant to Section 13.1 of the Plan, the Board of Directors of the Company (the **"Board")** may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; and

WHEREAS, the Board previously took action at a meeting held December 10, 2013 to increase the number of shares authorized for issuance under the Plan from 3,399,059 shares of Common Stock to 5,185,759 shares of Common Stock (the **"First Amendment");** and

WHEREAS, subsequent to the First Amendment, the Board previously took action by unanimous written consent dated October 2, 2014 to adopt an amendment to the Plan increasing the number of shares authorized for issuance under the Plan from 5,185,759 shares of Common Stock to 11,706,604 shares of Common Stock (the **"Second Amendment");** and

WHEREAS, subsequent to the Second Amendment, the Board has authorized an additional increase in the number of shares authorized for issuance under the Plan, from 11,706,604 shares of Common Stock to 11,782,669 shares of Common Stock; and

WHEREAS, the Board desires to amend the Plan to reflect this increase in the number of shares of Common Stock authorized for issuance under the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Section 5.1 of the Plan is hereby amended and restated in its entirety to read as follows:

"5.1 PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 11,782,669 Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any and all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards."

Exhibit 10.6

AMENDMENT TO THE
TELA BIO, INC. 2012 STOCK INCENTIVE PLAN

WHEREAS, TELA Bio, Inc., a Delaware corporation (the "Company"), sponsors and maintains the TELA Bio, Inc. 2012 Stock Incentive Plan, as amended (the "Plan"), to promote the success, and enhance the value of, the Company by linking the personal interests of employees, officers, directors and consultants of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance; and

WHEREAS, pursuant to Section 13.1 of the Plan, the Board of Directors of the Company (the "Board") may, at any time and from time to time, amend, modify or terminate the Plan; and

WHEREAS, at a meeting held on February 16, 2018, the Compensation Committee of the Board approved an increase in the number of shares authorized for issuance under the Plan from 11,782,669 shares of Common Stock to 15,640,673 shares of Common Stock; and

WHEREAS, the Company desires to amend the Plan to reflect this increase in the number of shares of Common Stock authorized for issuance under the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Section 5.1 of the Plan is hereby amended and restated in its entirety to read as follows:

"5.1 PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 15,640,673 Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any and all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards."

Exhibit 10.7

AMENDMENT TO THE
TELA BIO, INC. 2012 STOCK INCENTIVE PLAN

WHEREAS, TELA Bio, Inc., a Delaware corporation (the "Company"), sponsors and maintains the TELA Bio, Inc. 2012 Stock Incentive Plan, as amended (the "Plan"), to promote the success, and enhance the value of, the Company by linking the personal interests of employees, officers, directors and consultants of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance; and

WHEREAS, pursuant to Section 13.1 of the Plan, the Board of Directors of the Company (the "Board") may, at any time and from time to time, amend, modify or terminate the Plan; and

WHEREAS, the Board at a meeting held March 1, 2019 the Board approved an increase in the number of shares authorized for issuance under the Plan from 15,640,673 shares of Common Stock to 17,040,673 shares of Common Stock; and

WHEREAS, Article IVC.4.3.1(h) of the Company's Certificate of Incorporation, as amended, requires the consent of the Requisite Holders (as defined in the Certificate of Incorporation) to any increase in the number of shares of Common Stock reserved for issuance under the Plan; and

WHEREAS, pursuant to a Written Consent of Stockholders dated as of April 5, 2019, the Requisite Holders consented to the increase in the number of shares authorized for issuance under the Plan from 15,640,673 shares of Common Stock to 17,040,673 shares of Common Stock;

WHEREAS, the Company desires to amend the Plan to reflect this increase in the number of shares of Common Stock authorized for issuance under the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Section 5.1 of the Plan is hereby amended and restated in its entirety to read as follows:

"5.1 PLAN LIMITS. Subject to adjustment as provided in Article 12 herein, the maximum number of Shares that may be delivered pursuant to Awards under the Plan shall be 17,040,673 Shares, provided that

(a) Shares potentially deliverable under an Award granted under the Plan that is canceled, forfeited, settled in cash, expires or is otherwise terminated without delivery of such Shares shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

(b) Shares that have been issued in connection with an Award of Restricted Stock that is canceled or forfeited prior to vesting or settled in cash, causing the Shares to be returned to the Company, shall not be counted as having been delivered under the Plan for purposes of determining such maximum number of Shares.

Any and all of the Shares reserved for issuance under the Plan shall be authorized for issuance pursuant to Incentive Stock Options or other Awards."

Exhibit 10.8

TELA Bio, Inc. 2012 Stock Incentive Plan
Incentive Stock Option Agreement

This Incentive Stock Option Agreement (the "Agreement") is entered into between TELA Bio, Inc. (the "Company") and **Name** (the "Participant"), pursuant to the Company's 2012 Stock Incentive Plan (the "Plan"). All capitalized terms used in this Agreement shall have the meaning ascribed to such terms in the Plan unless otherwise defined herein. The Company and the Participant agree as follows:

1. Grant of Incentive Stock Option. The terms and conditions of the incentive stock option (the "Incentive Stock Option") grant are set forth in this Agreement and the terms and conditions of the Plan are incorporated into and made a part of this Agreement. The Incentive Stock Option is intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

Name of Participant:	**Name**
Number of Shares subject to Incentive Stock Option:	**X,xxx shares of Common Stock (the "Shares")**
Exercise Price per Share:	**$0.24**
Grant Date:	**Date, 2019**
Expiration Date:	10 years after Grant Date
Vesting Schedule:	The Incentive Stock Option granted under this Agreement shall vest as follows: · 25% shall vest on the first anniversary of the Grant Date (the "Initial Vesting Date"). · The remaining 75% shall vest ratably in equal monthly installments on the last day of each of the thirty-six (36) calendar months immediately following the Initial Vesting Date.

2. Time of Exercise of Incentive Stock Option. Until the Incentive Stock Option expires or terminates as provided in this Agreement, the Participant may exercise the Incentive Stock Option from time to time to purchase vested whole shares (the "Vested Option Shares") or unvested whole shares (the "Unvested Option Shares"). Vested Option Shares shall be subject to the Company's repurchase right as set forth in Section 6 of this Agreement and Unvested Option Shares shall be subject to the terms of the Unvested Stock Repurchase Agreement in the form attached hereto as Exhibit D (the "Unvested Stock Repurchase Agreement") until such time as they shall become Vested Option Shares as set forth herein or in any other agreement between the Company and the Participant. As a condition to exercising any unvested portion of the Incentive Stock Option, the Participant shall execute and deliver to the Company the Unvested Stock Repurchase Agreement. The Participant shall have no rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Unvested Option Shares upon the issuance of the Unvested Option Shares, notwithstanding the exercise of the Incentive Stock Option. The Vested Option Shares and the Unvested Option Shares shall be issued as soon as practicable after the Option is exercised in accordance with this Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance of such Vested Option Shares or Unvested Option Shares.

3. Termination of Continuous Status as a Participant

(a) General Rule. Except as provided in this Section 3, the Incentive Stock Option may not be exercised unless at the time of exercise the Participant is in Continuous Status as a Participant.

(b) Termination of Incentive Stock Option. The Incentive Stock Option shall terminate upon the earliest of the following circumstances:

(i) the tenth anniversary of the Grant Date;

(ii) three months after termination of the Participant's Continuous Status as a Participant for any reason other than the Participant's Disability or death;

(iii) one year after termination of the Participant's Continuous Status as a Participant by reason of the Participant's Disability;

(iv) one year after the Participant's death if the Participant dies (1) while employed, (2) during the three-month period described in clause (iii) or (3) during the one- year period described in clause (iv); or

(v) immediately upon the date of the determination by the Board or Committee that Cause to terminate the Participant exists.

(c) Failure to Exercise Incentive Stock Option. To the extent that the Participant does not exercise the Incentive Stock Option within the periods described in Section 3(b), all rights to purchase Shares pursuant to the Incentive Stock Option cease and terminate as of the date of expiration of the applicable periods for exercise described in Section 3(b), and the Participant shall have no rights or interest with respect to the Incentive Stock Option following

such expiration date.

(d) Change in Control. If the Incentive Stock Option remains outstanding immediately prior to a Change in Control (as defined in the Plan), the Incentive Stock Option will automatically become one hundred percent (100%) vested and exercisable as of immediately prior to the effective date of the Change in Control. The occurrence of an IPO shall have no effect on the vesting of the Incentive Stock Option.

4. Method of Exercise of Incentive Stock Option. Unless otherwise authorized by the Committee or its authorized designee, the Incentive Stock Option may only be exercised by using the exercise notice attached to this Agreement as Exhibit A accompanied by payment to the Company of the Exercise Price per Share in:

(a) cash;

(b) a check payable to the Company; or

(c) a payment of such other lawful consideration as the Committee may determine.

In order to exercise the Incentive Stock Option with respect to Unvested Option Shares, the Participant shall, in addition to the requirements set forth above, execute and deliver to the Company the Unvested Stock Repurchase Agreement. During a Participant's lifetime, the Incentive Stock Option may be exercised only by the Participant or, in the case of the Participant's Disability, by the Participant's guardian or legal representative.

5. Restrictions on Transfer. The Participant represents and warrants that if and when the Participant exercises the Incentive Stock Option, the Participant shall purchase Shares only for the Participant's own account and not on behalf of any others. The Participant understands and acknowledges that (a) the Plan, (b) the Amended and Restated Stockholders Agreement entered into as of October 2, 2014, by and among the Company and the Persons identified on Exhibit A and Exhibit B attached thereto (as amended from time to time, the "Stockholders Agreement"), which the Participant shall sign as a condition to receipt of any Shares, and (c) federal and state securities laws, as applicable, govern and restrict the Participant's right to pledge, encumber, offer, sell or otherwise dispose of the Incentive Stock Option, any Shares, or any right or interest of the Participant in or to the Incentive Stock Option or any Shares. The Participant further understands that the certificates for any Shares the Participant purchases shall bear such legends as the Company deems necessary or desirable in connection with the Stockholders Agreement, the 1933 Act and any other applicable rules, regulations or laws.

6. Repurchase Right.

(a) Restricted Shares. Vested Option Shares acquired by the Participant upon the exercise of the Incentive Stock Option and Unvested Option Shares that become Vested Option Shares (the "Restricted Shares") shall be subject to a repurchase right in accordance with Section 6(b).

(b) Repurchase Right. If, during the period from the Grant Date until the third (3rd) anniversary of the Grant Date, the Participant ceases to be an employee of the Company for any reason, then, in such event, the Company (or its designee, as the case may be) shall have the option, but not the obligation, exercisable at any time during the ninety (90) day period commencing with the date of the Participant's cessation of employment, to purchase from the Participant (or the Participant's successor in interest, as the case may be) any or all of the Restricted Shares held by the Participant (or the Participant's successor in interest, as the case may be) at the time of cessation of the Participant's employment (the "Repurchase Right"). Notwithstanding any provision herein to the contrary, if, prior to the date the Participant ceases to be an employee of the Company for any reason, a Liquidity Event occurs, the Company's Repurchase Right shall terminate concurrent with such Liquidity Event. For purposes of this Agreement, "Liquidity Event" shall have the meaning set forth in the Company's Amended and Restated Certificate of Incorporation in effect as of the date hereof.

(c) Repurchase Price. In the event that the Company (or its designee, as the case may be) exercises the Repurchase Right to acquire any or all of the Restricted Shares, the Participant (or the Participant's successor in interest, as the case may be) shall sell to the Company (or its designee, as the case may be), at a price per Share equal to the Fair Market Value, all of the Restricted Shares for which the Incentive Stock Option was appropriately exercised.

(d) Closing. In the event that the Company exercises the Repurchase Right in accordance with Section 6(b), the Company shall notify the Participant in writing of its intent to repurchase the Restricted Shares. Such notice shall be delivered by the Company on or before the last day of the time period provided for in Section 6(b) for exercise of the Repurchase Right. The notice shall specify the time and date for payment of the repurchase price (the "Closing") and the number of Restricted Shares with respect to which the Company is exercising the Repurchase Right. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the repurchase price shall be delivered to the Participant or the Participant's successor in interest, as the case may be, and the Restricted Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Participant or the Participant's successor in interest.

(e) Escrow. To insure the availability for delivery of Restricted Shares upon repurchase by the Company pursuant to the Repurchase Right hereunder and, if applicable, delivery of Unvested Option Shares upon repurchase by the Company pursuant to the early exercise repurchase right (the "Early Exercise Repurchase Right") set forth in the Unvested Stock Repurchase Agreement, the Participant hereby appoints the Secretary of the Company, or any other person designated by the Company, as escrow agent, as the Participant's attorney-in- fact to sell, assign and transfer unto the Company, such Restricted Shares and/or Unvested Option Shares (as applicable), if any, repurchased by the Company pursuant to the Repurchase Right or the Early Exercise Repurchase Right. The Participant shall, upon the exercise of a vested portion of the Incentive Stock Option or an unvested portion of the Incentive Stock Option, as the case may be, and receipt of the Vested Option Shares or Unvested Option Shares, deliver and deposit with the Secretary of the Company, or such other person designated by the Company, the Share certificates representing the Restricted Shares and/or Unvested Option Shares (as applicable), together with the stock assignment, duly endorsed in blank, attached

hereto as Exhibit B1 with respect to Vested Option Shares or Exhibit B2 with respect to Unvested Option Shares. The Restricted Shares or Unvested Option Shares, as the case may be, and the stock assignment shall be held by the Secretary or other designee in escrow, pursuant to the Joint Escrow Instructions of the Company and Participant attached hereto as Exhibit C, until, if applicable, the Company exercises the Early Exercise Repurchase Right set forth in the Unvested Stock Repurchase Agreement, or exercises the Repurchase Right as provided hereunder, or until the Shares are no longer subject to such repurchase rights. Any Unvested Option Shares that become Vested Option Shares and are subject to the Repurchase Right shall remain in escrow in accordance with the terms and conditions of this Agreement. Upon the expiration of the Repurchase Right, the Secretary of the Company, or any other person designated by the Company, as escrow agent, shall promptly, upon written request, or periodically without written request, but in either case no more than once per calendar year, deliver to the Participant the certificate or certificates representing such Vested Option Shares in the escrow agent's possession belonging to the Participant, and the escrow agent shall be discharged of all further obligations hereunder with respect to those Shares; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as the escrow agent may be required pursuant to other restrictions imposed pursuant to this Agreement.

(f) No Liability. Neither the Company nor its Secretary or other designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Restricted Shares in escrow hereunder and while acting in good faith and in the exercise of its judgment.

(g) Prohibition on Transfer. The Participant recognizes and agrees that the Restricted Shares which are subject to the Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). Any attempted sale, assignment or other transfer of Restricted Shares in violation of this Section 6(g) shall be deemed void and the Company shall not be required to (i) transfer any Restricted Shares on its books in connection with any attempted sale, assignment or other transfer in violation of this Section 6(g) or (ii) treat as the owner of such Restricted Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which the Participant attempted to sell, assign or otherwise transfer any such Restricted Shares in violation of this Section 6(g).

(h) Failure to Deliver Shares to be Repurchased. In the event that Restricted Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Section 6(e) above or otherwise and the Participant or the Participant's successor in interest fails to deliver such Restricted Shares to the Company (or its designee, as the case may be), the Company may elect to (a) establish a segregated account in the amount of the repurchase price, such account to be turned over to the Participant or the Participant's successor in interest upon delivery of such Restricted Shares, and (b) immediately take such action as is appropriate to transfer record title of such Restricted Shares from the Participant to the Company (or its designee, as the case may be) and to treat the Participant and such Restricted Shares in all respects as if delivery of such Restricted Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

7. Tax Matters.

(a) Section 422 Requirement. The Incentive Stock Option will not qualify as an incentive stock option within the meaning of Section 422 of the Code, if, among other events, (i) the Participant disposes of the Shares acquired upon exercise of the Incentive Stock Option within two (2) years from the Grant Date or one year after such Shares were acquired pursuant to exercise of the Incentive Stock Option; (ii) except in the event of the Participant's death or Disability, the Participant is not employed by the Company, a Parent or a Subsidiary at all times during the period beginning on Grant Date and ending on the day that is three (3) months before the date of exercise of the Incentive Stock Option; or (iii) to the extent the aggregate Fair Market Value of the Shares subject to Incentive Stock Option held by the Participant which become exercisable for the first time in any calendar year (under all plans of the Company, a Parent or a Subsidiary) exceeds $100,000. The Fair Market Value of the Shares shall be determined as of the time the Incentive Stock Option with respect to such Shares is granted.

(b) Disqualifying Disposition. To the extent that the Incentive Stock Option does not qualify as an "incentive stock option" within the meaning of Section 422 of the Code, it shall not affect the validity of the Incentive Stock Option, which shall, to such extent, then constitute a Nonstatutory Stock Option. In the event that the Participant disposes of the Shares acquired upon exercise of the Incentive Stock Option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of the Incentive Stock Option, the Participant must deliver to the Company, within seven (7) days following such disposition, a written notice specifying the date on which such Shares were disposed of, the number of Shares so disposed, and, if such disposition was by a sale or exchange, the amount of consideration received.

8. No Rights to Awards; Non-Uniform Determinations. The Participant shall not have any claim to be granted any incentive stock option under the Plan. Neither the Company nor the Committee is obligated to treat Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Participants who receive, or are eligible to receive, incentive stock options (whether or not such Participants are similarly situated).

9. No Right to Continued Status as a Participant. Nothing in the Plan, this Agreement or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company to terminate the Participant's employment or status as an officer, director or consultant at any time, nor confer upon the Participant any right to continue as an employee, officer, director or consultant of the Company, whether for the duration of the Incentive Stock Option or otherwise.

10. Notices. All notices and other communications under this Agreement (each a "Notice") shall be in writing and addressed to the Company or the Participant, as applicable, at the addresses set forth on the signature page to this Agreement (or to any other address that the receiving party may designate from time to time in accordance with this Section 10). The Company and the Participant shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is

effective only (a) upon receipt by the receiving party and (b) if the party giving the Notice has complied with the requirements of this Section 10.

11. No Shareholder Rights. The Incentive Stock Option does not give the Participant any of the rights of a shareholder of the Company unless and until Vested Shares are in fact issued to such person in connection with the Incentive Stock Option.

12. Other Agreements. The Participant hereby agrees to sign any agreement of the Company which applies to similarly-situated stockholders or to Participants under the Plan or any similar agreement as prescribed by the Committee and in the form approved by the Committee in its sole discretion, including, but not limited to, the Stockholders Agreement. Participant hereby expressly acknowledges that the Incentive Stock Option has been granted to Participant conditioned upon Participant's agreement to and actual execution of documents in accordance with the immediately preceding sentence and upon Participant's agreement that any transferee of Shares that have been acquired by the Participant pursuant to the Incentive Stock Option shall be subject to the terms of the Plan and this Agreement, including, without limitation, this Section 12, as if such transferee was or is the Participant. Accordingly, if the Participant (or transferee of Shares, as the case may be) does not sign the Stockholders Agreement or other documents, all of the Shares subject to the Incentive Stock Option shall be forfeited. The terms and conditions of the Stockholders Agreement shall govern Participant's rights in and to the Shares and if there is any conflict between the provisions of the Stockholders Agreement and the Plan or any conflict between the provisions of such Stockholders Agreement and this Agreement, the provisions of such Stockholders Agreement shall be controlling in each case.

13. Amendments. This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant.

14. Governing Law; Submission to Jurisdiction. To the extent not governed by federal law, this Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule. Any legal suit, action or proceeding arising out of this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of Delaware in each case located in the City of Wilmington and Count of New Castle, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Each of the Company and the Participant irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in such courts and irrevocably waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

15. Complete Agreement. This Agreement constitutes the entire agreement between the Participant and the Company, both oral and written concerning the matters addressed in this Agreement, and all prior agreements or representations concerning the matters addressed in this Agreement, whether written or oral, express or implied, are terminated and of no further effect.

16. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

By executing this Agreement, the Participant agrees to be bound by all of the terms and conditions of this Agreement and the Plan. In addition, the Participant recognizes and agrees that all determinations, interpretations, or other actions respecting the Plan and this Agreement will be made by the Committee or any authorized designee, and shall be final, conclusive and binding on all parties.

TELA BIO, INC.

By: _____
Antony Koblish, President and CEO

Address: 1 Great Valley Parkway
Suite 24
Malvern, PA 19355

I agree to the terms of this Agreement and the Plan.

By: _____
Name: **Name**
Address: Street
City, ST Zip

Exhibit A
TELA Bio, Inc. 2012 Stock Incentive Plan
Incentive Stock Option Exercise Notice

TELA Bio, Inc.
1 Great Valley Parkway, Suite 24
Malvern, PA 19355

Subject to acceptance by the Committee, effective as of today, , 20 , this constitutes notice under my Incentive Stock Option that I hereby elect to exercise my Incentive Stock Option to purchase the number of shares for the price set forth below. I represent and warrant that I am buying the shares for investment purposes only and without any intention of selling of distributing them. All capitalized terms used herein shall have the meaning ascribed to such terms in the Company's 2012 Stock Incentive Plan ("Plan") or applicable Incentive Stock Option Agreement unless otherwise defined herein.

Type of Option:

Incentive Stock Option Grant Date:

Number of Vested Option Shares as to which the option is exercised:

Number of Unvested Option Shares as to which the option is exercised:
(if a partial exercise, the option shall be deemed exercised with respect to the last to vest of the Shares)

Exercise Price:

Total Exercise Price:

Cash o Check o

Other Permitted Method:

By this exercise, I agree (i) to provide such other documents as TELA Bio, Inc. (the "Company") may require pursuant to the Plan, and (ii) to provide for the payment by me to the Company (in the manner designated by you) of the withholding obligation, if any, relating to the exercise of this Incentive Stock Option.

Accepted by:

Participant:

By: _____
Print Name: _____

TELA Bio, Inc.

By: _____
Name: _____
Title: _____

Address:

EXHIBIT B1

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, , hereby sell, assign and transfer unto TELA Bio, Inc. (the "**Company**") ( ) Restricted Shares of the Company standing in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint the Secretary of the Company to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Assignment may be used only in accordance with the Incentive Stock Option Agreement by and between the Company and the undersigned dated , as amended or amended and restated from time to time (the "**Agreement**").

Dated:

(signature)

(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Repurchase Right", as set forth in the Agreement, without requiring additional signatures on the part of the Participant.

EXHIBIT B2

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, , hereby sell, assign and transfer unto TELA Bio, Inc. (the "**Company**") ( ) Unvested Option Shares of the Company standing in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint the Secretary of the Company to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Assignment may be used only in accordance with the Incentive Stock Option Agreement by and between the Company and the undersigned dated , as amended or amended and restated from time to time (the "**Agreement**") and the Unvested Stock Repurchase Agreement.

Dated:

(signature)

(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Repurchase Right", as set forth in the Agreement, and its "Early Exercise Repurchase Right" under the Unvested Stock Repurchase Agreement, without requiring additional signatures on the part of the Participant.

EXHIBIT C

JOINT ESCROW INSTRUCTIONS

_____
Date

To: Secretary, TELA Bio, Inc.

Dear Sir or Madam:

As escrow agent for both TELA Bio, Inc. (the "**Company**") and the undersigned holder of stock of the Company (the "**Participant**"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Incentive Stock Option Agreement, as amended or amended and restated from time to time (the "**Agreement**"), between the Company and the undersigned, and the Unvested Stock Repurchase Agreement between the Company and the undersigned, if applicable, in accordance with the following instructions:

In the event that the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Repurchase Right set forth in the Agreement or the Company's Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement, the Company shall give to the Participant and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the headquarters of the Company. The Participant and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares of stock being transferred, and (c) to deliver same, together with the certificate(s) evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, check, cancellation of indebtedness, if applicable, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Right under the Agreement or the Company's Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement.

The Participant irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. The Participant does hereby irrevocably constitute and appoint you as the Participant's attorney-in-fact and agent for the term of this escrow to execute with respect to such shares of stock all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated including, without limitation, the filing with any applicable state blue sky authority of any required applications for consent to, or notice of, transfer of the shares of stock. Subject to the provisions of this paragraph 4, the Participant shall exercise all rights and privileges of a stockholder of the Company to which he or she is entitled, if any, while the stock is held by you.

Upon written request of the Participant, but no more than once per calendar year, unless the Company's Repurchase Right has been exercised or the Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement has been exercised, you will deliver to the Participant a certificate or certificates representing the number of shares of stock that are not subject to the Repurchase Right or the Early Exercise Repurchase Right. Within 180 days after cessation of the Participant's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to the Participant a certificate or certificates representing the aggregate number of shares (other than Unvested Option Shares) held or issued pursuant to the Agreement and not repurchased by the Company or its assignees pursuant to exercise of the Company's Repurchase Right or the Early Exercise Repurchase

Right under the Unvested Stock Repurchase Agreement, as applicable.

If, at the time of termination of this escrow, you should have in your possession any documents, securities, or other property belonging to the Participant, you shall deliver all of the same to the Participant and shall be discharged of all further obligations hereunder.

Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely on and shall be protected in relying on or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as escrow agent or as attorney- in-fact for the Participant while acting in good faith, and any act done or omitted by you pursuant to the advice of your counsel (as described below) shall be conclusive evidence of such good faith.

You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

You shall be entitled to employ such legal counsel (which may be counsel to the Company) and other experts as you may deem necessary to properly advise you in connection with your obligations hereunder, you may rely upon the advice of such counsel, and you may cause the Company to pay such counsel reasonable compensation therefor.

Your responsibilities as escrow agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to the Company. In the event of any such termination, the Company shall have the right, in its sole discretion, to appoint a successor escrow agent.

If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession or to deliver into court without liability to anyone all or any part of said shares of stock until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other address as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: At the address set forth in the Agreement

Attn: Chief Executive Officer

PARTICIPANT: At the address set forth in the Agreement

ESCROW AGENT: At the address of the Company set forth in the Agreement Attn: Secretary

By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Agreement.

This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

These Joint Escrow Instructions shall be governed by the internal substantive laws, but not the choice of law rules, of the State of Delaware.

TELA BIO, INC.

By: _____
Name:
Title:

PARTICIPANT:

_____
Name:

ESCROW AGENT:

By: _____
Name:
Title:

EXHIBIT D

FORM OF UNVESTED STOCK REPURCHASE AGREEMENT

This Unvested Stock Repurchase Agreement (the "Agreement") is entered into between TELA Bio, Inc. (the "Company"), and **[NAME]** (the "Participant"), pursuant to the Company's 2012 Stock Incentive Plan (the "Plan"). All capitalized terms used in this Agreement shall have the meaning ascribed to such terms in the Plan or the applicable Participant Incentive Stock Option Agreement unless otherwise defined herein. The Company and the Participant agree as follows:

1. Incentive Stock Options. Pursuant to the terms and conditions of the Plan, the Company has granted to the Participant an Incentive Stock Option to purchase **[NUMBER]** Shares, which Shares may, upon exercise, be vested (the "Vested Option Shares") or unvested (the "Unvested Option Shares"), at an Exercise Price per Share specified in the Incentive Stock Option Agreement, dated **[DATE]** between the Participant and the Company (the "Participant Incentive Stock Option Agreement"). Unvested Option Shares held by the Participant shall continue to vest in accordance with the vesting schedule set forth in Section 1 of the Participant Incentive Stock Option Agreement, as may be modified by any other provision of the Participant Incentive Stock Option Agreement, any change in control or employment agreement between the Participant and the Company or any of its Affiliates, or any other agreement between the Participant and the Company or any of its Affiliates pursuant to which vesting is accelerated by a Change in Control. Unvested Option Shares shall be subject to the early exercise repurchase right set forth in Section 2 of this Agreement until such Unvested Option Shares become Vested Option Shares. Vested Option Shares shall not be subject to the early exercise repurchase right set forth in Section 2 of this Agreement but shall be subject to the repurchase right set forth in Section 6 of the Participant Incentive Stock Option Agreement until the expiration of such repurchase right.

2. Early Exercise Repurchase Right.

(a) **Unvested Option Shares**. If the Participant holds Unvested Option Shares and the Participant ceases to be an employee of the Company for any reason (including voluntary or involuntary termination, death or disability), then, in such event, the Company (or its designee, as the case may be) shall have the right (the "Early Exercise Repurchase Right"), exercisable at any time during the ninety (90)-day period (the "Repurchase Period") following the effective date of the Participant's termination of employment (the "Termination Date"), to repurchase at the lower of (a) the Fair Market Value of the Unvested Option Shares at the time of the Termination Date, or (b) the Exercise Price per Share of the Unvested Option Shares, without interest (the "Repurchase Price"), any or all of the Unvested Option Shares purchased by the Participant.

(b) **Termination of Early Exercise Repurchase Right**. The Early Exercise Repurchase Right shall terminate with respect to any Unvested Option Shares for which it is not timely exercised under Section 2(a) above when such Unvested Option Shares become Vested Option Shares unless such Unvested Option Shares are earlier forfeited in accordance with the Plan and the Participant Incentive Stock Option Agreement.

(c) **Exercise of Early Exercise Repurchase Right**. The Early Exercise Repurchase Right shall be exercisable by written notice (the "Repurchase Notice") delivered to

the Participant prior to the expiration of Repurchase Period. The Repurchase Notice shall indicate the number of Unvested Option Shares to be repurchased and the time and date for payment of the Repurchase Price (the "Closing") on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the Repurchase Price shall be delivered to the Participant or the Participant's successor in interest, as the case may be, and the Unvested Option Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Participant or the Participant's successor in interest.

(d) **Escrow**. The Unvested Option Shares shall be held in escrow under the terms and conditions of Section 6 of the Participant Incentive Stock Option, pursuant to the Joint Escrow Instructions of the Company and Participant attached to the Participant Incentive Stock Option, until the earlier of (i) the Company's exercise of its Early Exercise Repurchase Right as provided hereunder, (ii) the Unvested Option Shares becoming Vested Option Shares and the Company's exercise of its Repurchase Right under Section 6 of the Participant Incentive Stock Option Agreement, or (iii) the Unvested Option Shares becoming Vested Option Shares and the expiration of the Repurchase Right in accordance with the provisions of Section 6 of the Participant Incentive Stock Option Agreement.

(e) **No Liability**. Neither the Company nor its Secretary or other designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Unvested Option Shares in escrow hereunder, or under the Participant Incentive Stock Option Agreement, and while acting in good faith and in the exercise of its judgment.

(f) **Prohibition on Transfer**. The Participant recognizes and agrees that the Unvested Option Shares which are subject to the Early Exercise Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). Any attempted sale, assignment or other transfer of Unvested Option Shares in violation of this Section 2(f) shall be deemed void and the Company shall not be required to transfer any such Unvested Option Shares on its books in connection with any attempted sale, assignment or other transfer in violation of this Section 2(f), or to treat as the owner of such Unvested Option Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Unvested Option Shares shall have been so sold, assigned or otherwise transferred, in violation of this Section 2(f).

(g) **Failure to Deliver Granted Shares to be Repurchased.** In the event that Unvested Option Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Section 2(d) above or otherwise and the Participant or the Participant's successor in interest fails to deliver such Unvested Option Shares to the Company (or its designee, as the case may be), the Company may elect to (a) establish a segregated account in the amount of the Repurchase Price, such account to be turned over to the Participant or the Participant's successor in interest upon delivery of such Unvested Option Shares, and (b) immediately take such action as is appropriate to transfer record title of such Unvested Option Shares from the Participant to the Company (or its designee, as the case may be) and to treat the Participant and such Unvested Option Shares in all respects as if delivery of such Unvested Option Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose

of effectuating the preceding sentence.

3. **Notices**. All notices and other communications under this Agreement (each a "Notice") shall be in writing and addressed to the Company or the Participant, as applicable, at the addresses set forth on the signature page to this Agreement (or to any other address that the receiving party may designate from time to time in accordance with this Section 3). The Company and the Participant shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party and (b) if the party giving the Notice has complied with the requirements of this Section 3.

4. **Other Agreements.** The Participant hereby agrees to sign any agreement of the Company which applies to similarly-situated stockholders or to Participants under the Plan or any similar agreement as prescribed by the Committee and in the form approved by the Committee in its sole discretion, including, but not limited to, the Stockholders Agreement.

5. **Amendments.** This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant.

6. **Governing Law; Submission to Jurisdiction**. To the extent not governed by federal law, this Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule. Any legal suit, action or proceeding arising out of this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of Delaware in each case located in the City of Wilmington and Count of New Castle, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Each of the Company and the Participant irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in such courts and irrevocably waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

7. **Complete Agreement.** This Agreement constitutes the entire agreement between the Participant and the Company, both oral and written concerning the matters addressed in this Agreement, and all prior agreements or representations concerning the matters addressed in this Agreement, whether written or oral, express or implied, are terminated and of no further effect.

8. **Severability**. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

By executing this Unvested Stock Repurchase Agreement, the Participant agrees to be bound by all of the terms and conditions of this Agreement and the Plan. In addition, the Participant recognizes and agrees that all determinations, interpretations, or other actions respecting the Plan and this Agreement will be made by the Committee or any authorized designee, and shall be final, conclusive and binding on all parties.

TELA BIO, INC.

By: _____
Name:
Title:

I agree to the terms of this Unvested Stock Repurchase Agreement and the Plan.

By: _____
Name: **[Print Name of Participant]**

Address:

Exhibit 10.9

TELA Bio, Inc. 2012 Stock Incentive Plan
[Form of] Nonstatutory Stock Option Agreement

This Nonstatutory Stock Option Agreement (the "Agreement") is entered into between TELA Bio, Inc. (the "Company") and **[Name]** (the "Participant"), pursuant to the Company's 2012 Stock Incentive Plan (the "Plan"). All capitalized terms used in this Agreement shall have the meaning ascribed to such terms in the Plan unless otherwise defined herein. The Company and the Participant agree as follows:

1. Grant of Nonstatutory Stock Option. The terms and conditions of the nonstatutory stock option (the "Nonstatutory Stock Option") grant are set forth in this Agreement and the terms and conditions of the Plan are incorporated into and made a part of this Agreement. The Nonstatutory Stock Option is intended to be a nonstatutory stock option.

Name of Participant:	**[Name]**
Number of Shares subject to Option	**[Number]** shares of Common Stock of the Company (the "Shares")
Exercise Price per Share:	**$[·]**
Grant Date:	**[Date]**
Expiration Date:	10 years after Grant Date
Vesting Schedule	The Nonstatutory Stock Option granted under this Agreement shall vest as follows: · 25% shall vest on the first anniversary of the Grant Date (the "Initial Vesting Date"). · The remaining 75% shall vest ratably in equal monthly installments on the last day of each of the thirty-six (36) calendar months immediately following the Initial Vesting Date.

2. Time of Exercise of Nonstatutory Stock Option. Until the Nonstatutory Stock Option expires or terminates as provided in this Agreement, the Participant may exercise the Nonstatutory Stock Option from time to time to purchase vested whole shares (the "Vested Option Shares") or unvested whole shares (the "Unvested Option Shares"). Vested Option Shares shall be subject to the Company's repurchase right as set forth in Section 6 of this Agreement and Unvested Option Shares shall be subject to the terms of the Unvested Stock Repurchase Agreement in the form attached hereto as Exhibit D (the "Unvested Stock Repurchase Agreement") until such time as they shall become Vested Option Shares as set forth herein or in any other agreement between the Company and the Participant. As a condition to exercising any unvested portion of the Nonstatutory Stock Option, the Participant shall execute and deliver to the Company the Unvested Stock Repurchase Agreement. The Participant shall have no rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Unvested Option Shares upon the issuance of the Unvested Option Shares, notwithstanding the exercise of the Nonstatutory Stock Option. The Vested Option Shares and the Unvested Option Shares shall be issued as soon as practicable after the Option is exercised in accordance with this Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance of such Vested Option Shares or Unvested Option Shares.

3. Termination of Continuous Status as a Participant.

(a) General Rule. Except as provided in this Section 3, the Nonstatutory Stock Option may not be exercised unless at the time of exercise the Participant is in Continuous Status as a Participant.

(b) Termination of Nonstatutory Stock Option. The Nonstatutory Stock Option shall terminate upon the earliest of the following circumstances:

(i) the tenth anniversary of the Grant Date;

(ii) three months after termination of the Participant's Continuous Status as a Participant for any reason other than Cause; or

(iii) immediately upon the date of the determination by the Board or Committee that Cause to terminate the Participant exists.

(c) Failure to Exercise Nonstatutory Stock Option. To the extent that the Participant does not exercise the Nonstatutory Stock Option prior to its termination pursuant to Section 3(b), all rights to purchase Shares pursuant to the Nonstatutory Stock Option cease and terminate upon the earliest of the circumstances set forth in Section 3(b), and the Participant shall have no rights or interest with respect to the Nonstatutory Stock Option following such expiration date.

(d) Change in Control. Any portion of the Nonstatutory Stock Option which is not fully vested and is held by the Participant immediately prior to the occurrence of any Change in Control (as defined in the Plan) shall automatically become one hundred percent (100%) vested and exercisable as of immediately prior to the effective time of the Change in

Control. The occurrence of an IPO (as defined in the Plan) shall have no effect on the vesting of the Nonstatutory Stock Option.

4. Method of Exercise of Nonstatutory Stock Option. Unless otherwise authorized by the Committee or its authorized designee, the Nonstatutory Stock Option may only be exercised by using the exercise notice attached to this Agreement as Exhibit A accompanied by payment to the Company of the Exercise Price per Share in:

(a) cash;

(b) a check payable to the Company; or

(c) a payment of such other lawful consideration as the Committee may determine.

In order to exercise the Nonstatutory Stock Option with respect to Unvested Option Shares, the Participant shall, in addition to the requirements set forth above, execute and deliver to the Company the Unvested Stock Repurchase Agreement.

5. Restrictions on Transfer. The Participant represents and warrants that if and when the Participant exercises the Nonstatutory Stock Option, the Participant shall purchase Shares only for the Participant's own account and not on behalf of any others. The Participant understands and acknowledges that (a) the Plan, (b) the Amended and Restated Stockholders Agreement entered into as of October 2, 2014, by and among the Company and the Persons identified on Exhibit A and Exhibit B attached thereto (as amended from time to time, the "Stockholders Agreement"), which the Participant shall sign as a condition to receipt of any Shares, and (c) federal and state securities laws, as applicable, govern and restrict the Participant's right to pledge, encumber, offer, sell or otherwise dispose of the Nonstatutory Stock Option, any Shares, or any right or interest of the Participant in or to the Nonstatutory Stock Option or any Shares. The Participant further understands that the certificates for any Shares the Participant purchases shall bear such legends as the Company deems necessary or desirable in connection with the Stockholders Agreement, the 1933 Act and any other applicable rules, regulations or laws.

6. Repurchase Right.

(a) Restricted Shares. Vested Option Shares acquired by the Participant upon the exercise of the Nonstatutory Stock Option and Unvested Option Shares that become Vested Option Shares (the "Restricted Shares") shall be subject to a repurchase right in accordance with Section 6(b).

(b) Repurchase Right. If, during the period from the Grant Date until the third (3rd) anniversary of the Grant Date, the Participant ceases to be an employee, consultant or director of the Company for any reason, then, in such event, the Company (or its designee, as the case may be) shall have the option, but not the obligation, exercisable at any time during the ninety (90) day period commencing with the date of the Participant's cessation of employment or cessation of services as a consultant or director, to purchase from the Participant (or the Participant's successor in interest, as the case may be) any or all of the Restricted Shares held by

the Participant (or the Participant's successor in interest, as the case may be) at the time of the Participant's cessation of employment or consultant or director services (the "Repurchase Right"). Notwithstanding any provision herein to the contrary, if, prior to the date the Participant ceases to be an employee, consultant or director of the Company for any reason, a Liquidity Event occurs, the Company's Repurchase Right shall terminate concurrent with such Liquidity Event. For purposes of this Agreement, "Liquidity Event" shall have the meaning set forth in the Company's Amended and Restated Certificate of Incorporation in effect as of the date hereof.

(c) Repurchase Price. In the event that the Company (or its designee, as the case may be) exercises the Repurchase Right to acquire any or all of the Restricted Shares, the Participant (or the Participant's successor in interest, as the case may be) shall sell to the Company (or its designee, as the case may be), at a price per Share equal to the Fair Market Value, all of the Restricted Shares for which the Nonstatutory Stock Option was appropriately exercised.

(d) Closing. In the event that the Company exercises the Repurchase Right in accordance with Section 6(b), the Company shall notify the Participant in writing of its intent to repurchase the Restricted Shares. Such notice shall be delivered by the Company on or before the last day of the time period provided for in Section 6(b) for exercise of the Repurchase Right. The notice shall specify the time and date for payment of the repurchase price (the "Closing") and the number of Restricted Shares with respect to which the Company is exercising the Repurchase Right. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the repurchase price shall be delivered to the Participant or the Participant's successor in interest, as the case may be, and the Restricted Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Participant or the Participant's successor in interest.

(e) Escrow. To insure the availability for delivery of Restricted Shares upon repurchase by the Company pursuant to the Repurchase Right hereunder and, if applicable, delivery of Unvested Option Shares upon repurchase by the Company pursuant to the early exercise repurchase right (the "Early Exercise Repurchase Right") set forth in the Unvested Stock Repurchase Agreement, the Participant hereby appoints the Secretary of the Company, or any other person designated by the Company, as escrow agent, as the Participant's attorney-in- fact to sell, assign and transfer unto the Company, such Restricted Shares and/or Unvested Option Shares (as applicable), if any, repurchased by the Company pursuant to the Repurchase Right or the Early Exercise Repurchase Right. The Participant shall, upon the exercise of a vested portion of the Nonstatutory Stock Option or an unvested portion of the Nonstatutory Stock Option, as the case may be, and receipt of the Vested Option Shares or Unvested Option Shares, deliver and deposit with the Secretary of the Company, or such other person designated by the Company, the Share certificates representing the Restricted Shares and/or Unvested Option Shares (as applicable), together with the stock assignment, duly endorsed in blank, attached hereto as Exhibit B1 with respect to Vested Option Shares or Exhibit B2 with respect to Unvested Option Shares. The Restricted Shares or Unvested Option Shares, as the case may be, and the stock assignment shall be held by the Secretary or other designee in escrow, pursuant to the Joint Escrow Instructions of the Company and Participant attached hereto as Exhibit C, until, if applicable, the Company exercises the Early Exercise Repurchase Right set forth in the Unvested Stock Repurchase Agreement, or exercises the Repurchase Right as provided

hereunder, or until the Shares are no longer subject to such repurchase rights. Any Unvested Option Shares that become Vested Option Shares and are subject to the Repurchase Right shall remain in escrow in accordance with the terms and conditions of this Agreement. Upon the expiration of the Repurchase Right, the Secretary of the Company, or any other person designated by the Company, as escrow agent, shall promptly, upon written request, or periodically without written request, but in either case no more than once per calendar year, deliver to the Participant the certificate or certificates representing such Vested Option Shares in the escrow agent's possession belonging to the Participant, and the escrow agent shall be discharged of all further obligations hereunder with respect to those Shares; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as the escrow agent may be required pursuant to other restrictions imposed pursuant to this Agreement.

(f) No Liability. Neither the Company nor its Secretary or other designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Restricted Shares in escrow hereunder and while acting in good faith and in the exercise of its judgment.

(g) Prohibition on Transfer. The Participant recognizes and agrees that the Restricted Shares which are subject to the Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). Any attempted sale, assignment or other transfer of Restricted Shares in violation of this Section 6(g) shall be deemed void and the Company shall not be required to (i) transfer any Restricted Shares on its books in connection with any attempted sale, assignment or other transfer in violation of this Section 6(g) or (ii) treat as the owner of such Restricted Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which the Participant attempted to sell, assign or otherwise transfer any such Restricted Shares in violation of this Section 6(g).

(h) Failure to Deliver Shares to be Repurchased. In the event that Restricted Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Section 6(e) above or otherwise and the Participant or the Participant's successor in interest fails to deliver such Restricted Shares to the Company (or its designee, as the case may be), the Company may elect to (a) establish a segregated account in the amount of the repurchase price, such account to be turned over to the Participant or the Participant's successor in interest upon delivery of such Restricted Shares, and (b) immediately take such action as is appropriate to transfer record title of such Restricted Shares from the Participant to the Company (or its designee, as the case may be) and to treat the Participant and such Restricted Shares in all respects as if delivery of such Restricted Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

7. No Rights to Awards; Non-Uniform Determinations. The Participant shall not have any claim to be granted any nonstatutory stock option under the Plan. Neither the Company nor the Committee is obligated to treat Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Participants who

receive, or are eligible to receive, nonstatutory stock options (whether or not such Participants are similarly situated).

8. No Right to Continued Status as a Participant. Nothing in the Plan, this Agreement or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company to terminate the Participant's employment or status as an officer, director or consultant at any time, nor confer upon the Participant any right to continue as an employee, officer, director or consultant of the Company, whether for the duration of the Nonstatutory Stock Option or otherwise.

9. Notices. All notices and other communications under this Agreement (each a "Notice") shall be in writing and addressed to the Company or the Participant, as applicable, at the addresses set forth on the signature page to this Agreement (or to any other address that the receiving party may designate from time to time in accordance with this Section 9). The Company and the Participant shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party and (b) if the party giving the Notice has complied with the requirements of this Section 9.

10. No Shareholder Rights. The Nonstatutory Stock Option does not give the Participant any of the rights of a shareholder of the Company unless and until Vested Shares are in fact issued to such person in connection with the Nonstatutory Stock Option.

11. Other Agreements. The Participant hereby agrees to sign any agreement of the Company which applies to similarly-situated stockholders or to Participants under the Plan or any similar agreement as prescribed by the Committee and in the form approved by the Committee in its sole discretion, including, but not limited to, the Stockholders Agreement. Participant hereby expressly acknowledges that the Nonstatutory Stock Option has been granted to Participant conditioned upon Participant's agreement to and actual execution of documents in accordance with the immediately preceding sentence and upon Participant's agreement that any transferee of Shares that have been acquired by the Participant pursuant to the Nonstatutory Stock Option shall be subject to the terms of the Plan and this Agreement, including, without limitation, this Section 11, as if such transferee was or is the Participant. Accordingly, if the Participant (or transferee of Shares, as the case may be) does not sign the Stockholders Agreement or other documents, all of the Shares subject to the Nonstatutory Stock Option shall be forfeited. The terms and conditions of the Stockholders Agreement shall govern Participant's rights in and to the Shares and if there is any conflict between the provisions of the Stockholders Agreement and the Plan or any conflict between the provisions of such Stockholders Agreement and this Agreement, the provisions of such Stockholders Agreement shall be controlling in each case.

12. Amendments. This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant.

13. Governing Law; Submission to Jurisdiction. To the extent not governed by federal law, this Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or

rule. Any legal suit, action or proceeding arising out of this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of Delaware in each case located in the City of Wilmington and Count of New Castle, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Each of the Company and the Participant irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in such courts and irrevocably waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

14. Complete Agreement. This Agreement constitutes the entire agreement between the Participant and the Company, both oral and written concerning the matters addressed in this Agreement, and all prior agreements or representations concerning the matters addressed in this Agreement, whether written or oral, express or implied, are terminated and of no further effect.

15. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

By executing this Agreement, the Participant agrees to be bound by all of the terms and conditions of this Agreement and the Plan. In addition, the Participant recognizes and agrees that all determinations, interpretations, or other actions respecting the Plan and this Agreement will be made by the Committee or any authorized designee, and shall be final, conclusive and binding on all parties.

TELA BIO, INC.

By: _____
Antony Koblish
President and CEO

Address: 1 Great Valley Parkway, Suite 24
Malvern, PA 19355

I agree to the terms of this Agreement and the Plan.

By: _____
Name:

Address:

Exhibit A
TELA Bio, Inc. 2012 Stock Incentive Plan
Nonstatutory Stock Option Exercise Notice

TELA Bio, Inc.
1 Great Valley Parkway, Suite 24
Malvern, PA 19355

Subject to acceptance by the Committee, effective as of today, , 20 , this constitutes notice under my Nonstatutory Stock Option that I hereby elect to exercise my Nonstatutory Stock Option to purchase the number of shares for the price set forth below. I represent and warrant that I am buying the shares for investment purposes only and without any intention of selling of distributing them. All capitalized terms used herein shall have the meaning ascribed to such terms in the Company's 2012 Stock Incentive Plan ("Plan") or applicable Nonstatutory Stock Option Agreement unless otherwise defined herein.

Type of Option:

Incentive Stock Option Grant Date:

Number of Vested Option Shares as to which the option is exercised:

Number of Unvested Option Shares as to which the option is exercised:

(if a partial exercise, the option shall be deemed exercised with respect to the last to vest of the Shares)

Exercise Price:

Total Exercise Price:

Cash o Check o

Other Permitted Method:

By this exercise, I agree (i) to provide such other documents as TELA Bio, Inc. (the "Company") may require pursuant to the Plan, and (ii) to provide for the payment by me to the Company (in the manner designated by you) of the withholding obligation, if any, relating to the exercise of this Incentive Stock Option.

Accepted by:

Participant:

TELA Bio, Inc.

By: _____
Print Name: _____

By: _____
Name: _____
Title: _____

Address:

EXHIBIT B1

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, , hereby sell, assign and transfer unto TELA Bio, Inc. (the "Company") ( ) Restricted Shares of the Company standing in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint the Secretary of the Company to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Assignment may be used only in accordance with the Incentive Stock Option Agreement by and between the Company and the undersigned dated , as amended or amended and restated from time to time (the "Agreement").

Dated:

_____
(signature)

_____
(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Repurchase Right", as set forth in the Agreement, without requiring additional signatures on the part of the Participant.

EXHIBIT B2

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, I, , hereby sell, assign and transfer unto TELA Bio, Inc. (the "Company") ( ) Unvested Option Shares of the Company standing in my name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint the Secretary of the Company to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Assignment may be used only in accordance with the Incentive Stock Option Agreement by and between the Company and the undersigned dated , as amended or amended and restated from time to time (the "Agreement") and the Unvested Stock Repurchase Agreement.

Dated:

(signature)

(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Repurchase Right", as set forth in the Agreement, without requiring additional signatures on the part of the Participant.

EXHIBIT C

JOINT ESCROW INSTRUCTIONS

[Date]

To: Secretary, TELA Bio, Inc. Dear Sir or Madam:

As escrow agent for both TELA Bio, Inc. (the "Company") and the undersigned holder of stock of the Company (the "Participant"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Nonstatutory Stock Option Agreement, as amended or amended and restated from time to time (the "Agreement"), between the Company and the undersigned, and the Unvested Stock Repurchase Agreement between the Company and the undersigned, if applicable, in accordance with the following instructions:

In the event that the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Repurchase Right set forth in the Agreement or the Company's Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement, the Company shall give to the Participant and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the headquarters of the Company. The Participant and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares of stock being transferred, and (c) to deliver same, together with the certificate(s) evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, check, cancellation of indebtedness, if applicable, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Repurchase Right under the Agreement or the Company's Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement.

The Participant irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. The Participant does hereby irrevocably constitute and appoint you as the Participant's attorney-in-fact and agent for the term of this escrow to execute with respect to such shares of stock all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated including, without limitation, the filing with any applicable state blue sky authority of any required applications for consent to, or notice of, transfer of the shares of stock. Subject to the provisions of this paragraph 4, the Participant shall exercise all rights and privileges of a stockholder of the Company to which he or she is entitled, if any, while the stock is held by you.

Upon written request of the Participant, but no more than once per calendar year, unless the Company' s Repurchase Right has been exercised or the Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement has been exercised, you will deliver to the Participant a certificate or certificates representing the number of shares of stock that are not subject to the Repurchase Right or the Early Exercise Repurchase Right. Within 180 days after cessation of the Participant's continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to the Participant a certificate or certificates representing the aggregate number of shares (other than Unvested Option Shares) held or issued pursuant to the Agreement and not repurchased by the Company or its assignees pursuant to exercise of the Company's Repurchase Right or the Early Exercise Repurchase Right under the Unvested Stock Repurchase Agreement, as applicable.

If, at the time of termination of this escrow, you should have in your possession any documents, securities, or other property belonging to the Participant, you shall deliver all of the same to the Participant and shall be discharged of all further obligations hereunder.

Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely on and shall be protected in relying on or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as escrow agent or as attorney-in-fact for the Participant while acting in good faith, and any act done or omitted by you pursuant to the advice of your counsel (as described below) shall be conclusive evidence of such good faith.

You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

You shall be entitled to employ such legal counsel (which may be counsel to the Company) and other experts as you may deem necessary to properly advise you in connection with your obligations hereunder, you may rely upon the advice of such counsel, and you may cause the Company to pay such counsel reasonable compensation therefor.

Your responsibilities as escrow agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to the Company. In

the event of any such termination, the Company shall have the right, in its sole discretion, to appoint a successor escrow agent.

If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession or to deliver into court without liability to anyone all or any part of said shares of stock until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other address as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: At the address set forth in the Agreement Attn: Chief Executive Officer

EXECUTIVE: At the address set forth in the Agreement

ESCROW AGENT: At the address of the Company set forth in the Agreement Attn: Corporate Secretary

By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of Said Joint Escrow Instructions; you do not become a party to the Agreement.

This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

These Joint Escrow Instructions shall be governed laws, but not the choice of law rules, of the State of Delaware.

TELA BIO, INC.

By: _____
Name:
Title:

PARTICIPANT:

By: _____
Name:

ESCROW AGENT:

By: _____
Name:
Title:

EXHIBIT D

FORM OF UNVESTED STOCK REPURCHASE AGREEMENT

This Unvested Stock Repurchase Agreement (the "Agreement") is entered into between TELA Bio, Inc. (the "Company"), and **[NAME]** (the "Participant"), pursuant to the Company's 2012 Stock Incentive Plan (the "Plan"). All capitalized terms used in this Agreement shall have the meaning ascribed to such terms in the Plan or the applicable Participant Nonstatutory Stock Option Agreement unless otherwise defined herein. The Company and the Participant agree as follows:

1. Nonstatutory Stock Option. Pursuant to the terms and conditions of the Plan, the Company has granted to the Participant a Nonstatutory Stock Option to purchase **[NUMBER]** Shares, which Shares may, upon exercise, be vested (the "Vested Option Shares") or unvested (the "Unvested Option Shares"), at an Exercise Price per Share specified in the Nonstatutory Stock Option Agreement, dated **[DATE]** between the Participant and the Company (the "Participant Nonstatutory Stock Option Agreement"). Unvested Option Shares held by the Participant shall continue to vest in accordance with the vesting schedule set forth in Section 1 of the Participant Nonstatutory Stock Option Agreement, as may be modified by any other provision of the Participant Nonstatutory Stock Option Agreement, any change in control or employment agreement between the Participant and the Company or any of its Affiliates, or any other agreement between the Participant and the Company or any of its Affiliates pursuant to which vesting is accelerated by a Change in Control. Unvested Option Shares shall be subject to the early exercise repurchase right set forth in Section 2 of this Agreement until such Unvested Option Shares become Vested Option Shares. Vested Option Shares shall not be subject to the early exercise repurchase right set forth in Section 2 of this Agreement but shall be subject to the repurchase right set forth in Section 6 of the Participant Nonstatutory Stock Option Agreement until the expiration of such repurchase right.

2. Early Exercise Repurchase Right.

(a) Unvested Option Shares. If the Participant holds Unvested Option Shares and the Participant ceases to be an employee, consultant or director of the Company for any reason (including voluntary or involuntary termination, death or disability), then, in such event, the Company (or its designee, as the case may be) shall have the right (the "Early Exercise Repurchase Right"), exercisable at any time during the ninety (90)-day period (the "Repurchase Period") following the effective date of the Participant's termination of employment or cessation of services (the "Termination Date"), to repurchase at the lower of (a) the Fair Market Value of the Unvested Option Shares at the time of the Termination Date, or (b) the Exercise Price per Share of the Unvested Option Shares, without interest (the "Repurchase Price"), any or all of the Unvested Option Shares purchased by the Participant.

(b) Termination of Early Exercise Repurchase Right. The Early Exercise Repurchase Right shall terminate with respect to any Unvested Option Shares for which it is not timely exercised under Section 2(a) above when such Unvested Option Shares become Vested Option Shares unless such Unvested Option Shares are earlier forfeited in accordance with the Plan and the Participant Nonstatutory Stock Option Agreement.

(c) Exercise of Early Exercise Repurchase Right. The Early Exercise Repurchase Right shall be exercisable by written notice (the "Repurchase Notice") delivered to the Participant prior to the expiration of Repurchase Period. The Repurchase Notice shall indicate the number of Unvested Option Shares to be repurchased and the time and date for payment of the Repurchase Price (the "Closing") on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the Repurchase Price shall be delivered to the Participant or the Participant's successor in interest, as the case may be, and the Unvested Option Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Participant or the Participant's successor in interest.

(d) Escrow. The Unvested Option Shares shall be held in escrow under the terms and conditions of Section 6 of the Participant Nonstatutory Stock Option, pursuant to the Joint Escrow Instructions of the Company and Participant attached to the Participant Nonstatutory Stock Option, until the earlier of (i) the Company's exercise of its Early Exercise Repurchase Right as provided hereunder, (ii) the Unvested Option Shares becoming Vested Option Shares and the Company's exercise of its Repurchase Right under Section 6 of the Participant Nonstatutory Stock Option Agreement, or (iii) the Unvested Option Shares becoming Vested Option Shares and the expiration of the Repurchase Right in accordance with the provisions of Section 6 of the Participant Nonstatutory Stock Option Agreement.

(e) No Liability. Neither the Company nor its Secretary or other designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Unvested Option Shares in escrow hereunder, or under the Participant Nonstatutory Stock Option Agreement, and while acting in good faith and in the exercise of its judgment.

(f) Prohibition on Transfer. The Participant recognizes and agrees that the Unvested Option Shares which are subject to the Early Exercise Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). Any attempted sale, assignment or other transfer of Unvested Option Shares in violation of this Section 2(f) shall be deemed void and the Company shall not be required to transfer any such Unvested Option Shares on its books in connection with any attempted sale, assignment or other transfer in violation of this Section 2(f), or to treat as the owner of such Unvested Option Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Unvested Option Shares shall have been so sold, assigned or otherwise transferred, in violation of this Section 2(f).

(g) Failure to Deliver Granted Shares to be Repurchased. In the event that Unvested Option Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Section 2(d) above or otherwise and the Participant or the Participant's successor in interest fails to deliver such Unvested Option Shares to the Company (or its designee, as the case may be), the Company may elect to (a) establish a segregated account in the amount of the Repurchase Price, such account to be turned over to the Participant or the Participant's successor in interest upon delivery of such Unvested Option Shares, and (b)

immediately take such action as is appropriate to transfer record title of such Unvested Option Shares from the Participant to the Company (or its designee, as the case may be) and to treat the Participant and such Unvested Option Shares in all respects as if delivery of such Unvested Option Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

3. Notices. All notices and other communications under this Agreement (each a "Notice") shall be in writing and addressed to the Company or the Participant, as applicable, at the addresses set forth on the signature page to this Agreement (or to any other address that the receiving party may designate from time to time in accordance with this Section 3). The Company and the Participant shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party and (b) if the party giving the Notice has complied with the requirements of this Section 3.

4. Other Agreements. The Participant hereby agrees to sign any agreement of the Company which applies to similarly-situated stockholders or to Participants under the Plan or any similar agreement as prescribed by the Committee and in the form approved by the Committee in its sole discretion, including, but not limited to, the Stockholders Agreement.

5. Amendments. This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant.

6. Governing Law; Submission to Jurisdiction. To the extent not governed by federal law, this Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule. Any legal suit, action or proceeding arising out of this Agreement shall be instituted in the federal courts of the United States of America or the courts of the State of Delaware in each case located in the City of Wilmington and Count of New Castle, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Each of the Company and the Participant irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in such courts and irrevocably waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

7. Complete Agreement. This Agreement constitutes the entire agreement between the Participant and the Company, both oral and written concerning the matters addressed in this Agreement, and all prior agreements or representations concerning the matters addressed in this Agreement, whether written or oral, express or implied, are terminated and of no further effect.

8. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

By executing this Unvested Stock Repurchase Agreement, the Participant agrees to be bound by all of the terms and conditions of this Agreement and the Plan. In addition, the Participant recognizes and agrees that all determinations, interpretations, or other actions respecting the Plan and this Agreement will be made by the Committee or any authorized designee, and shall be final, conclusive and binding on all parties.

TELA BIO, INC.

By: _____
Name:
Title:

I agree to the terms of this Unvested Stock Repurchase Agreement and the Plan.

By: _____
Name:

Address:

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of December 3, 2012, is made and entered into by and between TELA Bio, Inc., a Delaware corporation (the "Company"), and Antony Koblish (the "Executive").

WHEREAS, the Company desires to employ Executive on at at-will basis, and the Executives wishes to enter into the employ of the Company on at-will basis, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and intending to be bound hereby, the parties agree as follows:

1. Duration of Agreement. This Agreement is effective on the date set forth above and has no specific expiration date. Unless terminated or amended in writing by the parties, this Agreement will govern the Executive's continued employment by the Company until that employment ceases in accordance with Section 5 hereof.

2. Position; Duties. The Executive will be employed as the Company's President and Chief Executive Officer, reporting directly to the Company's Board of Directors (the "Board"). In such position, the Executive shall perform such duties and shall have such authority consistent with such position as may be assigned to him from time to time by the Board including, but not limited to, the responsibility and authority over the administration, management and supervision of the business of the Company. The Executive shall devote his best efforts and all of his business time and services to the Company and its Affiliates. The Executive shall not, in any capacity, engage in other business activities or perform services for any other Person without the prior written consent of the Board; *provided*, *however*, that without such consent, the Executive may engage in charitable or public service, so long as such activities do not interfere with the Executive's performance of his duties and obligations hereunder. For purposes of this provision, the Company hereby expressly consents to the Executive serving as a member of the Board of Directors of PABIO and Orthobond.

3. Place of Performance. The Executive may perform his services hereunder at, among other locations, the principal executive offices of the Company, the Executive's home office and/or during business related travel.

4. Compensation.

4.1. Base Salary. The Executive's annual salary will be $375,000 (the "Base Salary"). The Company shall pay the Base Salary, less such withholdings and deductions as required by applicable law, to the Executive in accordance with the Company's usual payroll practices as in effect from time to time. The Base Salary shall be reviewed on an annual basis by the Board and may adjusted from time to time by the Board; provided, however, that any decrease in the Base Salary shall be made only if the Company contemporaneously decreases the salaries of all senior executives and vice presidents of the Company and the Executive's Base Salary is decreased by a percentage that is not greater than the percentage by which the salaries of such other senior executives and vice presidents are decreased.

4.2. Employee Benefits. The Executive will be eligible to participate in the employee benefit plans, policies or arrangements maintained by the Company for its senior executive employees generally, subject to the terms and conditions of such plans, policies or arrangements; *provided, however,* that this Agreement will not limit the Company's ability to amend, modify or terminate such plans, policies or arrangements at any time for any reason.

4.3. Paid Time Off. Subject to the terms and conditions of the Company's policy, as may be amended from time to time, the Executive will be eligible for four weeks of paid time off each calendar year.

4.4. Reimbursement of Expenses. The Company will pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities for the Company in accordance with the business expense reimbursement policies of the Company, as may be amended from time to time.

5. Termination; Severance. The Executive's employment hereunder shall terminate (i) on the date not less than 30 days following written notice from the Company that Executive's employment with the Company has been or will be terminated, (ii) on the date not less than 30 days following written notice from the Executive that he is resigning from the Company, (iii) on the date of his death or (iv) on the date of his Disability, as reasonably determined by the Company. Upon cessation of his employment for any reason, unless otherwise consented to in writing by the Board, the Executive shall resign immediately from any and all officer, director and other positions he then holds with the Company and/or its Affiliates. Upon any cessation of his employment with the Company, the Executive shall be entitled only to such compensation and benefits as described in this Section 5, with the understanding that the period between the date of the written notice and the date of actual termination will count towards the agreed upon period during which the executive will receive severance.

5.1. Termination without Cause or upon Good Reason. If the Executive's employment by the Company ceases due to a termination by the Company without Cause (as defined below) or a termination by the Executive for Good Reason (as defined below), the Company shall:

5.1.1. pay to the Executive (i) all accrued and unpaid Base Salary through the date of such cessation of employment at the time such Base Salary would otherwise be paid according to the Company's usual payroll practices, and (ii) any bonus that the Company's Compensation Committee has approved and has determined is payable to the Executive;

5.1.2. pay to the Executive monthly severance payments equal to one- twelfth (1/12) of the Executive's then current Base Salary for a period equal to twelve (12) months (the "Severance Period"); and

5.1.3. provide to the Executive a continuation of health, dental and vision insurance during the Severance Period and, to the extent that the continuation of such insurance coverage is not permitted under the Company's insurance policies, then payment to the

Executive of the monthly cost to obtain equivalent insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or otherwise.

5.1.4. Except as otherwise provided in this Section 5.1, all compensation and benefits will cease at the time of the Executive's cessation of employment and the Company will have no further liability or obligation by reason of such cessation of employment. The payments and benefits described in this Section 5.1 are in lieu of, and not in addition to, any other severance arrangement maintained by the Company. Notwithstanding any provision of this Agreement, the payments described in Section 5.1.2 are conditioned on: (a) the Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods, by the 60th day following the effective date of his cessation of employment, of a general release of claims against the Company and its Affiliates substantially in the form attached hereto as Exhibit A (the "Release"); (b) the Executive's continued compliance with the provisions of the Restrictive Covenant Agreement (as defined below); and (c) the Company being financially solvent at the time any such severance payment becomes due, and further provided that that the payment of any such severance amounts would not cause the Company to become insolvent. For purposes of this Agreement, the Company shall be considered financially solvent if the Company's then current assets exceed its then current liabilities and the Company is able to pay its debts as they become due. Subject to Section 5.4 below, the benefits described in Section 5.1.2 and 5.1.3 will be paid as soon as administratively practicable after the Release becomes irrevocable, provided that if the 60 day period described above begins in one taxable year and ends in a second taxable year such payments or benefits shall not commence until the second taxable year.

5.2. Other Terminations. If the Executive's employment with the Company ceases for any reason other than as described in Section 5.1 above (including but not limited to (a) termination by the Company for Cause, (b) resignation by the Executive without Good Reason, (c) termination as a result of the Executive's Disability, or (d) the Executive's death), then the Company's obligation to the Executive will be limited solely to the payment of accrued and unpaid Base Salary and any bonus as described in Section 5.1.1 through the date of such cessation of employment. All compensation and benefits will cease at the time of such cessation of employment and, except as otherwise provided by COBRA, the Company will have no further liability or obligation by reason of such termination. The foregoing will not be construed to limit the Executive's right to payment or reimbursement for claims incurred prior to the date of such termination under any insurance contract funding an employee benefit plan, policy or arrangement of the Company in accordance with the terms of such insurance contract.

5.3. Compliance with Section 409A. Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 5.1.2 hereof will be payable until the Executive has a "separation from service" from the Company within the meaning of Section 409 A of the Code. In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A of the Code to payments due to the Executive upon or following his "separation from service", then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following the Executive's "separation from service" (taking into account the preceding sentence of this

paragraph) will be deferred without interest and paid to the Executive in a lump sum immediately following such six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § 1.409A-l(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

6. Restrictive Covenants. The Executive acknowledges and agrees to abide by the terms of, and agrees that his employment by the Company is contingent upon his valid and binding execution of the Confidential Information, Non-Competition and Assignment Agreement attached hereto as Exhibit B (the "Restrictive Covenant Agreement"). The Executive acknowledges that the terms of the Restrictive Covenant Agreement shall continue to remain in full-force and effect following the cessation of the Executive's employment with the Company for any reason. If the Executive does not execute the Restrictive Covenant Agreement on or before the fifth (5th) calendar day following the date of this Agreement, the Company's obligations under this Agreement shall be null and void *ab initio.*

7. Certain Definitions. For purposes of this Agreement:

7.1. "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

7.2. "Cause" means (i) indictment, commission of, or the entry of a plea of guilty or no contest to, (A) a felony or (B) any crime (other than a felony) that causes the Company or its Affiliates public disgrace or disrepute, or adversely affects the Company's or its Affiliates' operations or financial performance or the relationship the Company has with its Affiliates, customers and suppliers; (ii) commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to the Company or any of its Affiliates; (iii) a breach of the Executive's fiduciary duty of loyalty to the Company or any of its Affiliates; (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription); (v) material breach of any agreement with the Company or any of its Affiliates, including this Agreement and the Restrictive Covenant Agreement; (vi) a material breach of any Company policy regarding employment practices; or (vii) refusal to perform the lawful directives of the Board, if not cured within 30 days following receipt by the Executive from the Company of written notice thereof.

7.3. "Change of Control" means (a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Corporation and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Corporation, or (b) any transaction or series of transactions involving the Corporation, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Corporation's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%)

or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

7.4. "Code" means the Internal Revenue Code of 1986, as amended.

7.5. "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

7.6. "Disability" means a condition entitling the Executive to benefits under the Company's long term disability plan, policy or arrangement; *provided*, *however*, that if no such plan, policy or arrangement is then maintained by the Company and applicable to the Executive, "Disability" will mean the Executive's inability to perform the essential duties of his position due to a mental or physical condition (other than alcohol or substance abuse), with or without a reasonable accommodation. Termination as a result of a Disability will not be construed as a termination by the Company "without Cause."

7.7. "Good Reason" means one or more of the following: (i) a material reduction in the Executive's title, duties, authority or responsibilities, provided that a material reduction of the Executive's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change of Control, (A) if the Company remains a separate entity, Executive is the most senior executive directly responsible for the operations of the Company, or (B) if the Company does not remain a separate entity, Executive is the most senior executive directly responsible for the operations of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of this Agreement by the Company; or (iii) a material reduction in aggregate compensation paid by the Company to the Executive that is not in accordance with Section 4.1 and to which the Executive has not provided written consent. The notice by the Executive of the condition constituting Good Reason under this Agreement shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition.

7.8. "Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

8. Miscellaneous.

8.1. Cooperation. The Executive further agrees that, subject to reimbursement of his reasonable expenses, he will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which the Executive was in any way involved during his employment with the Company. The Executive shall render such cooperation in a timely manner on reasonable notice from the Company, so long as the Company exercises commercially reasonable efforts to schedule and

limit its need for the Executive's cooperation under this paragraph so as not to interfere with the Executive's other personal and professional commitments.

8.2. Section 409A.

8.2.1. Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to the Executive does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, and its implementing regulations and guidance, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive in any other calendar year, (ii) the reimbursements for expenses for which the Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

8.2.2. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, distributions may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code or an applicable exemption.

8.3. Section 280G.

8.3.1. Notwithstanding any other provision of this Agreement, if any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations), such payments and benefits will be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company or its Affiliates by reason of Section 280G of the Code. If a reduction to the payments or benefits otherwise payable under this Agreement is required pursuant to this Section 8.3, such reduction shall occur to the payments or benefits in the order that results in the greatest economic present value of all payments actually made to the Executive.

8.3.2. Notwithstanding the foregoing and provided that no securities of the Company, any member of its affiliated group (within the meaning of Section 1504 of the Code) and any entity possessing a direct or indirect ownership interest in the Company which interest constitutes more than 1/3 of such entity's gross fair market value (as described in Treasury Regulation Section 1.280G-1, Q&A 6) are then publicly traded, to the extent that any payments and/or benefits provided to the Executive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations) without regard to the application of Section 8.3.1, the Company agrees to submit such payments and/or benefits for

approval by the holders of more than 75% of the voting power of the outstanding equity securities of the Company in a manner intended to comply with Section 280G(b)(5)(B) of the Code and regulations thereunder. The Executive acknowledges that to the extent any such payment and/or benefits are submitted to the Company's equity holders for approval pursuant to the preceding sentence, the Company's equity holders have no obligation to approve such payments and/or benefits (or portions thereof) and that if such approval is not timely obtained in a manner that satisfies Section 280G(b)(5)(B) of the Code and regulations thereunder, such payments or benefits (to the extent necessary to avoid the Company's loss of deduction pursuant to Section 280G of the Code) will be reduced in accordance with Section 8.3.1 hereof.

8.4. Other Agreements. The Executive represents and warrants to the Company that there are no restrictions, agreements, including but not limited to confidentiality, non-compete, invention assignment, or consulting agreements, or understandings whatsoever to which he is a party that would prevent or make unlawful his execution of this Agreement, that would be inconsistent or in conflict with this Agreement or the Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance by the Executive of his duties under this Agreement

8.5. Successors and Assigns. The Company may assign this Agreement to any Affiliate or to any successor to its assets and business by means of liquidation, dissolution, merger, sale of assets or otherwise. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such Affiliate or successor. For avoidance of doubt, a termination of the Executive's employment by the Company in connection with a permitted assignment of the Company's rights and obligations under this Agreement is not a termination "without Cause" so long as the assignee offers employment to the Executive substantially on the terms herein specified (without regard to whether the Executive accepts employment with the assignee). The rights and duties of the Executive hereunder are personal to Executive and may not be assigned by him.

8.6. Governing Law and Enforcement. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of laws. Any legal proceeding arising out of or relating to this Agreement will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

8.7. Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

8.8. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such

invalidity, illegality or unenforceability will not affect any other provision, and this Agreement will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

8.9. Survival. This Agreement will survive the cessation of the Executive's employment to the extent necessary to fulfill the purposes and intent of this Agreement.

8.10. Notices. Any notice or communication required or permitted under this Agreement will be made in writing and (a) sent by reputable overnight courier, (b) mailed by overnight U.S. express mail, return receipt requested or (c) sent by telefax. Any notice or communication to the Executive will be sent to the address contained in his personnel file. Any notice or communication to the Company will be sent to the Company's principal executive offices, to the attention of the Board. Notwithstanding the foregoing, either party may change the address for notices or communications hereunder by providing written notice to the other in the manner specified in this paragraph.

8.11. Withholding. All payments (or transfers of property) to the Executive will be subject to tax withholding to the extent required by applicable law.

8.12. Section Headings. The headings of sections and paragraphs of this Agreement are inserted for convenience only and will not in any way affect the meaning or construction of any provision of this Agreement.

8.13. Counterparts; Facsimile. This Agreement may be executed in multiple counterparts (including by facsimile signature), each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

8.14. Entire Agreement; Amendments. This Agreement contains the entire agreement and understanding of the parties hereto relating to the subject matter hereof, and supersedes all prior discussions, agreements and understandings of every nature relating to that subject matter. This Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, in each case on the date first above written.

COMPANY:

TELA Bio, Inc.

By: /s/ Maarten Persenaire, M.D.
Name: Maarten Persenaire, M.D.
Title: Chief Medical Officer

EXECUTIVE:

/s/ Antony Koblish
Antony Koblish

[Signature Page to Employment Agreement]

EXHIBIT A RELEASE OF CLAIMS

This RELEASE OF CLAIMS (this "Release") is given on this [ ] day of [ ], 20[ ] by Anthony Koblish (the "Executive").

WHEREAS, the Executive's employment with TELA Bio, Inc., a Delaware Corporation (the "Company"), has terminated; and

WHEREAS, pursuant to Section 5.1 of the Employment Agreement by and between the Company and the Executive dated as of December 3, 2012 (the "Employment Agreement"), the Company has agreed to pay the Executive certain amounts and to provide certain benefits, subject to his execution and non-revocation of this Release. All terms used but not defined herein shall have the meanings ascribed to such terms in the Employment Agreement.

NOW THEREFORE, in consideration of these premises and the mutual promises contained herein, and intending to be legally bound hereby, the Executive agrees as follows:

1. Consideration. The Executive acknowledges that: (i) the payments set forth in Section 5.1 of the Employment Agreement constitute full settlement of all his rights under the Employment Agreement, (ii) he has no entitlement under any other severance or similar arrangement maintained by the Company or any of its Affiliates, and (iii) except as otherwise provided specifically in this Release, the Company does not and will not have any other liability or obligation to the Executive by reason of the cessation of his employment. The Executive further acknowledges that, in the absence of his execution of this Release, the payments and benefits specified in Section 5.1 of the Employment Agreement would not otherwise be due to him.

2. Executive's Release. The Executive on his own behalf and together with his heirs, assigns, executors, agents and representatives hereby generally releases and discharges the Company and its predecessors, successors (by merger or otherwise), parents, subsidiaries, Affiliates and assigns, together with each and every of its and their present, past and future officers, managers, directors, shareholders, members, general partners, limited partners, employees, attorneys and agents and the heirs and executors of same (herein collectively referred to as the "Releasees") from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown (hereinafter "Claims"), which the Executive ever had or now has against the Releasees, or any one of them arising out of or relating to his employment with the Company occurring up to and including the date of this Release. This Release specifically includes, but is not limited to:

2.1. any and all Claims for wages and benefits including, without limitation, salary, stock options, stock, royalties, license fees, health and welfare benefits, severance pay, vacation pay, and bonuses;

2.2. any and all Claims for wrongful discharge, breach of contract, whether express or implied, and Claims for breach of implied covenants of good faith and fair dealing;

2.3. any and all Claims for alleged employment discrimination on the basis of race, color, religion, sex, age, national origin, sexual orientation, veteran status, disability and/or handicap, in violation of any federal, state or local statute, ordinance, judicial precedent or executive order, including but not limited to claims for discrimination under the following statutes: Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Civil Rights Act of 1866, 42 U.S.C. §1981; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. §621 et seq.; the Older Workers Benefit Protection Act 29 U.S.C. §§ 623, 626 and 630; the Rehabilitation Act of 1972, as amended, 29 U.S.C. §701 et seq.; the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. §2601, et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. §201, et seq.; the Fair Credit Reporting Act, as amended, 15 U.S.C. §1681, et seq.; and the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §1000, et seq. ("ERISA") or any comparable state statute or local ordinance;

2.4. any and all Claims under any federal or state statute relating to employee benefits or pensions;

2.5. any and all Claims in tort, including but not limited to, any Claims for assault, battery, misrepresentation, defamation, interference with contract or prospective economic advantage, intentional or negligent infliction of emotional distress, duress, loss of consortium, invasion of privacy and negligence; and

2.6. any and all Claims for attorneys' fees and costs.

The Executive expressly represents that he has not filed a lawsuit or initiated any other administrative proceeding against any Releasee. The Executive further promises not to initiate a lawsuit or to bring any other claim against the other arising out of or in any way related to the Executive's employment by the Company or the termination of that employment, other than an action to enforce the Employment Agreement. This Release will not prevent the Executive from filing a charge with the Equal Employment Opportunity Commission (or similar state agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state agency); *provided, however,* that any claims by the Executive for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be barred.

Notwithstanding any other provision of this Release, the Executive does not waive or release any Claims for vested rights or benefits under any retirement plan of the Company, any rights to indemnification under the Company's bylaws or otherwise (including, without limitation, any indemnification agreement between the Executive and the Company, if applicable), any rights to insurance coverage under the Company's Directors and Officers insurance policies or other insurance policies, and any rights under the (a) Stockholders Agreement, dated December 3, 2012, by and among the Company and the stockholders party thereto (as amended from time to time), (b) the Investor Rights Agreement, dated December 3, 2012, by and among the Company and the stockholders party thereto (as amended from time to time), (c) any restricted stock agreements between the Company and the Executive, (d) any option awards to the Executive, and (e) any other similar agreements between the Company and the Executive.

3. Company's Release. The Company, on its own behalf and on behalf of its predecessors, parents, subsidiaries, affiliates, members, general partners, limited partners, representatives and assigns, hereby generally releases and discharges the Executive and his heirs, assigns, executors, agents and representatives from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown, which they ever had or now have against the Executive arising out of or relating to his employment with the Company occurring up to and including the date of this Release. Notwithstanding any other provision of this Release, the Company does not waive or release any claims against the Executive based on or arising out of conduct or circumstances for which the Executive could have been terminated for Cause (as defined in the Employment Agreement).

4. Acknowledgment. The Executive understands that the release of Claims contained in this Release extends to all of the aforementioned Claims and potential Claims which arose on or before the date of this Release, whether now known or unknown, suspected or unsuspected, and that this constitutes an essential term of this Release. The Executive further understands and acknowledges the significance and consequences of this Release and of each specific release and waiver, and expressly consents that this Release shall be given full force and effect to each and all of its express terms and provisions, including those relating to unknown and uncompensated Claims, if any, as well as those relating to any other Claims specified herein. The Executive hereby waives any right or Claim that the Executive may have to employment, reinstatement or re-employment with the Company.

5. Remedies. All remedies at law or in equity shall be available to the Releasees for the enforcement of this Release. This Release may be pleaded as a full bar to the enforcement of any Claim that the Executive may assert against the Releasees.

6. Challenge. If Executive violates any provisions of the Restrictive Covenant Agreement or this Release, no further payments, rights or benefits under Section 5.1 of the Employment Agreement will be due to the Executive. In the event that the Company learns within ninety (90) days following execution of this Release of any conduct or circumstances for which the Executive could have been terminated for Cause (as defined in the Employment Agreement) had the Company been aware of such conduct or circumstances on the date of termination, no further payments, rights or benefits under Section 5.1 of the Employment Agreement will be due to the Executive.

7. No Admission of Liability. This Release is not to be construed as an admission of any violation of any federal, state or local statute, ordinance or regulation or of any duty owed by the Company to the Executive. There have been no such violations, and the Executive acknowledges that the Company specifically denies any such violations.

8. Severability. If any term or provision of this Release shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

9. Advice of Counsel; Revocation Period. The Executive is hereby advised to seek the advice of counsel prior to signing this Release. The Executive hereby acknowledges that the Executive is acting of his own free will, that he has been afforded a reasonable time to read and review the terms of this Release, and that he is voluntarily executing this Release with full knowledge of its provisions and effects. The Executive further acknowledges that he has been given at least [TWENTY-ONE (21)/F0RTY-FIVE (45)](1) days within which to consider this Release and that he has SEVEN (7) days following his execution of this Release to revoke his acceptance, with this Release not becoming effective until the 7-day revocation period has expired. If the Executive elects to revoke his acceptance of this Release, this Release shall not become effective and the Executive must provide written notice of such revocation by certified mail (postmarked no later than seven days after the date the Executive accepted this Release) to the Company's principal office and addressed to the attention of the Board.

10. Representations and Warranties. The Executive represents and warrants that he has not assigned any claim that he purports to release hereunder and that he has the full power and authority to enter into this Release and bind each of the persons and entities that the Executive purports to bind. The Executive further represents and warrants that he is bound by, and agrees to be bound by, his post-employment obligations set forth in the Restrictive Covenant Agreement.

11. Governing Law. This Release shall be governed by the laws of the Commonwealth of Pennsylvania without regard to the conflict of law principles of any jurisdiction. Any legal proceeding arising out of or relating to this Release will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that either of them may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

IN WITNESS WHEREOF, the Executive has executed this Release on the date first above written.

TELA Bio, Inc.

_____
Antony Koblish

By: _____
Name:
Title:

(1) As applicable based on the advice of counsel. If 45-day consideration period is applicable, this Release will be revised based on advice of counsel to comply with applicable law.

EXHIBIT B

CONFIDENTIAL INFORMATION,
NON-COMPETITION AND ASSIGNMENT AGREEMENT

In consideration of my employment by TELA Bio, Inc. (the "Company") and for other valuable consideration the sufficiency of which is hereby acknowledged, intending to be legally bound, I agree to the following:

1. Definitions.

(a) "Agreement" means this Confidential Information, Non-Competition and Assignment Agreement, as may be amended from time to time.

(b) "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

(c) "Business" means any medical technology company engaged in the field of soft tissue reconstruction through the application of animal or human derived extracellular matrices, synthetic meshes / sheets / gels, or other tissues, and located in the United States, Canada or Mexico, or elsewhere in the world where the Company does business or has license rights to do business, or has actively negotiated to acquire license rights to do business within the one year period immediately preceding the cessation of my employment with the Company or Company Group.

(d) "Customer" shall mean those Persons for whom or which the Company Group performed services or to whom or which the Company Group sold, distributed or licensed its products during the twelve (12) months preceding the cessation of my employment with the Company for any reason, and any Persons who participated in conducting preclinical or clinical studies sponsored by the Company Group.

(e) "Company Group" means, collectively and individually, the Company and each of its Affiliates.

(f) "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(g) "Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

(h) "Prospective Customer" shall mean Persons whose business was solicited by the Company Group at any time during the twelve (12) months preceding the date on which my employment with the Company Group ceases for any reason.

(i) "Restricted Non-Compete Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

(j) "Restricted Non-Solicit Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

2. Confidential Information.

(a) Company Information. I agree that at all times during the time I am an employee, consultant, officer and/or director of the Company and at all times thereafter to hold in strictest confidence and not to use or disclose, except for the benefit of the Company Group, any Confidential Information of the Company Group. After my service with the Company has terminated, regardless of the reason for the termination and regardless of whether terminated by the Company or me, I will not use, publish, divulge, communicate, share, provide access to or otherwise disclose any Confidential Information. I understand that "Confidential Information" means any Company Group proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans and developments, prototypes, products, services, customer lists and customers, prospective customers and contacts, proposals, customer purchasing practices, prices and pricing methodology, cost information, terms and conditions of business relationships with customers, customer research and other needs, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, distribution and sales methods and systems, sales and profit figures, finances, personnel information including, information regarding compensation, skills, training, promotions, and duties, as well as reports and other business information that I learn of, obtain, or that is disclosed to me relating to the Company Group at any time prior to or during the course of my service to the Company, either directly or indirectly, in writing, orally or by review or inspection of documents or other tangible property. However, Confidential Information does not include any of the foregoing items which has been made generally available to the public and become publicly known through no wrongful act of mine or any other Person owing a duty of confidentiality to the Company Group. Either during my service to the Company or after my service has terminated, regardless of the reason and regardless of whether terminated by the Company or me, in the event I receive a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of Confidential Information, I must notify immediately the Chairman of the Board of the Company by calling him/her at his/her Company telephone number. Regardless of whether I am successful in reaching the Chairman of the Board of the Company by telephone, I also must notify him/her immediately in writing, via certified mail, at the Company's corporate headquarters, or at such other telephone number and/or address as provided by the Company from time to time for such purpose. A copy of the request or

demand as well as any and all documents potentially responsive to the request or demand shall be included with the written notification. I will wait a minimum often (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure or production to give the Company Group time to determine whether the disclosure or production involves Confidential Information, in which event the Company Group may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order with regard thereto. If the request or demand is in conjunction with judicial, administrative, arbitration or other adversarial proceedings, copies of all correspondence regarding the request or demand shall be included with the information sent to the Company's Chairman of the Board.

(b) Former Employer Information. I agree that I will not, while I am an employee, consultant, officer and/or director of the Company or the Company Group, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other Person, if any, with whom I have an agreement or duty to keep such information or secrets confidential, if any, and that I will not use, disclose or bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer or Person unless consented to in writing by such employer or Person.

(c) Third Party Information. I recognize that the Company Group has received and in the future will receive from third parties (including customers of the Company Group) their confidential or proprietary information subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any Person or to use it except as necessary in carrying out my work for the Company, consistent with the Company Group's agreement with such third party.

3. Inventions.

(a) Inventions Retained and Licensed. I have attached hereto, as Attachment A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to becoming an employee, consultant, officer and/or director of the Company (collectively referred to as "Prior Inventions"), which are owned by me alone or jointly with others, which relate to the Company Group's business, proposed business, products or research and development, and which are not assigned to the Company Group hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If, in the course of my service with the Company, I incorporate into a Company Group product, process or machine a Prior Invention owned by me or in which I have an interest, the Company, or its designee, is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide, assignable, transferable, and sublicenseable license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Inventions. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements or any trade

secrets which relate in any manner to the Company Group's business or proposed business, whether or not patentable or registrable under patent, copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice (or may have conceived or developed or reduced to practice) or cause (or may have caused) to be conceived or developed or reduced to practice, at any time prior to the date of this Agreement until I am no longer an employee, consultant, officer and/or director of the Company (collectively referred to as "Inventions"), including any and all intellectual property rights inherent in the Inventions and appurtenant thereto including, without limitation, all patent rights, copyrights, trademark rights and trade secret rights (collectively referred to as "Intellectual Property Rights"). I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my service or duties as an employee, consultant, officer and/or director and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act.

(c) Maintenance of Records. I agree to keep and maintain adequate and current records of all Inventions. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to the Company at all times, and Company, or its designee, shall retain all right, title, and interest in and to the same.

(d) Patent and Copyright Registrations. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company Group's rights in the Inventions and any Intellectual Property Rights related thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive right, title and interest in and to such Inventions and any Intellectual Property Rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign Intellectual Property Right covering Inventions assigned to the Company, or its designee, as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, or copyright, trademark or other registrations thereon with the same legal force and effect as if executed by me.

(e) Post-Employment Disclosure Obligations. I shall also promptly disclose in writing to the Company all discoveries, developments, designs, ideas, improvements, inventions, formulas, processes, techniques, know-how, and data (whether or not patentable or registrable under copyright or similar statutes) that relate to business of the Company Group and that are made, conceived or reduced to practice by me (either alone or jointly with others) within twelve (12) months after termination of my employment. I acknowledge and agree that all of the foregoing items that are based on the Company's Confidential Information hereunder - or which

were, in fact, made, conceived or reduced to practice during my employment by the Company Group- shall constitute Inventions subject to assignment under this Section 3. My disclosure hereunder shall be narrowly tailored to comply with the restrictions of any commercially reasonable non-disclosure agreement signed by me that is meant to protect the trade secrets and confidentiality of a subsequent employer.

(f) Exceptions to Assignment Obligations. The Company and I agree that the assignment obligations under this Section 3 shall not apply to inventions, and I shall not be obligated to assign to the Company any Inventions, that were developed entirely on my own time without using the Company's equipment, supplies, facilities or trade secret information, unless such inventions either: (i) relate directly to the Company Group's Business or the Company's actual or demonstrably anticipated research, or (ii) result from any work performed by me for the Company Group. By signing this Agreement, I acknowledge that I have received written notice of these express exceptions from the assignment obligations hereunder.

4. Non-Competition; Non-Solicitation.

(a) Non-Solicitation. During my service with the Company and for the Restricted Non-Solicit Period, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise):

(i) induce, solicit, recruit or attempt to persuade any Person to terminate such Person's employment or other relationship with the Company Group or not to establish an employment or other relationship with the Company Group, whether or not such Person is or would be an employee, consultant, contractor, officer and/or director, whether or not such relationship is or would be pursuant to a written or oral agreement and whether or not such relationship is for a specific period of time or is at-will;

(ii) employ or establish a business relationship with (or attempt to employ or establish a business relationship with), or encourage or assist any Person to employ or establish a business relationship with, any individual who was an employee, consultant, contractor, officer or director of the Company Group during the twelve month period preceding the first day of the Restricted Non-Solicit Period;

(iii) (A) direct or engage in any act which may interfere with or adversely affect, alter or change the relationship (contractual or otherwise) of the Company Group with any Person that is a Customer, Prospective Customer, vendor, supplier or contractor of the Company Group, or (B) otherwise induce or attempt to induce any such Person to cease doing business, reduce or otherwise limit its business with the Company Group; or

(iv) solicit business from any Customer or Prospective Customer, or do business with any Customer or Prospective Customer of the Company Group, involving the Business.

(b) Non-Competition. During my service with the Company and for the Restricted Non-Compete Period, on the condition that the Company is not in breach of its obligation to make severance payments to me under the Employment Agreement with the Company, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise), engage or participate in, or be financially interested in, (i) any Person involved in the Business (as defined in Section 1(c) hereof) anywhere in the world, including but not limited to, those Persons set forth on Attachment B (provided, however, that nothing contained in this Section 4(b) shall prevent me from holding for passive investment of less than two percent (2%) of any class of equity securities of a company whose securities are publicly traded on a national securities exchange or in a national market system) or (ii) any business that uses or relies on any Confidential Information.

5. Returning Company Documents and Property. I agree that, upon termination of my service with Company, for any reason, I will deliver to the Company, or its designee, and will not keep in my possession or deliver to anyone else, any and all records, data, notes, reports, information, proposals, lists, correspondence, emails, specifications, drawings, blueprints, sketches, materials, other documents, or reproductions or copies (including but not limited to on computer discs or drives) of any aforementioned items either developed by me pursuant to my service with the Company or otherwise relating to the business of the Company Group, retaining neither copies nor excerpts thereof. I also agree that, at such time, or earlier upon request, I will deliver to the Company Group, or its designee, all Company Group property in my possession, including cell phones, computers, computer discs, drives and other equipment or devices, and that if I fail to do so the Company may withhold from my compensation the replacement cost of Company Group property I have not returned.

6. Relief.

(a) I acknowledge and agree that (i) the covenants set forth in Sections 2, 3, 4 and 5. of this Agreement are reasonable and necessary in order to protect the legitimate interests of the Company Group and I am receiving adequate consideration hereunder; (ii) the Company Group will not have any adequate remedy at law if I violate the terms hereof or fail to perform any of my obligations under Sections 2, 3, 4 or 5 of this Agreement; and (iii) the Company Group shall have the right, in addition to any other rights it may have under applicable law, to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce any such covenant or any of the other obligations under Sections 2, 3, 4 or 5 of this Agreement (and I hereby waive any right to require any bond or security in connection therewith), as well as to obtain damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company Group may be entitled.

(b) If the period of time or scope of any restriction set forth in Sections 2, 3, 4 or 5 of this Agreement should be adjudged unreasonable in any proceeding, then the period of time shall be reduced by such number of months or the scope of the restriction shall be modified, or both, by a court of competent jurisdiction so that such restrictions may be enforceable for such time

and in the manner to the fullest extent adjudged to be reasonable. If I violate any of the restrictions contained in subparagraph (a) above, then the restrictive period shall not run in my favor from the time of the commencement of any such violation until such time as such violation shall be cured by me.

(c) I acknowledge and agree that if I breach any of the provisions of this Agreement, the Company will have the right and remedy to require me to account for and pay over to the Company or its designee, all compensation, profits, monies, accruals, increments or other benefits I derive or receive as a result of such breach. This right and remedy will be in addition to, and not in lieu of, any other rights and remedies available to the Company Group under law or in equity.

(d) I acknowledge that I have the right to request a waiver from the Company with regard to any of the restrictions contained in Sections 2, 3, 4 or 5 of this Agreement by providing a written notice of such request to the Company's Chairman of the Board of Directors. Upon receipt of such written notice, the Chairman of the Board of Directors shall consider such request and make reasonable efforts to respond to Executive within 15 business days of such notice as to whether the Company, in its sole discretion, shall agree to waive any of such restrictions. If the Chairman of the Board of Directors fails to respond to Executive's written notice within such 15 business day period, such failure shall be deemed a denial of the request.

7. Nondisparagement. I acknowledge and agree that I will not, whether in writing or orally, malign, denigrate or disparage the Company Group or any of their respective predecessors or successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light. Disclosure of information I am required to disclose pursuant to any applicable law, court order, subpoena, compulsory process of law or governmental decree shall not constitute a violation or breach of this Section 7; provided that I deliver written notice of such required disclosure to the Company or its designee promptly before making such disclosure if such notice is not prohibited by applicable law, court order, subpoena, compulsory process of law or governmental decree. Similarly, the directors and senior executives of the Company Group will not, and the Company shall use reasonable and good faith efforts to cause its other employees not to, whether in writing or orally, malign, denigrate or disparage me with respect to any of my past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray me in an unfavorable light.

8. Relatives, Affiliates, Etc. I acknowledge and agree that I will not hire or otherwise engage to provide products or services to the Company (as an employee, consultant, supplier, vendor, or otherwise) any Person that is my Affiliate or any Person that is my familial relative by marriage or by birth (including adoption) without disclosure to and the consent of the Company. For purposes of this provision, the Company hereby consents to the employment of the relatives listed in Attachment C.

9. General Provisions.

(a) Governing Law and Forum. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to any conflict of laws provisions. Any court action instituted by me or on my behalf relating in any way to this Agreement shall be filed exclusively in federal or state court, respectively in the Commonwealth of Pennsylvania, and I consent to the jurisdiction and venue of these courts in any action instituted by the Company against me. I hereby waive, to the fullest extent permitted by applicable law, any right I may have to a trial by jury in respect of any suit, action or proceeding arising out of or relating to this Agreement.

(b) Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable by an arbitrator or court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

(c) Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and may be assigned by the Company and its successors to any Person, including, but not limited to, any successor or parent of the Company or any member of the Company Group. The Company also may assign this Agreement in connection with any sale or merger (whether a sale or merger of stock or assets or otherwise) of the Company or the business of the Company. I expressly consent to the assignment of the restrictions and requirements set forth in this Agreement to any new owner of the Company's business or purchaser of the Company. I may not assign, pledge, or encumber my interest in this Agreement, or any part thereof, without the written consent of the Company.

(d) Survival. The obligations contained in this Agreement shall survive the termination of my employment or other relationship with the Company.

10. Disclosure of Agreement. I agree to disclose the existence and terms of this Agreement to any employer or other service recipient that I may render services to or for during the 12 month period immediately following termination of my service with the Company. I further acknowledge and agree that if I breach Sections 2, 3, 4 or 5, of this Agreement in any respect, the restrictions contained in those Sections will be extended for a period equal to the period that I was in breach.

11. Acknowledgement. I acknowledge and agree that (a) I have had the opportunity to consult with independent counsel of my own choice concerning this Agreement and have been advised to do so by the Company, (b) I have read and understand the Agreement, am fully aware of its legal effect, and have entered into it freely based on my own judgment, (c) the duration and scope of this Agreement are reasonable and necessary to protect the Company Group's customer relationships, trade secrets, proprietary information and other legitimate business interests, (d) the Company would not employ me or engage my services or otherwise compensate me unless I agree to be bound by the provisions of this Agreement, and (e) I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this Agreement.

12. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and me with respect to the subject matter hereof, and merge and

supersedes all prior agreements, understandings and/or discussions between us with regard to the matters addressed herein. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by me and the Company. Any subsequent change or changes in the terms and conditions of my relationship with the Company, including, but not limited to, validity or scope of this Agreement.

Date: December 3, 2012

/s/ Antony Koblish
Signature
Antony Koblish

Date: December 3, 2012

/s/ Maarten Persenaire
By: Maarten Persenaire, M.D.
Title: Chief Medical Officer of TELA Bio, Inc.

On behalf of the Company Group

ATTACHMENT A - PRIOR INVENTIONS

8,303,967 Bioactive bone graft substitute
8,287,915 Bone restorative carrier mediums
7,544,196 System and kit for delivery of restorative materials
7,534,451 Bone restorative carrier mediums
7,531,004 Pliable conformable bone restorative
7,189,263 Biocompatible bone graft material
6,863,899 Composite shaped bodies and methods for their production and use
6,613,018 System and kit for delivery of restorative materials
6,458,162 Composite shaped bodies and methods for their production and use
5,908,423 Flexible medullary reaming system
5,855,581 Awls
5,562,673 Awls for sizing bone canals

Exhibit 10.14

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment"), dated as of April 11, 2013, is made and entered into by and between TELA Bio, Inc., a Delaware corporation (the "Company"), and Antony Koblish (the "Executive") and amends that certain Employment Agreement by and between the Company and the Executive dated December 3, 2012 (the "Agreement").

WHEREAS, the Company and the Executive desire to amend the Agreement in order to (i) modify the definition of "Good Reason" to include a requirement to relocate following a "Change in Control" as defined herein, and (ii) establish certain provisions regarding acceleration of vesting of equity compensation in connection with a "Change of Control" as defined herein, in each case, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and intending to be bound hereby, the parties agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Definition of "Change in Control". Section 7.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

"7.3. "Change in Control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Company; or

(b) any transaction or series of transactions involving the Company, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Company's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur on account of (1) the sale of shares in an IPO or any restructuring of the Company or the Board in contemplation of an IPO, or

(2) acquisition of securities of the Company by an investor, any affiliate thereof or any other Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities."

3. Definition of "Good Reason". Section 7.7 of the Agreement is hereby amended and restated in its entirety to read as follows:

"7.7. "Good Reason" means one or more of the following: (i) a material reduction in the Executive's title, duties, authority or responsibilities, provided that a material reduction of the Executive's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change in Control, (A) if the Company remains a separate entity, Executive is the most senior executive directly responsible for the operations of the Company, or (B) if the Company does not remain a separate entity, Executive is the most senior executive directly responsible for the operations of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of this Agreement by the Company; (iii) a material reduction in aggregate compensation paid by the Company to the Executive that is not in accordance with Section 4.1 and to which the Executive has not provided written consent; or (iv) any requirement following a Change in Control that the Executive be based 50 or more miles from the facility where the Executive is based immediately prior to the Change in Control. The notice by the Executive of the condition constituting Good Reason under this Agreement shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition."

4. Definition of "Award". Section 7.9 is hereby added to the Agreement to read as follows:

"7.9. "Award" shall have the meaning ascribed to such term under the Company's Equity Compensation Plan."

5. Definition of "Equity Compensation Plan". Section 7.10 is hereby added to the Agreement to read as follows:

"7.10. "Equity Compensation Plan" means the Company's 2012 Stock Incentive Plan, as in effect on the date hereof and as it may be amended from time to time, or any successor plan."

6. Definition of "IPO". Section 7.11 is hereby added to the Agreement to read as follows:

"7.11. "IPO" means the first day as of which sales of Shares are made public pursuant to the first firm commitment underwritten public offering of Shares registered under the Securities Act of 1933, as amended."

7. Definition of "Shares". Section 7.12 is hereby added to the Agreement to read as follows:

"7.12. "Shares" means the $0.0001 par value common stock of the Company and such other securities of the Company as may be substituted therefor pursuant to Article 12 of the Company's 2012 Stock Incentive Plan or pursuant to any other Equity Compensation Plan."

8. Definition of "Subsidiary". Section 7.13 is hereby added to the Agreement to read as follows:

"7.13. "Subsidiary" means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company."

9. Change in Control; Section 280G. Section 8.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

"8.3. Change in Control; Section 280G.

8.3.1. The portion of all outstanding Awards which are not fully exercisable or otherwise are subject to restrictions and are held by Executive immediately prior to the occurrence of any Change in Control shall be exercisable and all restrictions on such Awards shall lapse after the occurrence of any Change in Control as follows:

(a) Awards will become fully vested and exercisable immediately prior to the Change in Control, unless (i) the entity that acquires Control pursuant to the Change in Control honors, assumes, or substitutes new rights for the Awards upon the Change in Control with substantially equivalent or better rights, terms, conditions and value and (ii) immediately after the occurrence of the Change in Control, the Executive is an employee of the Company or its successor entity pursuant to the Change in Control.

8.3.2. With respect to Awards that are not fully vested immediately prior to the Change in Control pursuant to Section 8.3.1(a), such Awards shall become fully vested and exercisable upon the cessation of Executive's employment with the Company or its successor entity pursuant to the Change in Control due to a termination by the Company or its successor without Cause or a termination by the Executive for Good Reason in each case, within twelve (12) months following the Change in Control.

8.3.3. Notwithstanding any other provision of this Agreement, if any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive

receives or is entitled to receive from the Company or any of its Subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations), such payments and benefits will be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company or its Affiliates by reason of Section 280G of the Code. If a reduction to the payments or benefits otherwise payable under this Agreement is required pursuant to this Section 8.3, such reduction shall occur to the payments or benefits in the order that results in the greatest economic present value of all payments actually made to the Executive.

8.3.4 Notwithstanding the foregoing and provided that no securities of the Company, any member of its affiliated group (within the meaning of Section 1504 of the Code) and any entity possessing a direct or indirect ownership interest in the Company which interest constitutes more than 1/3 of such entity's gross fair market value (as described in Treasury Regulation Section 1.280G-1, Q&A 6) are then publicly traded, to the extent that any payments and/or benefits provided to the Executive from the Company or any of its Subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(1) of the Code and related regulations) without regard to the application of Section 8.3.3, the Company agrees to submit such payments and/or benefits for approval by the holders of more than 75% of the voting power of the outstanding equity securities of the Company in a manner intended to comply with Section 280G(b)(5)(B) of the Code and regulations thereunder. The Executive acknowledges that to the extent any such payment and/or benefits are submitted to the Company's equity holders for approval pursuant to the preceding sentence, the Company's equity holders have no obligation to approve such payments and/or benefits (or portions thereof) and that if such approval is not timely obtained in a manner that satisfies Section 280G(b)(5)(B) of the Code and regulations thereunder, such payments or benefits (to the extent necessary to avoid the Company's loss of deduction pursuant to Section 280G of the Code) will be reduced in accordance with Section 8.3.3 hereof."

10. Governing Law and Enforcement. This Amendment will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of laws. Any legal proceeding arising out of or relating to this Amendment will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

11. Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

12. Severability. Whenever possible, each provision of this Amendment will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Amendment is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Amendment will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

13. Counterparts; Facsimile. This Amendment may be executed in multiple counterparts (including by facsimile signature), each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

14. Effect of Amendment. Except as expressly set forth in this Amendment, the Agreement is unaffected and shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer, and the Executive has executed this Amendment, in each case on the date first above written.

TELA Bio, Inc.

By: /s/ Francis Conway
Francis Conway, Vice President of Finance

/s/ Antony Koblish
Antony Koblish

Exhibit 10.15

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated as of January 29, 2013, is made and entered into by and between TELA Bio, Inc., a Delaware corporation (the "Company"), and Maarten Persenaire, M.D. (the "Executive"), and amends and restates that certain employment Agreement dated as of December 3, 2012 by and between the Company and the Executive (the "Original Agreement").

WHEREAS, the Company desires to employ Executive on at at-will basis, and the Executive wishes to enter into the employ of the Company on at-will basis, on the terms and conditions set forth herein; and WHEREAS, the parties hereto acknowledge and agree that this Agreement is being entered into solely to correct certain error contained in Section 2 of the Original Agreement regarding the Executive's title and supervisor, as well as an error contained in Section 5.1.2 regarding the duration of the Severance Period (as such term is defined in Section 5.1.2); and

WHEREAS, in connection with the execution and delivery of this Agreement, the Executive is also reaffirming the terms and conditions of, and his agreement with, the Restrictive Covenant Agreement (as defined in Section 6) entered into by and between the Company and the Executive as of December 3, 2012 upon the commencement of the Executive's employment with the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and intending to be bound hereby, the parties agree as follows:

1. Duration of Agreement. This Agreement is effective on the date set forth above and has no specific expiration date. Unless terminated or amended in writing by the parties, this Agreement will govern the Executive's continued employment by the Company until that employment ceases in accordance with Section 5 hereof.

2. Position; Duties. The Executive will be employed as the Company's Chief Medical Officer, reporting directly to the Company's Chief Executive Officer. In such position, the Executive shall perform such duties and shall have such authority consistent with such position as may be assigned to him from time to time by the Company's Board of Directors (the "Board") and the Company's Chief Executive Officer, including, but not limited to, the responsibility and authority for and having authority over the ~~Regulatory, Quality,~~ Clinical Research and Medical Affairs functions of the Company. The Executive shall devote his best efforts and all of his business time and services to the Company and its Affiliates. The Executive shall not, in any capacity, engage in other business activities or perform services for any other Person without the prior written consent of the Board; *provided*, *however*, that without such consent, the Executive may engage in charitable or public service, so long as such activities do not interfere with the Executive's performance of his duties and obligations hereunder. For purposes of this provision, the Company hereby expressly consents to the Executive's continuing, services as a consultant of Persenaire Medical Advice, LLC and, through that entity, Orthovita.

3. Place of Performance. The Executive may perform his services hereunder at, among other locations, the principal executive offices of the Company, the Executive's home office and/or during business related travel.

4. Compensation.

4.1. Base Salary. The Executive's annual salary will be $280,000 (the "Base Salary"). The Company shall pay the Base Salary, less such withholdings and deductions as required by applicable law, to the Executive in accordance with the Company's usual payroll practices as in effect from time to time. The Base Salary shall be reviewed on an annual basis by the Board and may be adjusted from time to time by the Board; provided however, that any decrease in the Base Salary shall be made only if the Company contemporaneously decreases the salaries of all senior executives and vice presidents of the Company and the Executive's Base Salary is decreased by a percentage that is not greater than the percentage by which the salaries such other senior executives and vice presidents are decreased.

4.2. Employee Benefits. The Executive will be eligible to participate in the employee benefit plans, policies or arrangements maintained by the Company for its senior executive employees generally, subject to the terms and conditions of such plans, policies or arrangements; *provided, however,* that this Agreement will not limit the Company's ability to amend, modify or terminate such plans, policies or arrangements at any time for any reason.

4.3. Paid Time Off. Subject to the terms and conditions of the Company's policy, as may be amended from time to time, the Executive will be eligible for four weeks of paid time off each calendar year.

4.4. Reimbursement of Expenses. The Company will pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities for the Company in accordance with the business expense reimbursement policies of the Company, as may be amended from time to time.

5. Termination; Severance. The Executive's employment hereunder shall terminate (i) on the date not less than 30 days following written notice from the Company that Executive's employment with the Company has been or will be terminated, (ii) on the date not less than 30 days following written notice from the Executive that he is resigning from the Company, (iii) on the date of his death or (iv) on the date of his Disability, as reasonably determined by the Company. Upon cessation of his employment for any reason, unless otherwise consented to in writing by the Board, the Executive shall resign immediately from any and all officer, director and other positions he then holds with the Company and/or its Affiliates. Upon any cessation of his employment with the Company, the Executive shall be entitled only to such compensation and benefits as described in this Section 5, with the understanding that the period between the date of the written notice and the date of actual termination will count towards the agreed upon period during which the executive will receive severance.

5.1. Termination without Cause or upon Good Reason. If the Executive's employment with Company without Cause (as

defined below) or a termination by the Executive for Good Reason (as defined below), the Company shall:

5.1.1. pay to the Executive (i) all accrued and unpaid Base Salary through the date of such cessation of employment at the time such Base Salary would otherwise be paid according to the Company's usual payroll practices, and (ii) any bonus that the Company's Compensation Committee has approved and has determined is payable to the Executive;·

5.1.2. pay to the Executive monthly severance payments equal to one twelfth (1/12) of the Executive's then current Base Salary for a period equal to nine (9) months (the "Severance Period"); and

5.1.3. provide to the Executive a continuation of health, dental and vision insurance during the Severance Period and, to the extent that the continuation of such insurance coverage is not pem1itted under the Company's insurance policies, then payment to the Executive of the monthly cost to obtain equivalent insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or otherwise.

5.1.4. Except as otherwise provided in this Section 5.1, all compensation and benefits will cease at the time of the Executive's cessation of employment and the Company will have no further liability or obligation by reason of such cessation of employment. The payments and benefits described in this Section 5.1 are in lieu of, and not in addition to any other severance arrangement maintained by the Company. Notwithstanding any provision of this Agreement, the payments described in Section 5.1.2 are conditioned on: (a) the Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods by the 60th day following the effective date of his cessation of employment, or a general release of claim against the Company and its Affiliates substantially in the form attached hereto as Exhibit A (the "Release"); (b) the Executive's continued compliance with the provisions of the Restrictive Covenant Agreement (as defined below); and (c) the Company being financially solvent at the time any such severance payment becomes due, and further provided that that the payment of an such severance amounts would not cause the Company to become insolvent. For purposes of this Agreement, the Company shall be considered financially solvent if the Company's then current assets exceed its then current liabilities and the Company is able to pay its debt as they become due. Subject to Section 5.4 below, the benefit described in Section 5.1.2 and 5.1.3 will be paid a soon a administratively practicable after the Release become irrevocable, provided that if the 60 day period described above begins in one taxable year and ends in a second taxable year such payments or benefits shall not commence until the second taxable year.

5.2. Other Termination . If the Executive's employment with the Company ceases for an reason other than as described in Section 5.1 above (including but not limited to (a) termination by the Company for Cause, (b) resignation by the Executive without Good Reason, (c) termination as a result of the Executive's Disability, or (d) the Executive's death), then the Company's obligation to the Executive will be limited solely to the payment of accrued and unpaid Base Salary and any bonus as described in Section 5.1.1 through the date of such cessation of employment. All compensation and benefits will cease at the time of such cessation

of employment and, except as otherwise provided by COBRA, the Company will have no further liability or obligation by reason of such termination. The foregoing will not be construed to limit the Executive's right to payment or reimbursement for claims incurred prior to the date of such termination under any insurance contract funding an employee benefit plan, policy or arrangement of the Company in accordance with the terms of such insurance contract.

5.3. Compliance with Section 409A. Notwithstanding anything to the contrary in this Agreement, no po11ion of the benefits r payments to be made under Section 5.1.2 hereof will be payable until the Executive has a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, to the extent compliance with the requirements of Treas. Reg. § l.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409 A of the Code to payments due to the Executive upon or following his "separation from service", then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following the Executive's "separation from service" (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to the Executive in a lump sum immediately following such six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § l .409A-1(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

6. Restrictive Covenants. The Executive acknowledges and agrees to abide by the terms of, and agrees that his employment by the Company is contingent upon his valid and binding execution of the Confidential Information, Non-Competition and Assignment Agreement attached hereto as Exhibit B and which the Executive previously executed and delivered to the Company (the "Restrictive Covenant Agreement"). By execution and delivery of this Agreement, the Executive affirm his obligation under the Restricted Covenant Agreement. The Executive acknowledges that the term of the Restrictive Covenant Agreement shall continue to remain in full-force and effect following the cessation of the Executive's employment with the Company for any reason.

7. Certain Definitions. For purposes of this Agreement:

7.1. "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

7.2. "Cause" means (i) indictment, commission of, or the entry of a plea of guilty or no contest to, (A) a felony or (B) any crime (other than a felony) that causes the Company or its Affiliates public disgrace or disrepute, or adversely affects the Company's or its Affiliates' operations or financial performance or the relationship the Company has with its Affiliates, customers and suppliers; (ii) commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to the Company or any of its Affiliates; (iii) a breach of the Executive's fiduciary duty of loyalty to the Company or

any of its Affiliates; (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription); (v) material breach of any agreement with the Company or any of its Affiliates, including this Agreement and the Restrictive Covenant Agreement; (vi) a material breach of any Company policy regarding employment practices; or (vii) refusal to perform the lawful directives of the Board, if not cured within 30 days following receipt by the Executive from the Company of written notice thereof.

7.3. "Change of Control" means (a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Corporation and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Corporation, or (b) any transaction or series of transactions involving the Corporation, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Corporation's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

7.4. "Code" means the Internal Revenue Code of I 986, as amended.

7.5. "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

7.6. "Disability" means a condition entitling the Executive to benefits under the Company's long term disability plan, policy or arrangement;*·provided, however,* that if no such plan, policy or arrangement is then maintained by the Company and applicable to the Executive. "Disability" will mean the Executive's inability to perform the essential duties of his position due to a mental or physical condition (other than alcohol or substance abuse), with or without a reasonable accommodation. Termination as a result of a Disability will not be construed as a termination by the Company " without Cause."

7.7. "Good Reason" means one or more of the following: (i) a material reduction in the Executive's title, duties, authority or responsibilities, provided that a material reduction of the Executive's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change of Control, (A) if the Company remains a separate entity, Executive is the most senior executive directly responsible for the Regulatory, Quality, Clinical Research and Medical Affairs functions of the Company, or (B) if the Company does not remain a separate entity, Executive is the most senior executive directly responsible for the Regulatory, Quality, Clinical Research and Medical Affairs functions of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of this Agreement by the Company; or (iii) a material reduction in aggregate compensation paid by the Company to the Executive that is not in accordance with Section 4.1 and to which the Executive has not provided written consent. The notice by the Executive of the condition constituting Good

Reason under this Agreement shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition.

7.8. "Person" means any individual, firm, corporation, partnership, limited liability Company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

8. Miscellaneous.

8.1. Cooperation. The Executive further agrees that, subject to reimbursement of his reasonable expenses, he will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which the Executive was in any way involved during his employment with the Company. The Executive shall render such cooperation in a timely manner on reasonable notice from the Company, so long as the Company exercises commercially reasonable efforts to schedule and limit its need for the Executive's cooperation under this paragraph so as not to interfere with the Executive's other personal and professional commitments.

8.2. Section 409A.

8.2.1. Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to the Executive does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, and its implementing regulations and guidance, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive in any other calendar year, (ii) the reimbursements for expenses for which the Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

8.2.2. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, distributions may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code or an applicable exemption.

8.3. Section 280G.

8.3.1. Notwithstanding any other provision of this Agreement, if any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(1) of the Code and related regulations), such payments and benefits

will be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company or its Affiliates by reason of Section 2800 of the Code. If a reduction to the payments or benefits otherwise payable under this Agreement is required pursuant to this Section 8.3, such reduction shall occur to the payments or benefits in the order that results in the greatest economic present value of all payments actually made to the Executive.

8.3.2. Notwithstanding the foregoing and provided that no securities of the Company, any member of its affiliated group (within the meaning of Section 1504 of the Cod) and any entity possessing a direct or indirect ownership interest in the Company which interest constitutes more than 1/3 of such entity's gross fair market value (as described in Treasury Regulation Section 1.2800G-1, Q&A 6) are then publicly traded, to the extent that any payments and/or benefits provided to the Executive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations) without regard to the application of Section 8.3.1, the Company agrees to submit such payments and/or benefits for approval by the holders of more than 75% of the voting power of the outstanding equity securities of the Company in a manner intended to comply with Section 280G(b)(5)(B) of the Code and regulations thereunder. The Executive acknowledges that to the extent any such payment and/or benefits are submitted to the Company's equity holders for approval pursuant to the preceding sentence, the Company's equity holders have no obligation to approve such payments and/or benefits or portion thereof, and that if such approval is not timely obtained in a manner that satisfies Section 280G(b)(5)(8) of the Code and regulations thereunder, such payments or benefits (to the extent necessary to avoid the Company's loss of deduction pursuant to Section 280G of the Code) will be reduced in accordance with Section 8.3.1 hereof.

8.4. Other Agreements. The Executive represents and warrants to the Company that there are no restrictions, agreements, including but not limited to confidentiality, non-compete, invention assignment, or consulting agreements, or understandings whatsoever to which he is a party that would prevent or make unlawful his execution of this Agreement, that would be inconsistent or in conflict with this Agreement or the Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance by the Executive of his duties under this Agreement.

8.5. Successors and Assigns. The Company may assign this Agreement to any Affiliate or to any successor to its assets and business by means of liquidation, dissolution, merger, sale of assets or otherwise. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such Affiliate or successor. For avoidance of doubt, a tem1ination of the Executive's employment by the Company in connection with a permitted assignment of the Company's rights and obligations under this Agreement is not a termination "without Cause" so long as the assignee offers employment to the Executive substantially on the terms herein specified (without regard to whether the Executive accepts employment with the assignee). The rights and duties of the Executive hereunder are personal to Executive and may not be assigned by him.

8.6. Governing Law and Enforcement. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without

regard to the principles of conflicts of law. Any legal proceeding arising out of or relating to this Agreement will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby w0aive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

8.7. Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

8.8. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner a to be effective and valid under applicable law. However, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Agreement will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

8.9. Survival. This Agreement will survive the cessation of the Executive's employment to the extent necessary to fulfill the purposes and intent of this Agreement.

8.10. Notices. Any notice or communication required or permitted under this Agreement will be made in writing and (a) sent by reputable overnight courier, (b) mailed by overnight U.S. express mail, return receipt requested or (c) sent by telefax. Any notice or communication to the Executive will be sent to the address contained in his personnel file. Any notice or communication to the Company will be sent to the Company's principal executive offices, to the attention of the Board. Notwithstanding the foregoing, either party may change the address for notices or communications hereunder by providing written notice to the other in the manner specified in this paragraph.

8.11. Withholding. All payments (or transfers of property) to the Executive will be subject to tax withholding to the extent required by applicable law.

8.12. Section Headings. The headings of sections and paragraphs of this Agreement are inserted for convenience only and will not in any way affect the meaning or construction of any provision of this Agreement.

8.13. Entire Agreement; Amendments. This Agreement contains the entire agreement and understanding of the parties hereto relating to the subject matter hereof, and supersedes all prior discussions, agreements and understandings of every nature relating to that subject matter. This Agreement may not be changed or modified, except by an agreement in

writing signed by each of the parties hereto. This Agreement supersedes the Original Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, in each case on the date first above written.

TELA Bio, Inc.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Officer

/s/ Maarten Persenaire, M.D.
Maarten Persenaire, M.D.

EXHIBIT A

RELEASE OF CLAIMS

This RELEASE OF CLAIMS (this "Release") is given on this [ ] day of [ ], 20[ ] by Maarten Persenaire, M.D. (the "Executive").

WHEREAS, the Executive's employment with TELA Bio, Inc., a Delaware Corporation (the "Company"), has terminated; and WHEREAS, pursuant to Section 5.1 of the Employment Agreement by and between the Company and the Executive dated as of December 3, 2012 (the "Employment Agreement"), the Company has agreed to pay the Executive certain amounts and to provide certain benefits, subject to his execution and non-revocation of this Release. All terms used but not defined herein shall have the meanings ascribed to such terms in the Employment Agreement.

NOW THEREFORE, in consideration of these premises and the mutual promises contained herein, and intending to be legally bound hereby, the Executive agrees as follows:

1. Consideration. The Executive acknowledges that: (i) the payments set forth in Section 5.1 of the Employment Agreement constitute full settlement of all his rights under the Employment Agreement, (ii) he has no entitlement under any other severance or similar arrangement maintained by the Company or any of its Affiliates, and (iii) except as otherwise provided specifically in this Release, the Company does not and will not have any other liability or obligation to the Executive by reason of the cessation of his employment. The Executive further acknowledges that, in the absence of his execution of this Release, the payments and benefits specified in Section 5.1 of the Employment Agreement would not otherwise be due to him.

2. Executive's Release. The Executive on his own behalf and together with his heirs, assigns, executors, agents and representatives hereby generally releases and discharges the Company and its predecessors, successors (by merger or otherwise), parents, subsidiaries, Affiliates and assigns, together with each and every of its and their present, past and future officers, managers, directors, shareholders, members, general partners, limited partners, employees, attorneys and agents and the heirs and executors of same (herein collectively referred to as the "Releasees") from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown (hereinafter "Claims"), which the Executive ever had or now has against the Releasees, or any one of them arising out of or relating to his employment with the Company occurring up to and including the date of this Release. This Release specifically includes, but is not limited to:

2.1. any and all Claims for wages and benefits including, without limitation, salary, stock options, stock, royalties, license fees, health and welfare benefits, severance pay, vacation pay, and bonuses;

2.2. any and all Claims for wrongful discharge, breach of contract, whether express or implied, and Claims for breach of implied covenants of good faith and fair dealing;

2.3. any and all Claims for alleged employment discrimination on the basis of race, color, religion, sex, age, national origin, sexual orientation, veteran status, disability and/or handicap, in violation of any federal, state or local statute, ordinance, judicial precedent or executive order, including but not limited to claims for discrimination under the following statutes: Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Civil Rights Act of 1991; the Age Discrimination in Employment Act, as amended, 29 U.S.C. §621 et seq.; the Older Workers Benefit Protection Act 29 U.S.C. §§ 623, 626 and 630; the Rehabilitation Act of 1972, as amended, 29 U.S.C. §701 et seq.; the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C. §2601, et seq.; the Fair Labor Standards Act, as amended, 29 U.S.C. §201, et seq.; the Fair Credit Reporting Act, as amended, 15 U.S.C. §1681, et seq.; and the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1000, et seq. ("ERISA") or any comparable state statute or local ordinance;

2.4. any and all Claims under any federal or state statute relating to employee benefits or pensions;

2.5. any and all Claims in tort, including but not limited to, any Claims for assault, battery, misrepresentation, defamation, interference with contract or prospective economic advantage, intentional or negligent infliction of emotional distress, duress, loss of consortium, invasion of privacy and negligence; and

2.6. any and all Claims for attorneys' fees and costs.

The Executive expressly represents that he has not filed a lawsuit or initiated any other administrative proceeding against any Releasee. The Executive further promises not to initiate a lawsuit or to bring any other claim against the other arising out of or in any way related to the Executive's employment by the Company or the termination of that employment, other than an action to enforce the Employment Agreement. This Release will not prevent the Executive from filing a charge with the Equal Employment Opportunity Commission (or similar state agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state agency*); provided, however,* that any claims by the Executive for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be barred.

Notwithstanding any other provision of this Release, the Executive does not waive or release any Claims for vested rights or benefits under any retirement plan of the Company, any rights to indemnification under the Company's bylaws or otherwise (including, without limitation, any indemnification agreement between the Executive and the Company, if applicable), any rights to insurance coverage under the Company's Directors and Officers insurance policies or other insurance policies, and any rights under the (a) Stockholders Agreement, dated December 3, 2012, by and among the Company and the stockholders party thereto (as amended from time to time), (b) the Investor Rights Agreement, dated December 3, 2012, by and among the Company and the stockholders party thereto (as amended from time to time), (c) any restricted stock agreements between the Company and the Executive, (d) any option awards to the Executive, and (e) any other similar agreements between the Company and the Executive.

3. Company's Release. The Company, on its own behalf and on behalf of its predecessors, parents, subsidiaries, affiliates, members, general partners, limited partners, representatives and assigns, hereby generally releases and discharges the Executive and his heirs, assigns, executors, agents and representatives from any and all suits, causes of action, complaints, obligations, demands, common law or statutory claims of any kind, whether in law or in equity, direct or indirect, known or unknown, which they ever had or now have against the Executive arising out of or relating to his employment with the Company occurring up to and including the date of this Release. Notwithstanding any other provision of this Release, the Company does not waive or release any claims against the Executive based on or arising out of conduct or circumstances for which the Executive could have been terminated for Cause (as defined in the Employment Agreement).

4. Acknowledgment. The Executive understands that the release of Claims contained in this Release extends to all of the aforementioned Claims and potential Claims which arose on or before the date of this Release, whether now known or unknown, suspected or unsuspected, and that this constitutes an essential term of this Release. The Executive further understands and acknowledges the significance and consequences of this Release and of each specific release and waiver, and expressly consents that this Release shall be given full force and effect to each and all of its express terms and provisions, including those relating to unknown and uncompensated Claims, if any, as well as those relating to any other Claims specified herein. The Executive hereby waives any right or Claim that the Executive may have to employment, reinstatement or re-employment with the Company.

5. Remedies. All remedies at law or in equity shall be available to the Releasees for the enforcement of this Release. This Release may be pleaded as a full bar to the enforcement of any Claim that the Executive may assert against the Releasees.

6. Challenge. If Executive violates any provisions of the Restrictive Covenant Agreement or this Release, no further payments, rights or benefits under Section 5.1 of the Employment Agreement will be due to the Executive. In the event that the Company learns within ninety (90) days following execution of this Release of any conduct or circumstances for which the Executive could have been terminated for Cause (as defined in the Employment Agreement) had the Company been aware of such conduct or circumstances on the date of termination, no further payments, rights or benefits under Section 5.1 of the Employment Agreement will be due to the Executive.

7. No Admission of Liability. This Release is not to be construed as an admission of any violation of any federal, state or local statute, ordinance or regulation or of any duty owed by the Company to the Executive. There have been no such violations, and the Executive acknowledges that the Company specifically denies any such violations.

8. Severability. If any term or provision of this Release shall be held to be invalid or unenforceable for any reason, then such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining terms or provisions hereof, and such term or provision shall be deemed modified to the extent necessary to make it enforceable.

9. Advice of Counsel; Revocation Period. The Executive is hereby advised to seek the advice of counsel prior to signing this Release. The Executive hereby acknowledges that the Executive is acting of his own free will, that he has been afforded a reasonable time to read and review the terms of this Release, and that he is voluntarily executing this Release with full knowledge of its provisions and effects. The Executive further acknowledges that he has been given at least [TWENTY-ONE (21)/FORTY-FIVE (45)](1) days within which to consider this Release and that he has SEVEN (7) days following his execution of this Release to revoke his acceptance, with this Release not becoming effective until the 7-day revocation period has expired. If the Executive elects to revoke his acceptance of this Release, this Release shall not become effective and the Executive must provide written notice of such revocation by certified mail (postmarked no later than seven days after the date the Executive accepted this Release) to the Company's principal office and addressed to the attention of the Board.

10. Representations and Warranties. The Executive represents and warrants that he has not assigned any claim that he purports to release hereunder and that he has the full power and authority to enter into this Release and bind each of the persons and entities that the Executive purports to bind. The Executive further represents and warrants that he is bound by, and agrees to be bound by, his post-employment obligations set forth in the Restrictive Covenant Agreement.

11. Governing Law. This Release shall be governed by the laws of the Commonwealth of Pennsylvania without regard to the conflict of law principles of any jurisdiction. Any legal proceeding arising out of or relating to this Release will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that either of them may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

IN WITNESS WHEREOF, the Executive has executed this Release on the date first above written.

TELA Bio, Inc.

Maarten Persenaire, M.D.

By: _____
Name:
Title:

(1) As applicable based on the advice of counsel. If 45-day consideration period is applicable, this Release will be revised based on advice of counsel to comply with applicable law.

EXHIBIT B

CONFIDENTIAL INFORMATION,

NON-COMPETITION AND ASSIGNMENT AGREEMENT

In consideration of my employment by TELA Bio, Inc. (the "Company") and for other valuable consideration the sufficiency of which is hereby acknowledged, intending to be legally bound, I agree to the following:

1. Definitions.

(a) "Agreement" means this Confidential Information, Non-Competition and Assignment Agreement, as may be amended from time to time.

(b) "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

(c) "Business" means any medical technology Company engaged in the field of soft tissue reconstruction through the application of animal or human derived extracellular matrices, synthetic meshes / sheets / gels, or other tissues, and located in the United States, Canada or Mexico, or elsewhere in the world where the Company does business or has license rights to do business, or has actively negotiated to acquire license rights to do business within the one year period immediately preceding the cessation of my employment with the Company or Company Group.

(d) "Customer" shall mean those Persons for whom or which the Company Group performed services or to whom or which the Company Group sold, distributed or licensed its products during the twelve (12) months preceding the cessation of my employment with the Company for any reason, and any Persons who participated in conducting preclinical or clinical studies sponsored by the Company Group.

(e) "Company Group" means, collectively and individually, the Company and each of its Affiliates.

(f) "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(g) "Person" means any individual, firm, corporation, partnership, limited liability Company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

(h) "Prospective Customer" shall mean Persons whose business was solicited by the Company Group at any time during the twelve (12) months preceding the date on which my employment with the Company Group ceases for any reason.

(i) "Restricted Non-Compete Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

(j) "Restricted Non-Solicit Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

2. Confidential Information.

(a) Company Information. I agree that at all times during the time I am an employee, consultant, officer and/or director of the Company and at all times thereafter to hold in strictest confidence and not to use or disclose, except for the benefit of the Company Group, any Confidential Information of the Company Group. After my service with the Company has terminated, regardless of the reason for the termination and regardless of whether terminated by the Company or me, I will not use, publish, divulge, communicate, share, provide access to or otherwise disclose any Confidential Information. I understand that "Confidential Information" means any Company Group proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans and developments, prototypes, products, services, customer lists and customers, prospective customers and contacts, proposals, customer purchasing practices, prices and pricing methodology, cost information, terms and conditions of business relationships with customers, customer research and other needs, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, distribution and sales methods and systems, sales and profit figures, finances, personnel information including, information regarding compensation, skills, training, promotions, and duties, as well as reports and other business information that I learn of, obtain, or that is disclosed to me relating to the Company Group at any time prior to or during the course of my service to the Company, either directly or indirectly, in writing, orally or by review or inspection of documents or other tangible property. However, Confidential Information does not include any of the foregoing items which has been made generally available to the public and become publicly known through no wrongful act of mine or any other Person owing a duty of confidentiality to the Company Group. Either during my service to the Company or after my service has terminated, regardless of the reason and regardless of whether terminated by the Company or me, in the event I receive a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of Confidential Information, I must notify immediately the Chairman of the Board of the Company by calling him/her at his/her Company telephone number. Regardless of whether I am successful in reaching the Chairman of the Board of the Company by telephone, I also must notify him/her immediately in writing, via certified mail, at the Company's corporate headquarters, or at such other telephone number and/or address as provided by the Company from time to time for such purpose. A copy of the request or demand as well as any and all documents potentially responsive to the request or demand shall be included with the written notification. I will wait a minimum often (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure or production to give the Company Group time to determine whether the disclosure or production involves Confidential Information, in which event the Company Group may seek to

prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order with regard thereto. If the request or demand is in conjunction with judicial, administrative, arbitration or other adversarial proceedings, copies of all correspondence regarding the request or demand shall be included with the information sent to the Company's Chairman of the Board.

(b) Former Employer Information. I agree that I will not, while I am an employee, consultant, officer and/or director of the Company or the Company Group, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other Person, if any, with whom I have an agreement or duty to keep such information or secrets confidential, if any, and that I will not use, disclose or bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer or Person unless consented to in writing by such employer or Person.

(c) Third Party Information. I recognize that the Company Group has received and in the future will receive from third parties (including customers of the Company Group) their confidential or proprietary information subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any Person or to use it except as necessary in carrying out my work for the Company, consistent with the Company Group's agreement with such third party.

3. Inventions.

(a) Inventions Retained and Licensed. I have attached hereto, as Attachment A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to becoming an employee, consultant, officer and/or director of the Company (collectively referred to as "Prior Inventions"), which are owned by me alone or jointly with others, which relate to the Company Group's business, proposed business, products or research and development, and which are not assigned to the Company Group hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If, in the course of my service with the Company, I incorporate into a Company Group product, process or machine a Prior Invention owned by me or in which I have an interest, the Company, or its designee, is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide, assignable, transferable, and sublicenseable license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Inventions. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements or any trade secrets which relate in any manner to the Company Group's business or proposed business, whether or not patentable or registrable under patent, copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice (or may have conceived or developed or reduced to practice) or cause (or may have caused) to be conceived or developed or reduced to practice, at any time prior to the date of this Agreement until I am no longer an employee, consultant, officer and/or director of the Company (collectively referred to as "Inventions"),

including any and all intellectual property rights inherent in the Inventions and appurtenant thereto including, without limitation, all patent rights, copyrights, trademark rights and trade secret rights (collectively referred to as "Intellectual Property Rights"). I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my service or duties as an employee, consultant, officer and/or director and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act.

(c) Maintenance of Records. I agree to keep and maintain adequate and current records of all Inventions. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to the Company at all times, and Company, or its designee, shall retain all right, title, and interest in and to the same.

(d) Patent and Copyright Registrations. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company Group's rights in the Inventions and any Intellectual Property Rights related thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive right, title and interest in and to such Inventions and any Intellectual Property Rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign Intellectual Property Right covering Inventions assigned to the Company, or its designee, as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, or copyright, trademark or other registrations thereon with the same legal force and effect as if executed by me.

(e) Post-Employment Disclosure Obligations. I shall also promptly disclose in writing to the Company all discoveries, developments, designs, ideas, improvements, inventions, formulas, processes, techniques, know-how, and data (whether or not patentable or registrable under copyright or similar statutes) that relate to business of the Company Group and that are made, conceived or reduced to practice by me (either alone or jointly with others) within twelve (12) months after termination of my employment. I acknowledge and agree that all of the foregoing items that are based on the Company's Confidential Information hereunder - or which were, in fact, made, conceived or reduced to practice during my employment by the Company Group- shall constitute Inventions subject to assignment under this Section 3. My disclosure hereunder shall be narrowly tailored to comply with the restrictions of any commercially reasonable non-disclosure agreement signed by me that is meant to protect the trade secrets and confidentiality of a subsequent employer.

(f) Exceptions to Assignment Obligations. The Company and I agree that the assignment obligations under this Section 3 shall not apply to inventions, and I shall not be obligated to assign to the Company any Inventions, that were developed entirely on my own time without using the Company's equipment, supplies, facilities or trade secret information, unless such inventions either: (i) relate directly to the Company Group's Business or the Company's actual or demonstrably anticipated research, or (ii) result from any work performed by me for the Company Group. By signing this Agreement, I acknowledge that I have received written notice of these express exceptions from the assignment obligations hereunder.

4. Non-Competition; Non-Solicitation.

(a) Non-Solicitation. During my service with the Company and for the Restricted Non-Solicit Period, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise):

(i) induce, solicit, recruit or attempt to persuade any Person to terminate such Person's employment or other relationship with the Company Group or not to establish an employment or other relationship with the Company Group, whether or not such Person is or would be an employee, consultant, contractor, officer and/or director, whether or not such relationship is or would be pursuant to a written or oral agreement and whether or not such relationship is for a specific period of time or is at-will;

(ii) employ or establish a business relationship with (or attempt to employ or establish a business relationship with), or encourage or assist any Person to employ or establish a business relationship with, any individual who was an employee, consultant, contractor, officer or director of the Company Group during the twelve month period preceding the first day of the Restricted Non-Solicit Period;

(iii) (A) direct or engage in any act which may interfere with or adversely affect, alter or change the relationship (contractual or otherwise) of the Company Group with any Person that is a Customer, Prospective Customer, vendor, supplier or contractor of the Company Group, or (B) otherwise induce or attempt to induce any such Person to cease doing business, reduce or otherwise limit its business with the Company Group; or

(iv) solicit business from any Customer or Prospective Customer, or do business with any Customer or Prospective Customer of the Company Group, involving the Business.

(b) *Non-Competition*. During my service with the Company and for the Restricted Non-Compete Period, on the condition that the Company is not in breach of its obligation to make severance payments to me under the Employment Agreement with the Company, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise), engage or participate in, or be financially interested in, (i) any Person involved in the Business (as defined in Section l(c) hereof) anywhere in the world, including but not limited to, those Persons set forth on Attachment B (provided, however, that

nothing contained in this Section 4(b) shall prevent me from holding for passive investment of less than two percent (2%) of any class of equity securities of a Company whose securities are publicly traded on a national securities exchange or in a national market system) or (ii) any business that uses or relies on any Confidential Information.

5. Returning Company Documents and Property. I agree that, upon termination of my service with Company, for any reason, I will deliver to the Company, or its designee, and will not keep in my possession or deliver to anyone else, any and all records, data, notes, reports, information, proposals, lists, correspondence, emails, specifications, drawings, blueprints, sketches, materials, other documents, or reproductions or copies (including but not limited to on computer discs or drives) of any aforementioned items either developed by me pursuant to my service with the Company or otherwise relating to the business of the Company Group, retaining neither copies nor excerpts thereof. I also agree that, at such time, or earlier upon request, I will deliver to the Company Group, or its designee, all Company Group property in my possession, including cell phones, computers, computer discs, drives and other equipment or devices, and that if I fail to do so the Company may withhold from my compensation the replacement cost of Company Group property I have not returned.

6. Relief.

(a) I acknowledge and agree that (i) the covenants set forth in Sections 2, 3, 4 and 5 of this Agreement are reasonable and necessary in order to protect the legitimate interests of the Company Group and I am receiving adequate consideration hereunder; (ii) the Company Group will not have any adequate remedy at law if I violate the terms hereof or fail to perform any of my obligations under Sections 2, 3, 4 or 5 of this Agreement; and (iii) the Company Group shall have the right, in addition to any other rights it may have under applicable law, to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce any such covenant or any of the other obligations under Sections 2, 3, 4 or 5 of this Agreement (and I hereby waive any right to require any bond or security in connection therewith), as well as to obtain damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company Group may be entitled.

(b) If the period of time or scope of any restriction set forth in Sections 2, 3, 4 or 5 of this Agreement should be adjudged unreasonable in any proceeding, then the period of time shall be reduced by such number of months or the scope of the restriction shall be modified, or both, by a court of competent jurisdiction so that such restrictions may be enforceable for such time and in the manner to the fullest extent adjudged to be reasonable. If I violate any of the restrictions contained in subparagraph (a) above, then the restrictive period shall not run in my favor from the time of the commencement of any such violation until such time as such violation shall be cured by me.

(c) I acknowledge and agree that if I breach any of the provisions of this Agreement, the Company will have the right and remedy to require me to account for and pay over to the Company or its designee, all compensation, profits, monies, accruals, increments or other benefits I derive or receive as a result of such breach. This right and remedy will be in addition

to, and not in lieu of, any other rights and remedies available to the Company Group under law or in equity.

(d) I acknowledge that I have the right to request a waiver from the Company with regard to any of the restrictions contained in Sections 2, 3, 4 or 5 of this Agreement by providing a written notice of such request to the Company's Chief Executive Officer. Upon receipt of such written notice, the Chief Executive Officer shall consider such request and make reasonable efforts to respond to Executive within 15 business days of such notice as to whether the Company, in its sole discretion, shall agree to waive any of such restrictions. If the Chief Executive Officer fails to respond to Executive's written notice within such 15 business day period, such failure shall be deemed a denial of the request.

7. Nondisparagement. I acknowledge and agree that I will not, whether in writing or orally, malign, denigrate or disparage the Company Group or any of their respective predecessors or successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light. Disclosure of information I am required to disclose pursuant to any applicable law, court order, subpoena, compulsory process of law or governmental decree shall not constitute a violation or breach of this Section 7; provided that I deliver written notice of such required disclosure to the Company or its designee promptly before making such disclosure if such notice is not prohibited by applicable law, court order, subpoena, compulsory process of law or governmental decree. Similarly, the directors and senior executives of the Company Group will not, and the Company shall use reasonable and good faith efforts to cause its other employees not to, whether in writing or orally, malign, denigrate or disparage me with respect to any of my past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray me in an unfavorable light.

8. Relatives, Affiliates, Etc. I acknowledge and agree that I will not hire or otherwise engage to provide products or services to the Company (as an employee, consultant, supplier, vendor, or otherwise) any Person that is my Affiliate or any Person that is my familial relative by marriage or by birth (including adoption) without disclosure to and the consent of the Company. For purposes of this provision, the Company hereby consents to the employment of the relatives listed in Attachment C.

9. General Provisions.

(a) Governing Law and Forum. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to any conflict of laws provisions. Any court action instituted by me or on my behalf relating in any way to this Agreement shall be filed exclusively in federal or state court, respectively in the Commonwealth of Pennsylvania, and I consent to the jurisdiction and venue of these courts in any action instituted by the Company against me. I hereby waive, to the fullest extent permitted by applicable law, any right I may have to a trial by jury in respect of any suit, action or proceeding arising out of or relating to this Agreement.

(b) Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable by an arbitrator or court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

(c) Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and may be assigned by the Company and its successors to any Person, including, but not limited to, any successor or parent of the Company or any member of the Company Group. The Company also may assign this Agreement in connection with any sale or merger (whether a sale or merger of stock or assets or otherwise) of the Company or the business of the Company. I expressly consent to the assignment of the restrictions and requirements set forth in this Agreement to any new owner of the Company's business or purchaser of the Company. I may not assign, pledge, or encumber my interest in this Agreement, or any part thereof, without the written consent of the Company.

(d) Survival. The obligations contained in this Agreement shall survive the termination of my employment or other relationship with the Company.

10. Disclosure of Agreement. I agree to disclose the existence and terms of this Agreement to any employer or other service recipient that I may render services to or for during the 12 month period immediately following termination of my service with the Company. I further acknowledge and agree that if I breach Sections 2, 3, 4 or 5 of this Agreement in any respect, the restrictions contained in those Sections will be extended for a period equal to the period that I was in breach.

11. Acknowledgement. I acknowledge and agree that (a) I have had the opportunity to consult with independent counsel of my own choice concerning this Agreement and have been advised to do so by the Company, (b) I have read and understand the Agreement, am fully aware of its legal effect, and have entered into it freely based on my own judgment, (c) the duration and scope of this Agreement are reasonable and necessary to protect the Company Group's customer relationships, trade secrets, proprietary information and other legitimate business interests, (d) the Company would not employ me or engage my services or otherwise compensate me unless I agree to be bound by the provisions of this Agreement, and (e) I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this Agreement.

12. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and me with respect to the subject matter hereof, and merge and supersedes all prior agreements, understandings and/or discussions between us with regard to the matters addressed herein. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by me and the Company. Any subsequent change or changes in the terms and conditions of my relationship with the Company, including, but not limited to, my duties or compensation, will not affect the validity or scope of this Agreement.

Date: December 3, 2012

/s/ Maarten Persenaire, M.D.
Signature
Maarten Persenaire, M.D.

Date: December 3, 2012

/s/ Antony Koblish
By: Antony Koblish
Title: Chief Executive Officer of TELA Bio, Inc.

On behalf of the Company Group

ATTACHMENT A - PRIOR INVENTIONS

8,128,632	Delivery of multicomponent compositions
7,544,196	System and kit for delivery of restorative materials
6,669,732	Spinal disc
6,613,018	System and kit for delivery of restorative materials
6,375,659	Method for delivery of biocompatible material
6,152,195	Filling machine removable valve (BARB-LOC)
5,975,159	Container filler apparatus external disconnect valve
5,824,094	Spinal disc

Exhibit 10.16

AMENDMENT TO

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Amendment"), dated as of April 11, 2013, is made and entered into by and between TELA Bio, Inc., a Delaware corporation (the "Company"), and Maarten Persenaire (the "Executive") and amends that certain Amended and Restated Employment Agreement by and between the Company and the Executive dated January 29, 2013 (the "Agreement").

WHEREAS, the Company and the Executive desire to amend the Agreement in order to (i) modify the definition of "Good Reason" to include a requirement to relocate following a "Change in Control" as defined herein, and (ii) establish certain provisions regarding acceleration of vesting of equity compensation in connection with a "Change of Control" as defined herein, in each case, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and intending to be bound hereby, the parties agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Definition of "Change in Control". Section 7.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

"7.3. "Change in Control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Company; or

(b) any transaction or series of transactions involving the Company, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Company's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur on account of (1) the sale of shares in an IPO or any restructuring of the Company or the Board in contemplation of an IPO, or (2) acquisition of securities of the Company by an investor, any affiliate thereof or any other Person that

acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities."

3. Definition of "Good Reason". Section 7.7 of the Agreement is hereby amended and restated in its entirety to read as follows:

"7.7. "Good Reason" means one or more of the following: (i) a material reduction in the Executive's title, duties, authority or responsibilities, provided that a material reduction of the Executive's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change in Control, (A) if the Company remains a separate entity, Executive is the most senior executive directly responsible for the Regulatory, Quality, Clinical Research and Medical Affairs functions of the Company, or (B) if the Company does not remain a separate entity, Executive is the most senior executive directly responsible for the ~~Regulatory, Quality,~~ Clinical Research and Medical Affairs functions of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of this Agreement by the Company; (iii) a material reduction in aggregate compensation paid by the Company to the Executive that is not in accordance with Section 4.1 and to which the Executive has not provided written consent; or (iv) any requirement following a Change in Control that the Executive be based 50 or more miles from the facility where the Executive is based immediately prior to the Change in Control. The notice by the Executive of the condition constituting Good Reason under this Agreement shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition."

4. Definition of "Award". Section 7.9 is hereby added to the Agreement to read as follows:

"7.9. "Award" shall have the meaning ascribed to such term under the Company's Equity Compensation Plan."

5. Definition of "Equity Compensation Plan". Section 7.10 is hereby added to the Agreement to read as follows:

"7.10. "Equity Compensation Plan" means the Company's 2012 Stock Incentive Plan, as in effect on the date hereof and as it may be amended from time to time, or any successor plan."

6. Definition of "IPO". Section 7.11 is hereby added to the Agreement to read as follows:

"7 .11. "IPO" means the first day as of which sales of Shares are made public pursuant to the first firm commitment underwritten public offering of Shares registered under the Securities Act of 1933, as amended."

7. Definition of "Shares". Section 7 .12 is hereby added to the Agreement to read as follows:

"7.12. "Shares" means the $0.0001 par value common stock of the Company and such other securities of the Company as may be substituted therefor pursuant to Article 12 of the Company's 2012 Stock Incentive Plan or pursuant to any other Equity Compensation Plan."

8. Definition of "Subsidiary". Section 7.13 is hereby added to the Agreement to read as follows:

"7.13. "Subsidiary" means any corporation, limited liability Company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company."

9. Change in Control; Section 280G. Section 8.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

"8.3. Change in Control; Section 280G.

8.3.1. The portion of all outstanding Awards which are not fully exercisable or otherwise are subject to restrictions and are held by Executive immediately prior to the occurrence of any Change in Control shall be exercisable and all restrictions on such Awards shall lapse after the occurrence of any Change in Control as follows:

(a) Awards will become fully vested and exercisable immediately prior to the Change in Control, unless (i) the entity that acquires Control pursuant to the Change in Control honors, assumes, or substitutes new rights for the Awards upon the Change in Control with substantially equivalent or better rights, terms, conditions and value and (ii) immediately after the occurrence of the Change in Control, the Executive is an employee of the Company or its successor entity pursuant to the Change in Control.

8.3.2. With respect to Awards that are not fully vested immediately prior to the Change in Control pursuant to Section 8.3.l(a), such Awards shall become fully vested and exercisable upon the cessation of Executive's employment with the Company or its successor entity pursuant to the Change in Control due to a termination by the Company or its successor without Cause or a termination by the Executive for Good Reason in each case, within twelve (12) months following the Change in Control.

8.3.3. Notwithstanding any other provision of this Agreement, if any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its Subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations), such payments and benefits will be limited to the minimum extent

necessary to ensure that no portion thereof will fail to be tax-deductible to the Company or its Affiliates by reason of Section 280G of the Code. If a reduction to the payments or benefits otherwise payable under this Agreement is required pursuant to this Section 8.3, such reduction shall occur to the payments or benefits in the order that results in the greatest economic present value of all payments actually made to the Executive.

8.3.4. Notwithstanding the foregoing and provided that no securities of the Company, any member of its affiliated group (within the meaning of Section 1504 of the Code) and any entity possessing a direct or indirect ownership interest in the Company which interest constitutes more than 1/3 of such entity's gross fair market value (as described in Treasury Regulation Section l.280G-1, Q&A 6) are then publicly traded, to the extent that any payments and/or benefits provided to the Executive from the Company or any of its Subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(1) of the Code and related regulations) without regard to the application of Section 8.3.3, the Company agrees to submit such payments and/or benefits for approval by the holders of more than 75% of the voting power of the outstanding equity securities of the Company in a manner intended to comply with Section 280G(b)(5)(B) of the Code and regulations thereunder. The Executive acknowledges that to the extent any such payment and/or benefits are submitted to the Company's equity holders for approval pursuant to the preceding sentence, the Company's equity holders have no obligation to approve such payments and/or benefits (or portions thereof) and that if such approval is not timely obtained in a manner that satisfies Section 280G(b)(5)(B) of the Code and regulations thereunder, such payments or benefits (to the extent necessary to avoid the Company's loss of deduction pursuant to Section 280G of the Code) will be reduced in accordance with Section 8.3.3 hereof."

10. Governing Law and Enforcement. This Amendment will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of laws. Any legal proceeding arising out of or relating to this Amendment will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

11. Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

12. Severability. Whenever possible, each provision of this Amendment will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Amendment is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Amendment

will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

13. Counterparts; Facsimile. This Amendment may be executed in multiple counterparts (including by facsimile signature), each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

14. Effect of Amendment. Except as expressly set forth in this Amendment, the Agreement is unaffected and shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer, and the Executive has executed this Amendment, in each case on the date first above written.

TELA Bio, Inc.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Officer

/s/ Maarten Persenaire, M.D.
Maarten Persenaire, M.D.

Exhibit 10.17

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of December 16, 2016, is made and entered into by and between TELA Bio, Inc., a Delaware corporation (the "Company"), and E. Skott Greenhalgh, PhD. (the "Executive").

WHEREAS, the Parties desire to continue the employment of Executive with the Company, on the terms and conditions set forth herein; and

WHEREAS, in connection with the execution and delivery of this Agreement, the Executive is also reaffirming the terms and conditions of, and his agreement with, the Confidential Information, Non-Competition and Assignment Agreement (as defined in Section 6) entered into by and between the Company and the Executive as of January 21, 2013 upon the commencement of the Executive's employment with the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and intending to be bound hereby, the parties agree as follows:

1. Duration of Agreement. This Agreement is effective on the date set forth above and has no specific expiration date. Unless terminated or amended in writing by the parties, this Agreement will govern the Executive's continued employment by the Company until that employment ceases in accordance with Section 5 hereof.

2. Position; Duties. The Executive has been promoted from Vice President - Engineering to the position of the Company's Chief Technology Officer, reporting directly to the Company's Chief Executive Officer. In such position, the Executive shall perform such duties and shall have such authority consistent with such position as may be assigned to him from time to time by the Company's Board of Directors (the "Board") and the Company's Chief Executive Officer, including, but not limited to, the responsibility and authority for and having authority over the Product Research and Development and Manufacturing functions of the Company. The Executive shall devote his best efforts and all of his business time and services to the Company and its Affiliates. The Executive may, with the Consent of the Company's Chief Executive Officer, engage in a limited number of other business activities related to his involvement in specific unrelated medical device development projects so long as those activities do not competitive with the Company's development focus and as long as such activities do not interfere with his responsibilities with the Company, such interference to be determined solely by the Company's Chief Executive Officer. The Executive, may, without the consent of the Company's Chief Executive Officer, the Executive may engage in charitable or public service, so long as such activities do not interfere with the Executive's performance of his duties and obligations hereunder.

3. Place of Performance. The Executive may perform his services hereunder at, among other locations, the principal executive offices of the Company, the Executive's home office and/or during business related travel.

4. Compensation.

4.1 Base Salary/Bonus Opportunity/Stock Options. The Executive's annual salary will be $250,000 (the "Base Salary"). The Company shall pay the Base Salary, less such withholdings and deductions as required by applicable law, to the Executive in accordance with the Company's usual payroll practices as in effect from time to time. The Base Salary shall be reviewed on an annual basis by the Board and may adjusted from time to time by the Board; provided, however, that any decrease in the Base Salary shall be made only if the Company contemporaneously decreases the salaries of all senior executives and vice presidents of the Company and the Executive's Base Salary is decreased by a percentage that is not greater than the percentage by which the salaries of such other senior executives and vice presidents are decreased.

You will retain the stock options previously awarded to you in the amount of 861,373 shares of the Company's Common Stock, and they shall remain subject to the current Equity Compensation Plan.

4.2 Employee Benefits. The Executive will be eligible to participate in the employee benefit plans, policies or arrangements maintained by the Company for its senior executive employees generally, subject to the terms and conditions of such plans, policies or arrangements; *provided, however,* that this Agreement will not limit the Company's ability to amend, modify or terminate such plans, policies or arrangements at any time for any reason.

4.3 Paid Time Off. Subject to the terms and conditions of the Company's policy, as may be amended from time to time, the Executive will be eligible for four (4) weeks of paid time off each calendar year, four (4) floating holidays and five (5) paid sick leave days.

4.4 Reimbursement of Expenses. The Company will pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities for the Company in accordance with the business expense reimbursement policies of the Company, as may be amended from time to time.

5. Termination; Severance. The Executive's employment hereunder shall terminate (i) on the date not less than 30 days following written notice from the Company that Executive's employment with the Company has been or will be terminated, (ii) on the date not less than 30 days following written notice from the Executive that he is resigning from the Company, (iii) on the date of his death or (iv) on the date of his Disability, as reasonably determined by the Company. Upon cessation of his employment for any reason, unless otherwise consented to in writing by the Board, the Executive shall resign immediately from any and all officer, director and other positions he then holds with the Company and/or its Affiliates. Upon any cessation of his employment with the Company, the Executive shall be entitled only to such compensation and benefits as described in this Section 5, with the understanding that the period between the date of the written notice and the date of actual termination will count towards the agreed upon period during which the executive will receive severance.

5.1 Termination without Cause or upon Good Reason. If the Executive's employment by the Company ceases due to a termination by the Company without Cause (as

defined below) or a termination by the Executive for Good Reason (as defined below), the Company shall:

5.1.1 pay to the Executive (i) all accrued and unpaid Base Salary through the date of such cessation of employment at the time such Base Salary would otherwise be paid according to the Company's usual payroll practices, and (ii) any bonus that the Company's Compensation Committee has approved and has determined is payable to the Executive;

5.1.2 pay to the Executive monthly severance payments equal to one- twelfth (1/12) of the Executive's then current Base Salary for a period equal to nine (9) months (the "Severance Period"); and

5.1.3 provide to the Executive a continuation of health, dental and vision insurance during the Severance Period and, to the extent that the continuation of such insurance coverage is not permitted under the Company's insurance policies, then payment to the Executive of the monthly cost to obtain equivalent insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or otherwise.

5.1.4 Except as otherwise provided in this Section 5.1, all compensation and benefits will cease at the time of the Executive's cessation of employment and the Company will have no further liability or obligation by reason of such cessation of employment. The payments and benefits described in this Section 5.1 are in lieu of, and not in addition to, any other severance arrangement maintained by the Company. Notwithstanding any provision of this Agreement, the payments described in Section 5.1.2 are conditioned on: (a) the Executive's execution and delivery to the Company and the expiration of all applicable statutory revocation periods, by the 60lh day following the effective date of his cessation of employment, of a general release of claims against the Company and its Affiliates in form and substance satisfactory to the Company (the "Release"); (b) the Executive's continued compliance with the provisions of the Confidential Information, Non-Competition and Assignment Agreement (as defined below); and (c) the Company being financially solvent at the time any such severance payment becomes due, and further provided that that the payment of any such severance amounts would not cause the Company to become insolvent. For purposes of this Agreement, the Company shall be considered financially solvent if the Company's then current assets exceed its then current liabilities and the Company is able to pay its debts as they become due. Subject to Section 5.4 below, the benefits described in Section 5.1.2 and 5.1.3 will be paid as soon as administratively practicable after the Release becomes irrevocable, provided that if the 60 day period described above begins in one taxable year and ends in a second taxable year such payments or benefits shall not commence until the second taxable year.

5.2 Other Terminations. If the Executive's employment with the Company ceases for any reason other than as described in Section 5.1 above (including but not limited to (a) termination by the Company for Cause, (b) resignation by the Executive without Good Reason, (c) termination as a result of the Executive's Disability, or (d) the Executive's death), then the Company's obligation to the Executive will be limited solely to the payment of accrued and unpaid Base Salary and any bonus as described in Section 5.1.1 through the date of such cessation of employment. All compensation and benefits will cease at the time of such cessation

of employment and, except as otherwise provided by COBRA, the Company will have no further liability or obligation by reason of such termination. The foregoing will not be construed to limit the Executive's right to payment or reimbursement for claims incurred prior to the date of such termination under any insurance contract funding an employee benefit plan, policy or arrangement of the Company in accordance with the terms of such insurance contract.

5.3 Compliance with Section 409A. Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 5.1.2 hereof will be payable until the Executive has a "separation from service" from the Company within the meaning of Section 409A of the Code. In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A of the Code to payments due to the Executive upon or following his "separation from service", then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following the Executive's "separation from service" (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to the Executive in a lump sum immediately following such six month period. This paragraph should not be construed to prevent the application of Treas. Reg. § 1.409A-l(b)(9)(iii) (or any successor provision) to amounts payable hereunder. For purposes of the application of Section 409A of the Code, each payment in a series of payments will be deemed a separate payment.

6. Restrictive Covenants. The Executive acknowledges and agrees to abide by the terms of, and agrees that his employment by the Company is contingent upon his compliance with the Confidential Information, Non-Competition and Assignment Agreement attached hereto as Exhibit A and which the Executive previously executed and delivered to the Company (the "Confidential Information, Non-Competition and Assignment Agreement"). By execution and delivery of this Agreement, the Executive reaffirms his obligations under the Confidential Information, Non-Competition and Assignment Agreement. The Executive acknowledges that the terms of the Confidential Information, Non-Competition and Assignment Agreement shall continue to remain in full-force and effect following the cessation of the Executive's employment with the Company for any reason.

7. Certain Definitions. For purposes of this Agreement:

7.1 "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

7.2 "Cause" means (i) indictment, commission of, or the entry of a plea of guilty or no contest to, (A) a felony or (B) any crime (other than a felony) that causes the Company or its Affiliates public disgrace or disrepute, or adversely affects the Company's or its Affiliates' operations or financial performance or the relationship the Company has with its Affiliates, customers and suppliers; (ii) commission of an act of gross negligence, willful misconduct, fraud, embezzlement, theft or material dishonesty with respect to the Company or

any of its Affiliates; (iii) a breach of the Executive's fiduciary duty of loyalty to the Company or any of its Affiliates; (iv) alcohol abuse or use of controlled substances (other than prescription drugs taken in accordance with a physician's prescription); (v) material breach of any agreement with the Company or any of its Affiliates, including this Agreement and the Confidential Information, Non-Competition and Assignment Agreement; (vi) a material breach of any Company policy regarding employment practices; or (vii) refusal to perform the lawful directives of the Board, if not cured within 30 days following receipt by the Executive from the Company of written notice thereof.

7.3 "Change of Control" means (a) any sale, lease, exclusive license or other transfer of all or substantially all of the assets of the Corporation and its Subsidiaries taken as a whole by means of a single transaction or series of related transactions, except where such sale, lease, exclusive license or other transfer is to a wholly owned Subsidiary of the Corporation, or (b) any transaction or series of transactions involving the Corporation, or its securities, whether by consolidation, merger, purchase of shares of capital stock or other reorganization or combination or otherwise, in which the holders of the Corporation's outstanding shares of capital stock immediately prior to such transaction or series of related transactions own, immediately after such transaction or series of related transactions, securities representing fifty percent (50%) or less of the voting power of the entity surviving such transaction or series of related transactions or the entity whose securities are issued pursuant to such transaction or series of related transactions.

7.4 "Code" means the Internal Revenue Code of 1986, as amended.

7.5 "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

7.6 "Disability" means a condition entitling the Executive to benefits under the Company's long term disability plan, policy or arrangement; *provided*, *however*, that if no such plan, policy or arrangement is then maintained by the Company and applicable to the Executive, "Disability" will mean the Executive's inability to perform the essential duties of his position due to a mental or physical condition (other than alcohol or substance abuse), with or without a reasonable accommodation. Termination as a result of a Disability will not be construed as a termination by the Company "without Cause."

7.7 "Good Reason" means one or more of the following: (i) a material reduction in the Executive's title, duties, authority or responsibilities, provided that a material reduction of the Executive's title, duties, authority or responsibilities hereunder shall be deemed not to have occurred if, following a Change of Control, (A) if the Company remains a separate entity, Executive is the most senior executive directly responsible for the Research, Development and Manufacturing functions of the Company, or (B) if the Company does not remain a separate entity, Executive is the most senior executive directly responsible for the Research, Development and Manufacturing functions of the acquiring entity that are comprised of the former business of the Company; (ii) a material breach of this Agreement by the Company; or (iii) a material reduction in aggregate compensation paid by the Company to the Executive that is not in

accordance with Section 4.1 and to which the Executive has not provided written consent. The notice by the Executive of the condition constituting Good Reason under this Agreement shall be provided to the Company in writing within ninety (90) days of the initial existence of the condition constituting Good Reason and the Company shall then have thirty (30) days after receipt of such written notice to remedy the condition.

7.8 "Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

8. Miscellaneous.

8.1 Cooperation. The Executive further agrees that, subject to reimbursement of his reasonable expenses, he will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which the Executive was in any way involved during his employment with the Company. The Executive shall render such cooperation in a timely manner on reasonable notice from the Company, so long as the Company exercises commercially reasonable efforts to schedule and limit its need for the Executive's cooperation under this paragraph so as not to interfere with the Executive's other personal and professional commitments.

8.2 Section 409A.

8.2.1 Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to the Executive does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, and its implementing regulations and guidance, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the Executive in any other calendar year, (ii) the reimbursements for expenses for which the Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

8.2.2 Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, distributions may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code or an applicable exemption.

8.3 Section 280G.

8.3.1 Notwithstanding any other provision of this Agreement, if any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is

defined in Section 280G(b)(l) of the Code and related regulations), such payments and benefits will be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company or its Affiliates by reason of Section 280G of the Code. If a reduction to the payments or benefits otherwise payable under this Agreement is required pursuant to this Section 8.3, such reduction shall occur to the payments or benefits in the order that results in the greatest economic present value of all payments actually made to the Executive.

8.3.2 Notwithstanding the foregoing and provided that no securities of the Company, any member of its affiliated group (within the meaning of Section 1504 of the Code) and any entity possessing a direct or indirect ownership interest in the Company which interest constitutes more than 1/3 of such entity's gross fair market value (as described in Treasury Regulation Section 1.280G-1, Q&A 6) are then publicly traded, to the extent that any payments and/or benefits provided to the Executive from the Company or any of its subsidiaries, Affiliates or related entities, will constitute an "excess parachute payment" (as that term is defined in Section 280G(b)(l) of the Code and related regulations) without regard to the application of Section 8.3.1, the Company agrees to submit such payments and/or benefits for approval by the holders of more than 75% of the voting power of the outstanding equity securities of the Company in a manner intended to comply with Section 280G(b)(5)(B) of the Code and regulations thereunder. The Executive acknowledges that to the extent any such payment and/or benefits are submitted to the Company's equity holders for approval pursuant to the preceding sentence, the Company's equity holders have no obligation to approve such payments and/or benefits (or portions thereof) and that if such approval is not timely obtained in a manner that satisfies Section 280G(b)(5)(B) of the Code and regulations thereunder, such payments or benefits (to the extent necessary to avoid the Company's loss of deduction pursuant to Section 280G of the Code) will be reduced in accordance with Section 8.3.1 hereof.

8.4 Other Agreements. The Executive represents and warrants to the Company that there are no restrictions, agreements, including but not limited to confidentiality, non-compete, invention assignment, or consulting agreements, or understandings whatsoever to which he is a party that would prevent or make unlawful his execution of this Agreement, that would be inconsistent or in conflict with this Agreement or the Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance by the Executive of his duties under this Agreement

8.5 Successors and Assigns. The Company may assign this Agreement to any Affiliate or to any successor to its assets and business by means of liquidation, dissolution, merger, sale of assets or otherwise. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such Affiliate or successor. For avoidance of doubt, a termination of the Executive's employment by the Company in connection with a permitted assignment of the Company's rights and obligations under this Agreement is not a termination "without Cause" so long as the assignee offers employment to the Executive substantially on the terms herein specified (without regard to whether the Executive accepts employment with the assignee). The rights and duties of the Executive hereunder are personal to Executive and may not be assigned by him.

8.6 Governing Law and Enforcement. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of laws. Any legal proceeding arising out of or relating to this Agreement will be instituted in a state or federal court in the Commonwealth of Pennsylvania, and the Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

8.7 Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

8.8 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Agreement will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

8.9 Survival. This Agreement will survive the cessation of the Executive's employment to the extent necessary to fulfill the purposes and intent of this Agreement.

8.10 Notices. Any notice or communication required or permitted under this Agreement will be made in writing and (a) sent by reputable overnight courier, (b) mailed by overnight U.S. express mail, return receipt requested or (c) sent by telefax. Any notice or communication to the Executive will be sent to the address contained in his personnel file. Any notice or communication to the Company will be sent to the Company's principal executive offices, to the attention of the Board. Notwithstanding the foregoing, either party may change the address for notices or communications hereunder by providing written notice to the other in the manner specified in this paragraph.

8.11 Withholding. All payments (or transfers of property) to the Executive will be subject to tax withholding to the extent required by applicable law.

8.12 Section Headings. The headings of sections and paragraphs of this Agreement are inserted for convenience only and will not in any way affect the meaning or construction of any provision of this Agreement.

8.13 Counterparts; Facsimile. This Agreement may be executed in multiple counterparts (including by facsimile signature), each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

8.14 Entire Agreement; Amendments. This Agreement, including Exhibit A, contains the entire agreement and understanding of the parties hereto relating to the subject matter hereof, and supersedes all prior discussions, agreements and understandings of every

nature relating to that subject matter. This Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto. This Agreement supersedes the Original Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement in each case on the date first above written.

TELA Bio, Inc.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Officer

/s/ E. Skott Greenhalgh, PhD
E. Skott Greenhalgh, PhD

CONFIDENTIAL INFORMATION,

NON-COMPETITION AND ASSIGNMENT AGREEMENT

In consideration of my employment by TELA Bio, Inc. (the "Company") and for other valuable consideration the sufficiency of which is hereby acknowledged, intending to be legally bound, I agree to the following:

1. Definitions.

(a) "Agreement" means this Confidential Information, Non-Competition and Assignment Agreement, as may be amended from time to time.

(b) "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct ownership interest shall be treated as an Affiliate of the Company.

(c) "Business" means any medical technology company engaged in the field of soft tissue reconstruction through the application of animal or human derived extracellular matrices, synthetic meshes / sheets / gels, or other tissues, and located in the United States, Canada or Mexico, or elsewhere in the world where the Company does business or has license rights to do business, or has actively negotiated to acquire license rights to do business within the one year period immediately preceding the cessation of my employment with the Company or Company Group.

(d) "Customer" shall mean those Persons for whom or which the Company Group performed services or to whom or which the Company Group sold, distributed or licensed its products during the twelve (12) months preceding the cessation of my employment with the Company for any reason, and any Persons who participated in conducting preclinical or clinical studies sponsored by the Company Group.

(e) "Company Group" means, collectively and individually, the Company and each of its Affiliates.

(f) "Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with"), as used with respect to any Person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(g) "Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, association, governmental entity, unincorporated entity or other entity.

(h) "Prospective Customer" shall mean Persons whose business was solicited by the Company Group at any time during the twelve (12) months preceding the date on which my employment with the Company Group ceases for any reason.

(i) "Restricted Non-Compete Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

(j) "Restricted Non-Solicit Period" means the one (1) year period immediately following the cessation of my employment with the Company Group for any reason.

2. Confidential Information.

(a) Company Information. I agree that at all times during the time I am an employee, consultant, officer and/or director of the Company and at all times thereafter to hold in strictest confidence and not to use or disclose, except for the benefit of the Company Group, any Confidential Information of the Company Group. After my service with the Company has terminated, regardless of the reason for the termination and regardless of whether terminated by the Company or me, I will not use, publish, divulge, communicate, share, provide access to or otherwise disclose any Confidential Information. I understand that "Confidential Information" means any Company Group proprietary or confidential information, technical data, trade secrets or know-how, including, but not limited to, research, product plans and developments, prototypes, products, services, customer lists and customers, prospective customers and contacts, proposals, customer purchasing practices, prices and pricing methodology, cost information, terms and conditions of business relationships with customers, customer research and other needs, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, distribution and sales methods and systems, sales and profit figures, finances, personnel information including, information regarding compensation, skills, training, promotions, and duties, as well as reports and other business information that I learn of, obtain, or that is disclosed to me relating to the Company Group at any time prior to or during the course of my service to the Company, either directly or indirectly, in writing, orally or by review or inspection of documents or other tangible property. However, Confidential Information does not include any of the foregoing items which has been made generally available to the public and become publicly known through no wrongful act of mine or any other Person owing a duty of confidentiality to the Company Group. Either during my service to the Company or after my service has terminated, regardless of the reason and regardless of whether terminated by the Company or me, in the event I receive a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of Confidential Information, I must notify immediately the Chairman of the Board of the Company by calling him/her at his/her Company telephone number. Regardless of whether I am successful in reaching the Chairman of the Board of the Company by telephone, I also must notify him/her immediately in writing, via certified mail, at the Company's corporate headquarters, or at such other telephone number and/or address as provided by the Company from time to time for such purpose. A copy of the request or demand as well as all documents potentially responsive to the request or demand shall be included with the written notification. I will wait a minimum often (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure

or production to give the Company Group time to determine whether the disclosure or production involves Confidential Information, in which event the Company Group may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order with regard thereto. If the request or demand is in conjunction with judicial, administrative, arbitration or other adversarial proceedings, copies of all correspondence regarding the request or demand shall be included with the information sent to the Company's Chairman of the Board.

(b) Former Employer Information. I agree that I will not, while I am an employee, consultant, officer and/or director of the Company or the Company Group, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other Person, if any, with whom I have an agreement or duty to keep such information or secrets confidential, if any, and that I will not use, disclose or bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer or Person unless consented to in writing by such employer or Person.

(c) Third Party Information. I recognize that the Company Group has received and in the future will receive from third parties (including customers of the Company Group) their confidential or proprietary information subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any Person or to use it except as necessary in carrying out my work for the Company, consistent with the Company Group's agreement with such third party.

3. Inventions.

(a) Inventions Retained and Licensed. I have attached hereto, as Attachment A. a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to becoming an employee, consultant, officer and/or director of the Company (collectively referred to as "Prior Inventions"), which are owned by me alone or jointly with others, which relate to the Company Group's business, proposed business, products or research and development, and which are not assigned to the Company Group hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If, in the course of my service with the Company, I incorporate into a Company Group product, process or machine a Prior Invention owned by me or in which I have an interest, the Company, or its designee, is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide, assignable, transferable, and sublicenseable license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

(b) Assignment of Inventions. I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements or any trade secrets which relate in any manner to the Company Group's business or proposed business, whether or not patentable or registrable under patent, copyright or similar laws, which I may

solely or jointly conceive or develop or reduce to practice (or may have conceived or developed or reduced to practice) or cause (or may have caused) to be conceived or developed or reduced to practice, at any time prior to the date of this Agreement until I am no longer an employee, consultant, officer and/or director of the Company (collectively referred to as "Inventions"). including any and all intellectual property rights inherent in the Inventions and appurtenant thereto including, without limitation, all patent rights, copyrights, trademark rights and trade secret rights (collectively referred to as "Intellectual Property Rights"). I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my service or duties as an employee, consultant, officer and/or director and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act.

(c) Maintenance of Records. I agree to keep and maintain adequate and current records of all Inventions. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to the Company at all times, and Company, or its designee, shall retain all right, title, and interest in and to the same.

(d) Patent and Copyright Registrations. I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company Group's rights in the Inventions and any Intellectual Property Rights related thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, or its designee, the sole and exclusive right, title and interest in and to such Inventions and any Intellectual Property Rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers' shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign Intellectual Property Right covering Inventions assigned to the Company, or its designee, as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, or copyright, trademark or other registrations thereon with the same legal force and effect as if executed by me.

(e) Post-Employment Disclosure Obligations. I shall also promptly disclose in writing to the Company all discoveries, developments, designs, ideas, improvements, inventions, formulas, processes, techniques, know-how, and data (whether or not patentable or registrable under copyright or similar statutes) that relate to business of the Company Group and that are made, conceived or reduced to practice by me (either alone or jointly with others) within twelve (12) months after termination of my employment. I acknowledge and agree that all of the foregoing items that are based on the Company's Confidential Information hereunder - or which were, in fact, made, conceived or reduced to practice during my employment by the Company

Group- shall constitute Inventions subject to assignment under this Section 3. My disclosure hereunder shall be narrowly tailored to comply with the restrictions of any commercially reasonable non-disclosure agreement signed by me that is meant to protect the trade secrets and confidentiality of a subsequent employer.

(f) Exceptions to Assignment Obligations. The Company and I agree that the assignment obligations under this Section 3 shall not apply to inventions, and I shall not be obligated to assign to the Company any Inventions, that were developed entirely on my own time without using the Company's equipment, supplies, facilities or trade secret information, unless such inventions either: (i) relate directly to the Company Group's Business or the Company's actual or demonstrably anticipated research, or (ii) result from any work performed by me for the Company Group. By signing this Agreement, I acknowledge that I have received written notice of these express exceptions from the assignment obligations hereunder.

4. Non-Competition; Non-Solicitation.

(a) Non-Solicitation. During my service with the Company and for the Restricted Non-Solicit Period, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise):

(i) induce, solicit, recruit or attempt to persuade any Person to terminate such Person's employment or other relationship with the Company Group or not to establish an employment or other relationship with the Company Group, whether or not such Person is or would be an employee, consultant, contractor, officer and/or director, whether or not such relationship is or would be pursuant to a written or oral agreement and whether or not such relationship is for a specific period of time or is at-will;

(ii) employ or establish a business relationship with (or attempt to employ or establish a business relationship with), or encourage or assist any Person to employ or establish a business relationship with, any individual who was an employee, consultant, contractor, officer or director of the Company Group during the twelve month period preceding the first day of the Restricted Non-Solicit Period;

(iii) (A) direct or engage in any act which may interfere with or adversely affect, alter or change the relationship (contractual or otherwise) of the Company Group with any Person that is a Customer, Prospective Customer, vendor, supplier or contractor of the Company Group, or (B) otherwise induce or attempt to induce any such Person to cease doing business, reduce or otherwise limit its business with the Company Group; or

(iv) solicit business from any Customer or Prospective Customer, or do business with any Customer or Prospective Customer of the Company Group, involving the Business.

(b) Non-Competition. During my service with the Company and for the Restricted Non-Compete Period, on the condition that the Company is not in breach of its obligation to make severance payments to me under the Employment Agreement with the Company, I shall not, directly or indirectly, for my own benefit or for the benefit of any third party, in any capacity (as a principal, shareholder, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise), engage or participate in, or be financially interested in, (i) any Person involved in the Business (as defined in Section 1(c) hereof) anywhere in the world, including but not limited to, those Persons set forth on Attachment B (provided, however, that nothing contained in this Section 4(b) shall prevent me from holding for passive investment of less than two percent (2%) of any class of equity securities of a company whose securities are publicly traded on a national securities exchange or in a national market system) or (ii) any business that uses or relies on any Confidential Information.

5. Returning Company Documents and Property. I agree that, upon termination of my service with Company, for any reason, I will deliver to the Company, or its designee, and will not keep in my possession or deliver to anyone else, any and all records, data, notes, reports, information, proposals, lists, correspondence, emails, specifications, drawings, blueprints, sketches, materials, other documents, or reproductions or copies (including but not limited to on computer discs or drives) of any aforementioned items either developed by me pursuant to my service with the Company or otherwise relating to the business of the Company Group, retaining neither copies nor excerpts thereof. I also agree that, at such time, or earlier upon request, I will deliver to the Company Group, or its designee, all Company Group property in my possession, including cell phones, computers, computer discs, drives and other equipment or devices, and that if I fail to do so the Company may withhold from my compensation the replacement cost of Company Group property I have not returned.

6. Relief.

(a) I acknowledge and agree that (i) the covenants set forth in Sections 2, 3, 4 and 5. of this Agreement are reasonable and necessary in order to protect the legitimate interests of the Company Group and I am receiving adequate consideration hereunder; (ii) the Company Group will not have any adequate remedy at law if I violate the terms hereof or fail to perform any of my obligations under Sections 2, 3, 4 or 5 of this Agreement; and (iii) the Company Group shall have the right, in addition to any other rights it may have under applicable law, to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce any such covenant or any of the other obligations under Sections 2, 3, 4 or 5 of this Agreement (and I hereby waive any right to require any bond or security in connection therewith), as well as to obtain damages and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company Group may be entitled.

(b) If the period of time or scope of any restriction set forth in Sections 2, 3, 4 or 5of this Agreement should be adjudged unreasonable in any proceeding, then the period of time shall be reduced by such number of months or the scope of the restriction shall be modified, or both,

by a court of competent jurisdiction so that such restrictions may be enforceable for such time and in the manner to the fullest extent adjudged to be reasonable. If I violate any of the restrictions contained in subparagraph (a) above, then the restrictive period shall not run in my favor from the time of the commencement of any such violation until such time as such violation shall be cured by me.

(c) I acknowledge and agree that if I breach any of the provisions of this Agreement, the Company will have the right and remedy to require me to account for and pay over to the Company or its designee, all compensation, profits, monies, accruals, increments or other benefits I derive or receive as a result of such breach. This right and remedy will be in addition to, and not in lieu of, any other rights and remedies available to the Company Group under law or in equity.

(d) I acknowledge that I have the right to request a waiver from the Company with regard to any of the restrictions contained in Sections 2, 3, 4 or 5 of this Agreement by providing a written notice of such request to the Company's Chief Executive Officer or Vice President and General Counsel. Upon receipt of such written notice, the Company's Chief Executive Officer or Vice President and General Counsel shall consider such request and make reasonable efforts to respond to Executive within 15 business days of such notice as to whether the Company, in its sole discretion, shall agree to waive any of such restrictions. If the Company's Chief Executive Officer or Vice President and General Counsel fails to respond to Executive's written notice within such 15 business day period, such failure shall be deemed a denial of the request.

7. Nondisparagement. I acknowledge and agree that I will not, whether in writing or orally, malign, denigrate or disparage the Company Group or any of their respective predecessors or successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light. Disclosure of information I am required to disclose pursuant to any applicable law, court order, subpoena, compulsory process of law or governmental decree shall not constitute a violation or breach of this Section 7; provided that I deliver written notice of such required disclosure to the Company or its designee promptly before making such disclosure if such notice is not prohibited by applicable law, court order, subpoena, compulsory process of law or governmental decree. Similarly, the directors and senior executives of the Company Group will not, and the Company shall use reasonable and good faith efforts to cause its other employees not to, whether in writing or orally, malign, denigrate or disparage me with respect to any of my past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray me in an unfavorable light.

8. Relatives, Affiliates, Etc. I acknowledge and agree that I will not hire or otherwise engage to provide products or services to the Company (as an employee, consultant, supplier, vendor, or otherwise) any Person that is my Affiliate or any Person that is my familial relative by marriage or by birth (including adoption) without disclosure to and the consent of the Company.

9. General Provisions.

(a) Governing Law and Forum. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to any conflict of laws provisions. Any court action instituted by me or on my behalf relating in any way to this Agreement shall be filed exclusively in federal or state court, respectively in the Commonwealth of Pennsylvania, and I consent to the jurisdiction and venue of these courts in any action instituted by the Company against me. I hereby waive, to the fullest extent permitted by applicable law, any right I may have to a trial by jury in respect of any suit, action or proceeding arising out of or relating to this Agreement.

(b) Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable by an arbitrator or court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

(c) Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and may be assigned by the Company and its successors to any Person, including, but not limited to, any successor or parent of the Company or any member of the Company Group. The Company also may assign this Agreement in connection with any sale or merger (whether a sale or merger of stock or assets or otherwise) of the Company or the business of the Company. I expressly consent to the assignment of the restrictions and requirements set form in this Agreement to any new owner of the Company's business or purchaser of the Company. I may not assign, pledge, or encumber my interest in this Agreement, or any part thereof, without the written consent of the Company.

(d) Survival. The obligations contained in this Agreement shall survive the termination of my employment or other relationship with the Company.

10. Disclosure of Agreement. I agree to disclose the existence and terms of this Agreement to any employer or other service recipient that I may render services to or for during the 12 month period immediately following termination of my service with the Company. I further acknowledge and agree that if I breach Sections 2, 3, 4 or 5 of this Agreement in any respect, the restrictions contained in those Sections will be extended for a period equal to the period that I was in breach.

11. Acknowledgement. I acknowledge and agree that (a) I have had the opportunity to consult with independent counsel of my own choice concerning this Agreement and have been advised to do so by the Company, (b) I have read and understand the Agreement, am fully aware of its legal effect, and have entered into it freely based on my own judgment, (c) the duration and scope of this Agreement are reasonable and necessary to protect the Company Group's customer relationships, trade secrets, proprietary information and other legitimate business interests, (d) the Company would not employ me or engage my services or otherwise compensate me unless I

agree to be bound by the provisions of this Agreement, and (e) I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this Agreement.

12. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and me with respect to the subject matter hereof, and merge and supersedes all prior agreements, understandings and/or discussions between us with regard to the matters addressed herein. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the Company and me. Any subsequent change or changes in the terms and conditions of my relationship with the Company, including, but not limited to, my duties or compensation, will not affect the validity or scope of this Agreement.

Date: 1/21/13

/s/ E. Skott Greenhalgh, PhD
By: E. Skott Greenhalgh, Ph.D.

Date: 21 Jan 2013

/s/ Antony Koblish
By: Antony Koblish
President and Chief Executive Officer
TELA Bio, Inc.

NONE
Skott Greenhalgh
/s/ E. Skott Greenhalgh, PhD
1/21/13

ATTACHMENT A — PRIOR INVENTIONS

Patent Number	Patent Title

ATTACHMENT B - COMPETITORS

Kinetic Concepts Inc. (KCI)
Ethicon
Bard
Davol

Exhibit 10.18

Execution version

CREDIT AGREEMENT

dated as of November 16, 2018

by and between

TELA BIO, INC.,

as the Borrower,

and

ORBIMED ROYALTY OPPORTUNITIES II, LP,

as the Lender

TABLE OF CONTENTS

SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of November 16, 2018 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), is by and between TELA BIO, INC., a Delaware corporation (the "Borrower") and ORBIMED ROYALTY OPPORTUNITIES II, LP, a Delaware limited partnership (together with its Affiliates, successors, transferees and assignees, the "Lender"). The Borrower and the Lender are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Borrower has requested that the Lender provide a senior term loan facility to the Borrower in an aggregate principal amount of $35,000,000 (with $30,000,000 available on the Closing Date and $5,000,000 available on or prior to December 31, 2019, subject to the terms and conditions set forth herein); and

WHEREAS, the Lender is willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitment and make the Loans to the Borrower;

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Affiliate" of any Person means any other Person which, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. "Control" (and its correlatives) by any Person means (a) the power of such Person, directly or indirectly, (i) to vote 10% or more of the Voting Securities (determined on a fully diluted basis) of another Person or (ii) to direct or cause the direction of the management and policies of such other Person (whether by contract or otherwise), or (b) ownership by such Person of 10% or more of the Capital Securities of another Person.

"Agreement" is defined in the preamble. "Applicable Margin" means 7.75%.

"Aroa" means Aroa Biosurgery Limited, a privately held New Zealand company.

"Aroa Umbrella Agreement" means that certain Second Amended and Restated License, Product Development and Supply Umbrella Agreement, made as of July 16, 2015, by and between the Borrower and Aroa, as amended effective November 26, 2015.

"Authorized Officer" means, relative to the Borrower, its President and Chief Executive Officer and its Vice President of Finance and Treasurer, and relative to any of the Subsidiaries, its equivalent officers or managers (as applicable), in each case whose signatures and incumbency shall have been certified to the Lender pursuant to Section 5.2.

"Benefit Plan" means any employee benefit plan, as defined in section 3(3) of ERISA, that either: (a) is a "multiemployer plan," as defined in section 3(37) of ERISA, (b) is subject to section 412 of the Code, section 302 of ERISA or Title IV of ERISA, or (c) provides welfare benefits to terminated employees, other than to the extent required by section 4980B(f) of the Code and the corresponding provisions of ERISA.

"Borrower" is defined in the preamble.

"Business Day" means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York.

"Capital Securities" means, with respect to any Person, all shares of, interests or participations in, or other equivalents in respect of (in each case however designated, whether voting or non-voting), of such Person's capital stock, whether now outstanding or issued after the Closing Date.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which have been (or, in accordance with GAAP, should be) classified as capitalized leases (or a finance lease upon adoption by such Person of *ASU No. 2016-02, Leases (Topic 842)*), and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States) maturing not more than one year after such time;

(b) commercial paper or notes maturing not more than one year from the date of purchase, which is issued by a corporation (other than an Affiliate of the Borrower or any of its Subsidiaries) or any Government Sponsored Enterprise, in each case that is organized under the Laws of any state of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody's, or A or higher by S&P or A2 or higher by Moody's; or

(c) any certificate of deposit, demand or time deposit or bankers acceptance, maturing not more than 180 days after its date of issuance, which is issued by or placed with any bank or trust company organized under the Laws of the United States (or any state thereof) and which has (i) a credit rating of A2 or higher

from Moody's or A or higher from S&P and (ii) a combined capital and surplus greater than $500,000,000; or

(d) investments in money market mutual funds at least 95% of the assets of which are comprised of securities of the types described in clauses (a) through (c) of this definition.

"Casualty Event" means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"cGCP" means the then current Good Clinical Practices that establish the national and international ethical and scientific quality standards for designing, conducting, recording and reporting clinical trials that are promulgated or endorsed for the United States by the FDA (including through ICH E6 and 21 CFR Parts 50, 54, 56 and 312) and for outside the United States by comparable Governmental Authorities.

"Change in Control" means and shall be deemed to have occurred if: (a) any "person" or "group" (within the meaning of Rule 13d-5 of the Exchange Act), other than OrbiMed Private Investments IV, LP and its Affiliates, shall acquire or own, directly or indirectly, beneficially or of record, determined on a fully diluted basis, more than 40% of the Voting Securities of the Borrower; (b) a majority of the seats (other than vacant seats) on the board of directors (or equivalent) of the Borrower shall at any time be occupied by persons who were not approved by a majority of the board of directors of the Borrower; or (c) the Borrower shall cease to directly own, beneficially and of record, 100% of the issued and outstanding Capital Securities of the Subsidiaries; provided that the occurrence of a Qualified IPO, in and of itself, shall not be deemed a Change in Control.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty; (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"CLIA" means the Clinical Laboratory Improvement Amendments of 1988, as amended together with any rule, regulation, interpretation, guidance document, policy, judgment lawfully issued or promulgated thereunder by CMS (or any predecessor entity).

"Closing Date" means the date of the making of the Initial Loan hereunder, which in no event shall be later than November 16, 2018.

"Closing Date Certificate" means a closing date certificate executed and delivered by an Authorized Officer of the Borrower in form and substance satisfactory to the Lender.

"CMS" means the U.S. Center for Medicare and Medicaid Services.

"Code" means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended from time to time.

"Commitment" means the Lender's obligation (if any) to make Loans hereunder. "Commitment Amount" means the Initial Commitment Amount plus the Delayed Draw Commitment Amount.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto, together with such changes thereto as the Lender may from time to time request for the purpose of monitoring the Borrower's compliance with the financial covenants contained herein.

"Confidential Information" means any and all information or material (whether written or oral, or in electronic or other form) that, at any time before, on or after the Closing Date, has been or is provided or communicated to the Receiving Party by or on behalf of the Disclosing Party pursuant to this Agreement or in connection with the transactions contemplated hereby, and shall include the existence and terms of this Agreement.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding amount of the debt, obligation or other liability guaranteed thereby.

"Control" is defined within the definition of "Affiliate." "Controlled Account" is defined in Section 7.13(a).

"Copyrights" means all copyrights, whether statutory or common law, and all exclusive and nonexclusive licenses from third parties or rights to use copyrights owned by such third parties, along with any and all (a) renewals, revisions, extensions, derivative works, enhancements, modifications, updates and new releases thereof, (b) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect thereto, including damages and payments for past, present or future Infringements thereof, (c) rights to sue for past, present and future Infringements thereof, and (d) foreign copyrights and any other rights corresponding thereto throughout the world.

"Copyright Security Agreement" means any Copyright Security Agreement executed and delivered by the Borrower or any of the Subsidiaries in substantially the form of Exhibit C to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Credit Agreement Termination Date" means the date on which all Obligations have been paid in full in cash and the Commitment shall have terminated.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Delayed Draw Closing Date" means the date of the making of the Delayed Draw Loan hereunder, which in no event shall be later than December 31, 2019.

"Delayed Draw Commitment Amount" means $5,000,000.

"Delayed Draw Commitment Termination Date" means the earliest to occur of (a) the Delayed Draw Closing Date (immediately after the making of the Delayed Draw Loan on such date), (b) December 31, 2019, and (c) November 16, 2018, if the Initial Loan shall not have been made hereunder prior to such date.

"Delayed Draw Loan" is defined in Section 2.1.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"Device" means any instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including any component, part, or accessory, which is (a) intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals, or (b) intended to affect the structure or any function of the body of man or other animals; and which does not achieve its primary intended purposes through chemical action within or on the body of man or other animals and which is not dependent upon being metabolized for the achievement of its primary intended purposes.

"Disclosing Party" means the Party disclosing Confidential Information.

"Disposition" (or words of similar import such as "Dispose") means any sale, transfer, lease, license, contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower's or the Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person (other than to the Borrower or any of the Guarantors) in a single transaction or series of transactions.

"Disqualified Capital Securities" shall mean any Capital Securities that, by their terms (or by the terms of any security or other Capital Securities into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Capital Securities), pursuant to a sinking fund obligation or otherwise (except as a result of a Change in Control or asset sale so long as

any rights of the holders thereof upon the occurrence of a Change in Control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitment), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Capital Securities) (except as a result of a Change in Control or asset sale so long as any rights of the holders thereof upon the occurrence of a Change in Control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitment), in whole or in part, (c) provide for the scheduled payment of dividends in cash or (d) are or become convertible into or exchangeable for Indebtedness or any other Capital Securities that would constitute Disqualified Capital Securities, in each case of clauses (a) through (d), prior to the date that is 181 days after the Maturity Date; provided that if such Capital Securities are issued pursuant to a plan for the benefit of employees of the Borrower or any of its Subsidiaries, or by any such plan to such employees, such Capital Securities shall not constitute Disqualified Capital Securities solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"Division/Series Transaction" means, with respect to any Person that is a limited liability company organized under the Laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the Laws of the State of Delaware.

"Endoform Development Agreement #1" means the Development Agreement between the Borrower and Aroa, dated as of July 16, 2015, as amended effective November 26, 2015.

"Environmental Laws" means all federal, state, local or international laws, statutes, rules, regulations, codes, directives, treaties, requirements, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, natural resources, Hazardous Material or health and safety matters.

"Environmental Liability" means any liability, loss, claim, suit, action, investigation, proceeding, damage, commitment or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of or affecting the Borrower or any Subsidiary directly or indirectly arising from, in connection with or based upon (a) any Environmental Law or Environmental Permit, (b) the generation, use, handling, transportation, storage, treatment, recycling, presence, disposal, Release or threatened Release of, or exposure to, any Hazardous Materials, or (c) any contract, agreement, penalty, order, decree, settlement, injunction or other arrangement (including operation of Law) pursuant to which liability is assumed, entered into, inherited or imposed with respect to any of the foregoing.

"Environmental Permit" is defined in Section 6.7(c).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means, as applied to any Person, (a) any corporation that is a member of a controlled group of corporations within the meaning of section 414(b) of the Code of which that Person is a member, (b) any trade or business (whether or not incorporated) that is a member of a group of trades or businesses under common control within the meaning of section 414(c) of the Code of which that Person is a member, or (c) any member of an affiliated service group within the meaning of section 414(m) or 414(o) of the Code of which that Person, any corporation described in clause (a) above or any trade or business described in clause (b) above is a member.

"Event of Default" is defined in Section 9.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended. "Excluded Accounts" is defined in Section 7.13(a).

"Excluded Foreign Subsidiary" means each Subsidiary of the Borrower that is neither (a) a Material Subsidiary nor (b) organized under the laws of the United States, a state, territory or jurisdiction thereof, or the District of Columbia.

"Exit Fee" is defined in Section 3.8.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"FDA" means the U.S. Food and Drug Administration and any successor entity.

"FD&C Act" means the U.S. Food, Drug, and Cosmetic Act (or any successor thereto), as amended from time to time, and the rules, regulations, guidelines, guidance documents and compliance policy guides issued or promulgated thereunder.

"Fiscal Quarter" means a quarter ending on the last day of March, June, September or December.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2017 Fiscal Year") refer to the Fiscal Year ending on December 31 of such calendar year.

"Foreign Lender" means a Lender that is organized under the laws of a jurisdiction outside of the United States.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"FTC Act" means the Federal Trade Commission Act, as amended.

"GAAP" means generally accepted accounting principles in the United States.

"Government Sponsored Enterprise" means any private enterprise corporation chartered by the federal government of the United States to provide public financial services.

"Governmental Authority" means any national, supranational, federal, state, county, provincial, local, municipal, territorial or other government or political subdivision thereof, whether domestic or foreign, and any agency, authority, commission, ministry, instrumentality, regulatory body, court, tribunal, arbitrator, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to any such government.

"Guarantee" means the guarantee executed and delivered by an Authorized Officer of each Material Subsidiary, substantially in the form of Exhibit D hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Guarantor" means any Person that signs a Guarantee, which shall include all Material Subsidiaries.

"Hazardous Material" means any material, substance, chemical, mixture or waste which is capable of damaging or causing harm to any living organism, the environment or natural resources, including all explosive, special, hazardous, polluting, toxic, industrial, dangerous, biohazardous, medical, infectious or radioactive substances, materials or wastes, noise, odor, electricity or heat, and including petroleum or petroleum products, byproducts or distillates, asbestos or asbestos-containing materials, urea formaldehyde, polychlorinated biphenyls, radon gas, ozone-depleting substances, greenhouse gases, and all other substances or wastes of any nature regulated pursuant to any Environmental Law or as to which any Governmental Authority requires investigation, reporting or remedial action.

"Headcount" is defined in Section 7.1(a).

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"herein," "hereof," "hereto," "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

"IDE" mean an Investigational Device Exemption, as defined in the FD&C Act or any successor application or procedure filed with the FDA.

"Impermissible Qualification" means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Borrower which (a) is of a "going concern" or similar nature other than any such qualification that is based solely on a determination that the Borrower may not have sufficient cash or other available resources to run the business, (b) relates to the limited scope of examination of matters relevant

to such financial statement, or (c) relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in Default, but excluding any emphasis of matter paragraph similar in all material respects to the emphasis of matter paragraph included by the Borrower's independent public accountant in their opinion on the Borrower's financial statements in respect of the Fiscal Year ended December 31, 2017.

"including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the Parties agree that the rule of *ejusdem generis* shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"IND" means an Investigational Drug Application, as defined in the FD&C Act or any successor application or procedure filed with the FDA.

"Indebtedness" of any Person means:

(a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all Capitalized Lease Liabilities of such Person and all obligations of such Person arising under Synthetic Leases;

(d) net Hedging Obligations of such Person;

(e) all obligations of such Person in respect of Disqualified Capital Securities;

(f) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), and indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and

(g) all Contingent Liabilities of such Person in respect of any of the foregoing.

The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such Person,

except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Liabilities" is defined in Section 10.4. "Indemnified Parties" is defined in Section 10.4.

"Infringement" and "Infringes" mean the misappropriation or other violation of know- how, trade secrets, confidential information, or Intellectual Property.

"Initial Commitment Amount" means $30,000,000.

"Initial Commitment Termination Date" means the earliest to occur of (a) the Closing Date (immediately after the making of the Initial Loan on such date), and (b) November 16, 2018, if the Initial Loan shall not have been made hereunder prior to such date.

"Initial Loan" is defined in Section 2.1.

"Intellectual Property" means all: (a) Patents, all patent applications and invention disclosure documents of any type, registrations and renewals, reissues, reexaminations and patent rights in any lawful form thereof; (b) Trademarks; (c) Copyrights and other works of authorship (registered or unregistered), and all applications, registrations and renewals therefor; (d) Product Agreements; (e) computer software, databases, data and documentation; (f) trade secrets and confidential business information, whether patentable or unpatentable and whether or not reduced to practice, know-how, inventions, manufacturing processes and techniques, research and development information, data and other information included in or supporting Regulatory Authorizations; (g) financial, marketing and business data, pricing and cost information, business, finance and marketing plans, customer and prospective customer lists and information, and supplier and prospective supplier lists and information; (h) other intellectual property or similar proprietary rights; (i) copies and tangible embodiments of any of the foregoing (in whatever form or medium); and (j) any and all improvements to any of the foregoing which is owned, assigned to or could by contract be owned or assigned to the Borrower, its Subsidiaries or their respective agents.

"Interest Period" means: (a) initially, the period beginning on (and including) the date on which the Initial Loan is made hereunder pursuant to Section 2.3 and ending on (and including) the last day of the calendar month in which the Loan was made; and (b) thereafter, the period beginning on (and including) the first day of each succeeding calendar month and ending on the earlier of (and including) (i) the last day of such calendar month and (ii) the Maturity Date.

"Investigational Application" means an application, including an application filed with a Regulatory Agency, for authorization to commence human clinical studies or distribute an investigational product, including (a) an IND, (b) an IDE, (c) an abbreviated IDE as specified in FDA regulations in 21 C.F.R. § 812.2(b), (d) any equivalent of a United States IND or IDE in other countries or regulatory jurisdictions, (e) all amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing and (f) all related documents and correspondence thereto, including documents and correspondence with Institutional Review Boards (IRBs).

"Investment" means, relative to any Person, (a) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, (b) Contingent Liabilities in favor of any other Person, and (c) any Capital Securities held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"Key Contracts" means: (a) the Aroa Umbrella Agreement; (b) the Endoform Development Agreement #1; (c) the Development Agreement for Endoform® Contoured Reconstructive Template, effective as of September 21, 2017 (including its separate Product Exhibit no. 2 of even date), between the Borrower and Aroa, as amended effective June 1, 2018; (d) the Development Agreement for Endoform® Reconstructive Template Large, effective as of May 31, 2018, between the Borrower and Aroa; each of the foregoing in clauses (a) through (d) as amended, supplemented or otherwise modified from time to time; and (e) any other existing or future material contract, agreement, arrangement, obligation or undertaking, between the Borrower or any of the Subsidiaries, on one hand, and Aroa or any of its Affiliates, on the other hand.

"Key Permits" means all Permits relating to the Products, which Permits are material to the business of the Borrower and its Subsidiaries, taken as a whole.

"knowledge" of the Borrower means the actual knowledge of any officer of the Borrower or any Subsidiary.

"Laws" is defined in Section 6.18(a). "Lender" is defined in the preamble.

"LIBO Rate" means the one-month London Interbank Offered Rate for deposits in U.S. Dollars at approximately 11:00 a.m. (London, England time), quoted by the Lender from the appropriate Bloomberg or Telerate page selected by the Lender (or any successor thereto or similar source determined by the Lender from time to time), which shall be that one-month London Interbank Offered Rate for deposits in U.S. Dollars in effect two Business Days prior to the last Business Day of the relevant calendar month, adjusted for any reserve requirement and any subsequent costs arising from a change in governmental regulation, such rate to be rounded up to the nearest 1/16 of 1% and such rate to be reset quarterly as of the first Business Day of each calendar month; provided that if the LIBO Rate shall be less than 1.00%, such rate shall be deemed to be 1.00% for the purposes of this Agreement. If the Initial Loan is advanced other than on the first Business Day of a calendar month, the initial LIBO Rate shall be that one-month London Interbank Offered Rate for deposits in U.S. Dollars in effect two Business Days prior to the date of the Initial Loan, which rate shall be in effect until (and including) the last Business Day of the calendar month next ending. The Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever, to secure payment of a debt or performance of an obligation.

"LifeCell Agreement" means that certain Settlement and Release Agreement, made as of November 18, 2016, between LifeCell Corporation, the Borrower, Mr. Antony Koblish and Dr. Maarten Persenaire.

"Liquidity" means, at any time, an amount equal to the sum of unrestricted consolidated cash-on-hand and Cash Equivalent Investments of the Borrower, to the extent held in a Controlled Account located in the United States.

"Loan Documents" means, collectively, this Agreement, any Notes, the Security Agreement, each other agreement pursuant to which the Lender is granted a Lien to secure the Obligations (including any mortgages or other documents entered into pursuant to Section 7.8), the Guarantee, and each other agreement, certificate, document or instrument delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein.

"Loan Request" means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B hereto.

"Loans" means the Initial Loan and the Delayed Draw Loan.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations or properties of the Borrower or of the Borrower and the Subsidiaries taken as a whole, (b) the rights and remedies of the Lender under any Loan Document or (c) the ability of the Borrower or any Subsidiary to perform its material Obligations under any Loan Document.

"Material Agreements" means: (a) each contract or agreement to which the Borrower or any Subsidiary is a party involving aggregate payments of more than $250,000, whether such payments are being made by the Borrower or any Subsidiary to a non-Affiliated Person, or by a non-Affiliated Person to the Borrower or any Subsidiary; and (b) all other contracts or agreements, individually or in the aggregate, material to the business, operations, assets, prospects, conditions (financial or otherwise), performance or liabilities of the Borrower or any Subsidiary.

"Material Subsidiary" means each Subsidiary which: (a) is organized under the laws of the United States, any state thereof, or the District of Columbia; (b) holds right, title or interest in any Intellectual Property; (c) holds or maintains any material Regulatory Authorization, whether now in effect or hereafter issued by any Regulatory Agency, including any Key Permits received from the FDA and any CE mark; (d) conducts business operations other than commercial sales (e) is party to any Material Agreement (other than leases of real property) other than any Material Agreement between such Subsidiary and the Borrower or another Subsidiary; (f) is party to any Key Contract; (g) has, together with its Subsidiaries, assets with a book value or fair market value exceeding $500,000 in the aggregate; provided that, if at any time the aggregate book value or the aggregate fair market value of the assets attributable to all Subsidiaries that are

not Material Subsidiaries exceeds $1,000,000, the Borrower (or in the event the Borrower has failed to do so within five days, the Lender) shall designate sufficient Subsidiaries as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute "Material Subsidiaries"; (h) has cash or and Cash Equivalent Investments exceeding $200,000 individually; provided that, if at any time the aggregate amount of cash and Cash Equivalent Investments attributable to all Subsidiaries that are not Material Subsidiaries exceeds $400,000, the Borrower (or in the event the Borrower has failed to do so within five days, the Lender) shall designate sufficient Subsidiaries as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute "Material Subsidiaries"; or (i) as of the most recent Fiscal Quarter of the Borrower, for the period of four consecutive Fiscal Quarters then ended for which financial statements have been delivered pursuant to Section 7.1(b) or 7.1(c) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 7.1(b) or 7.1(c), the most recent financial statements referred to in Section 5.6), contributed greater than 10% of the Revenue Base for such period; provided that, if at any time the aggregate portion of the Revenue Base attributable to all Subsidiaries that are not Material Subsidiaries exceeds 10% of the Revenue Base for any such period, the Borrower (or in the event the Borrower has failed to do so within five days, the Lender) shall designate sufficient Subsidiaries as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute "Material Subsidiaries."

"Maturity Date" means November 16, 2023.

"Moody's" means Moody's Investors Service, Inc., and any successor thereto.

"Net Asset Sales Proceeds" means, with respect to a Disposition (other than Dispositions of inventory permitted by Section 8.8(a)) after the Closing Date by the Borrower or any Subsidiary to any Person of any assets of the Borrower or its Subsidiaries, the excess of gross cash proceeds received by the Borrower or any Subsidiary from such Disposition over all reasonable and customary costs and expenses, and including Taxes payable by the recipient of such proceeds, incurred in connection with such Disposition which have not been paid to Affiliates of the Borrower in connection therewith.

"Net Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of the Subsidiaries in connection with such Casualty Event (other than proceeds that are used to repair or replace the assets subject to such Casualty Event within 180 days of receipt of such proceeds with respect to such Casualty Event with like or similar assets of substantially equal or better value and utility) in excess of $500,000, individually or in the aggregate, through the Termination Date (in each case net of all reasonable and customary collection expenses thereof), but excluding any proceeds or awards required to be paid to a creditor (other than the Lender) which holds a first priority Lien permitted by Section 8.3(f) on the property which is the subject of such Casualty Event.

"Net Revenue" means net revenue from commercial sales of Products by the Borrower and its Subsidiaries, as determined in accordance with GAAP. Net Revenue shall be determined

in a manner consistent with the methodologies, practices and procedures used in developing the Borrower's audited financial statements.

"Non-Excluded Taxes" means any Taxes other than (a) Taxes imposed on or measured by a Person's net income, and franchise Taxes with respect to the Lender imposed by any Governmental Authority under the Laws of which the Lender is organized or in which it maintains its applicable lending office, (b) branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction described in clause (a) above, and (c) (i) any withholding Tax that is imposed by the United States on amounts payable to a Foreign Lender at the time such Foreign Lender first becomes a party to this Agreement (or designates a new lending office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 4.3(a) or (ii) any U.S. federal withholding Taxes or other amounts imposed or payable under FATCA.

"Note" means a promissory note of the Borrower payable to the Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to the Lender resulting from the outstanding amount of the Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Obligations" means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each Subsidiary arising under or in connection with a Loan Document and the principal of and premium, if any, and interest (including interest accruing during the pendency of any proceeding of the type described in Section 9.1(h), whether or not allowed in such proceeding) on the Loans.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Organic Document" means, relative to the Borrower or any Subsidiary, its certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to the Borrower's or any Subsidiary's Capital Securities.

"Other Administrative Proceeding" means any administrative proceeding relating to a dispute involving a patent office or other relevant intellectual property registry which relates to validity, opposition, revocation, ownership or enforceability of the relevant Intellectual Property.

"Other Taxes" means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document (excluding, for the avoidance of doubt, Taxes described in clauses (a), (b) or (c) of the definition of Non-Excluded Taxes).

"OviTex" means the surgical mesh implant product manufactured, distributed, offered for sale or sold under the OviTex brand or any successor product integrating biologic materials derived from ovine rumen with synthetic materials in an embroidered construction, as a surgical

mesh to reinforce and/or repair soft tissue where weakness exists, which indications for use include the repair of hernias and/or abdominal wall defects that require the use of reinforcing or bridging material to obtain the desired surgical outcome.

"Party" and "Parties" have the meanings set forth in the preamble.

"Patent" means any patent, any type of patent application or invention disclosure, including all divisions, continuations, continuations in-part, provisionals, continued prosecution applications, substitutions, reissues, reexaminations, inter partes review, post-grant review by or any other type of proceeding involving patents and patent applications before any patent office or other Governmental Authority, renewals, extensions, adjustments, restorations, supplemental protection certificates and patent rights in any form and other additions in connection therewith, whether in or related to the United States or any foreign country or other jurisdiction.

"Patent Security Agreement" means any Patent Security Agreement executed and delivered by the Borrower or any of the Subsidiaries in substantially the form of Exhibit A to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Permits" means all permits, licenses, registrations, certificates, orders, approvals, clearances, authorizations, consents, waivers, franchises, variances and similar rights issued by or obtained from any Governmental Authority or any other Person, including those relating to Environmental Laws and Regulatory Authorizations.

"Permitted Acquisition" means the purchase or other acquisition of all of the Capital Securities (other than qualifying directors shares) in, or all or substantially all of the property of, or all or substantially all of any business or division of, any Person (other than any joint venture owned by another Person that is purchased or acquired) that, upon the consummation thereof, will be wholly owned directly by the Borrower or one or more of its wholly owned Subsidiaries (including as a result of a merger or consolidation); provided that, with respect to each Permitted Acquisition:

(a) any such newly-created or acquired Subsidiary shall comply with the requirements of Section 7.8 and the Lender shall have received (or shall receive in connection with the closing of such acquisition) a first priority perfected security interest, subject only to Liens permitted under Section 8.3, in the property (including equity interests) acquired with respect to the entity acquired;

(b) the lines of business of the Person to be (or the property of which is to be) so purchased or otherwise acquired shall be permitted pursuant to Section 8.1;

(c) in the case of a purchase or other acquisition of the Capital Securities of another Person, the board of directors (or other comparable governing body) and, if required under applicable Law, the stockholders or equity holders, of such other Person shall have duly approved such purchase or other acquisition;

(d) the total cash and non-cash consideration paid by or on behalf of the Borrower and its Subsidiaries for any such purchase or other acquisition, when

aggregated with the consideration paid by or on behalf of the Borrower and its Subsidiaries for all other Permitted Acquisitions after the Closing Date shall not exceed the aggregate amount of $500,000 in any Fiscal Year and an aggregate cumulative amount of $1,000,000;

(e) immediately before and after giving effect to any such purchase or other acquisition, no Default or Event of Default, shall exist or result therefrom; and

(f) the Borrower shall have delivered to the Lender, at least 10 Business Days prior to the date on which any such purchase or other acquisition is to be consummated, a written notice describing such transaction, and thereafter, if requested by the Lender for any such transaction involving consideration in excess of $250,000, (i) historical financial statements of or related to the Person or assets to be acquired, (ii) twelve month projections for such Person or assets to be acquired and for the Borrower after giving effect to such transaction, and (iii) material documentation and other information relating to such transaction and reasonably requested by the Lender.

"Permitted Subordinated Indebtedness" means Indebtedness incurred after the Closing Date by the Borrower or the Subsidiaries that is (a) subordinated to the Obligations and all other Indebtedness owing from the Borrower or the Subsidiaries to the Lender pursuant to a written subordination agreement satisfactory to the Lender in its sole discretion and (b) in an amount and on terms approved by the Lender in its sole discretion.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Prime Rate" means (a) the rate of interest last quoted by *The Wall Street Journal* as the "Prime Rate" in the U.S. or, if *The Wall Street Journal* ceases to quote such rate, the per annum interest rate published by the F.R.S. Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Lender) or any similar release by the F.R.S. Board (as determined by the Lender) minus (b) 1.00%; provided that if the Prime Rate shall be less than 1.00%, such rate shall be deemed to be 1.00% for the purposes of this Agreement.

"Privacy Laws" means all applicable security and privacy standards regarding protected health information under (a) the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, including the regulations promulgated thereunder and (b) any applicable state privacy Laws.

"Product" means (a) OviTex, (b) Restella and (c) any current or future service or product (including software products and services) researched, designed, developed, manufactured, licensed, marketed, sold, performed, distributed or otherwise commercialized by the Borrower or any of its Subsidiaries, including any such product in development or which may be developed.

"Product Agreement" means each agreement, license, document, instrument, interest (equity or otherwise) or the like under which one or more parties grants or receives any right, title or interest with respect to any Product Development and Commercialization Activities in

respect of one or more Products specified therein or to exclude third parties from engaging in, or otherwise restricting any right, title or interest as to any Product Development and Commercialization Activities with respect thereto, including each contract or agreement with suppliers, manufacturers, distributors, clinical research organizations, hospitals, group purchasing organizations, wholesalers, pharmacies or any other Person related to any such entity.

"Product Development and Commercialization Activities" means, with respect to any Product, any combination of research, development, manufacture, import, use, sale, importation, storage, labeling, marketing, promotion, supply, distribution, testing, packaging, purchasing or other commercialization activities, receipt of payment in respect of any of the foregoing, or like activities the purpose of which is to commercially exploit such Product.

"Publicly Reporting Company" means an issuer generally subject to the public reporting requirements of the Exchange Act.

"Purchase Money Indebtedness" means Indebtedness: (a) consisting of the deferred purchase price for equipment incurred in connection with the acquisition of such equipment, where the amount of such Indebtedness does not exceed the greater of (i) the cost of the equipment being financed and (ii) the fair market value of such equipment; and (b) incurred to finance such acquisition by the Borrower or a Subsidiary of such equipment.

"QSR" means quality systems regulation requirements related to the organizational structure, responsibilities, procedures, processes, and resources for implementing quality management for the manufacturing of medical devices, as set forth in 21 CFR Part 820.

"Qualified Capital Securities" shall mean any Capital Securities that are not Disqualified Capital Securities.

"Qualified IPO" means an underwritten initial public offering of the Capital Securities of the Borrower which generates cash proceeds of at least $25,000,000 and results in a listing of the Borrower's Capital Securities on a public securities exchange.

"Receiving Party" means the Party receiving Confidential Information. "Recipients" is defined in Section 10.14.

"Regulatory Agencies" means any Governmental Authority that is concerned with the use, control, safety, efficacy, reliability, manufacturing, testing, marketing, distribution, sale or other Product Development and Commercialization Activities relating to any Product of the Borrower or any of the Subsidiaries, including CMS, FDA, and all similar agencies in other jurisdictions, and includes Standard Bodies.

"Regulatory Authorizations" means all approvals, clearances, notifications, authorizations, orders, exemptions, registrations, listings, certifications, licenses and permits granted by, submitted to or filed with any Regulatory Agencies necessary for the testing, manufacture, development, distribution, use, storage, import, export, transport, promotion, marketing, sale or other commercialization of any Product in any country or jurisdiction,

including any Investigational Application, IDE, premarket approval application (PMA), premarket notification submission (510(k)), and humanitarian device exemption (HDE).

"Related Parties" means the stockholders, members, partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of the Borrower and the Subsidiaries.

"Release" means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, pouring, dumping, depositing, emitting, escaping, emptying, seeping, dispersal, migrating or placing, including movement through, into or upon the environment or any natural or man-made structure.

"Repayment Premium" means a premium of:

(a) ten percent (10.00%) of the principal amount of any prepayment or repayment of the Borrower on the applicable Loan, if such prepayment or repayment is made or required to be made (i) with respect to the Initial Loan, on or prior to the second anniversary of the Closing Date and (ii) with respect to the Delayed Draw Loan, on or prior to the second anniversary of the Delayed Draw Closing Date;

(b) five percent (5.00%) of the principal amount of any prepayment or repayment of the Borrower on the applicable Loan, if such prepayment or repayment is not required to be made prior to, and is made or required to be made after (i) with respect to the Initial Loan, the second anniversary of the Closing Date, but on or prior to the third anniversary of the Closing Date and (ii) with respect to the Delayed Draw Loan, the second anniversary of the Delayed Draw Closing Date, but on or prior to the third anniversary of the Delayed Draw Closing Date;

(c) two and one-half percent (2.50%) of the principal amount of any prepayment or repayment of the Borrower on the applicable Loan, if such prepayment or repayment is not required to be made prior to, and is made or required to be made after (i) with respect to the Initial Loan, the third anniversary of the Closing Date, but on or prior to the fourth anniversary of the Closing Date and (ii) with respect to the Delayed Draw Loan, the third anniversary of the Delayed Draw Closing Date, but on or prior to the fourth anniversary of the Delayed Draw Closing Date; or

(d) zero percent (0%) of the principal amount of any prepayment or repayment of the Borrower on the applicable Loan, if such prepayment or repayment is not required to be made on or prior to, and is made or required to be made after (i) with respect to the Initial Loan, the fourth anniversary of the Closing Date and (ii) with respect to the Delayed Draw Loan, the fourth anniversary of the Delayed Draw Closing Date.

"Restella" means the surgical mesh implant product manufactured, distributed, offered for sale or sold under the Restella brand or any successor product integrating biologic materials derived from ovine rumen with synthetic materials in an embroidered construction, for use in plastic and breast reconstruction procedures requiring improved permeability and controlled stretch while allowing for expansion where needed.

"Restricted Payment" means (a) the declaration or payment of any dividend on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Borrower or any Subsidiary or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (b) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Borrower or any Subsidiary or otherwise.

"Revenue Base" means, with respect to any period, the Net Revenues of all Products for such period.

"S&P" means Standard & Poor's Financial Services LLC, a division of The McGraw- Hill Companies, Inc., and any successor thereto.

"Sanctions" means any international economic sanction administered or enforced by the United States government (including OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"SEC" means the U.S. Securities and Exchange Commission.

"Security Agreement" means the Pledge and Security Agreement executed and delivered by each of the parties thereto, substantially in the form of Exhibit E hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature, (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which the property of such Person would constitute an unreasonably small capital and (e) such Person has not executed this Agreement or any other Loan Document, or made any transfer or incurred any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Standard Bodies" means any of the organizations that create, sponsor or maintain safety, quality or other standards, including ISO, ANSI, CEN and SCC and the like.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person,

or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of Borrower.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (a) that is not a capital lease in accordance with GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for federal income Tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, additions to tax, penalties or similar liabilities with respect thereto.

"Termination Date" means the date on which all Obligations have been paid in full in cash and the Commitment shall have terminated.

"Third Party" means any Person other than the Borrower or any of its Subsidiaries.

"Trademark" means any trademark, whether registered or not, service mark, trade name, logo, symbol, trade dress, trade style, domain name, corporate name, company name, fictitious business name, certification mark, collective mark or other business identifier or indicator of source or origin, and all applications, registrations and renewals therefor, together with all of the goodwill associated therewith.

"Trademark Security Agreement" means any Trademark Security Agreement executed and delivered by the Borrower or any of the Subsidiaries substantially in the form of Exhibit B to any Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if, with respect to any financing statement or by reason of any provisions of Law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Lender pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any financing statement relating to such perfection or effect of perfection or non-perfection.

"United States" or "U.S." means the United States of America, its fifty states, its territories and jurisdictions, and the District of Columbia.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"wholly owned Subsidiary" means any direct or indirect Subsidiaries of Borrower, all of the outstanding Capital Securities of which (other than any director's qualifying shares or

investments by foreign nationals mandated by applicable Laws) is owned directly or indirectly by Borrower.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the schedules attached hereto.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 8.4 and the definitions used in such calculations) shall be made, in accordance with GAAP, as in effect from time to time; provided that, if either the Borrower or the Lender requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or the application thereof, then such provision shall be interpreted on the basis of GAAP in effect and applied immediately before such change shall have become effective until such request shall have been withdrawn or such provision amended in accordance herewith. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Borrower and the Subsidiaries, in each case without duplication.

ARTICLE II
COMMITMENT AND BORROWING PROCEDURES

SECTION 2.1 Commitment. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "Initial Loan") to the Borrower on the Closing Date in an amount equal to (but not less than) the Initial Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "Delayed Draw Loan") to the Borrower on the Delayed Draw Closing Date in an amount equal to (but not less than) the Delayed Draw Commitment Amount. No amounts paid or prepaid with respect to the Loans may be reborrowed.

SECTION 2.2 Borrowing Procedure. The Borrower may irrevocably request that the Initial Loan be made by delivering to the Lender a Loan Request on or before 10:00 a.m. on a Business Day at least three Business Days prior to the proposed Closing Date. The Borrower may irrevocably request that the Delayed Draw Loan be made by delivering to the Lender a Loan Request on or

before 10:00 a.m. on a Business Day at least three Business Days prior to the proposed Delayed Draw Closing Date.

SECTION 2.3 Funding. After receipt of the Loan Request for the Initial Loan, the Lender shall, on the Closing Date and subject to the terms and conditions hereof, make the requested proceeds of the Initial Loan available to the Borrower by wire transfer to the account the Borrower shall have specified in its Loan Request. After receipt of the Loan Request for the Delayed Draw Loan, the Lender shall, on the Delayed Draw Closing Date and subject to the terms and conditions hereof, make the requested proceeds of the Delayed Draw Loan available to the Borrower by wire transfer to the account the Borrower shall have specified in its Loan Request.

SECTION 2.4 Reduction of the Commitment Amounts. The Initial Commitment Amount shall automatically and permanently be reduced to zero on the Initial Commitment Termination Date. The Delayed Draw Commitment Amount shall automatically and permanently be reduced to zero on the Delayed Draw Commitment Termination Date.

ARTICLE III
REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans, and any fees or interest accrued or accruing thereon, shall be repaid and prepaid solely in U.S. dollars pursuant to the terms of this Article III.

SECTION 3.2 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of the Loans on the Maturity Date. Prior thereto, payments and prepayments of the Loans shall be made as set forth below.

(a) The Borrower shall have the right, with at least three Business Days' notice to the Lender, at any time and from time to time to prepay any unpaid principal amount of the Loans, in whole or in part.

(b) Within three Business Days of receipt by the Borrower or any Subsidiary of any (i) Net Casualty Proceeds or (ii) Net Asset Sales Proceeds, the Borrower shall notify the Lender thereof. If requested by the Lender, the Borrower shall within three Business Days of such request make a mandatory prepayment of the Loans, in an amount equal to 100% of such Net Casualty Proceeds or Net Asset Sales Proceeds, as the case may be (or such lesser amount as the Lender may specify on the date of such request), to be applied as set forth in Section 3.3.

(c) The Borrower shall repay the Loans in full immediately upon any acceleration of the Maturity Date thereof pursuant to Section 9.2 or Section 9.3, unless, pursuant to Section 9.3, only a portion of the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

SECTION 3.3 Application. Except as provided in Section 4.4(b), amounts repaid or prepaid in respect of the outstanding principal amount of the Loans pursuant to clauses (b) or (c) of Section 3.2 shall be applied pro rata to the Initial Loan and Delayed Draw Loan.

SECTION 3.4 Interest Rate. During any applicable Interest Period, the Loans shall accrue interest during such Interest Period at a rate per annum equal to the sum of (a) the Applicable Margin plus (b) the higher of (A) the LIBO Rate for such Interest Period and (B) 2.00%. The interest rate shall be recalculated and, if necessary, adjusted for each Interest Period, in each case pursuant to the terms hereof.

SECTION 3.5 Default Rate. At all times commencing upon the date any Event of Default occurs, and continuing until such Event of Default is no longer continuing, the Applicable Margin shall be increased by 3.00% per annum.

SECTION 3.6 Payment Dates. Interest accrued on the Loans shall be payable in cash, without duplication:

(a) on the Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) on the last day of each calendar month; provided that if such day is not a Business Day, then such payment shall be made on the next succeeding Business Day; and

(d) on that portion of the Loans that is accelerated pursuant to Section 9.2 or Section 9.3, immediately upon such acceleration.

Interest accrued on the Loans or other monetary Obligations after the date such amount is due and payable (whether on the Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.7 Repayment Premium. Upon the prepayment or repayment of all or any portion of any Loans (or upon the date any such prepayment or repayment is required to be paid), whether pursuant to Section 9.2 or Section 9.3, or otherwise (but excluding any required repayment of Loans with Net Casualty Proceeds pursuant to Section 3.2(b)(i)), the Borrower shall pay to the Lender, in cash, on the date on which such prepayment or repayment is paid or required to be paid, as the case may be, in addition to the other Obligations (including the Exit Fee) so prepaid, repaid or required to be prepaid or repaid, the Repayment Premium that is applicable on such date with respect to the portion of each Loan so prepaid, repaid or required to be prepaid or repaid.

SECTION 3.8 Exit Fee. Upon the prepayment or repayment of all or any portion of any Loans (or upon the date any such prepayment or repayment is

required to be paid), whether on the Maturity Date, or pursuant to Section 9.2 or Section 9.3, or otherwise, the Borrower shall pay to the Lender, in cash, on the date on which such prepayment or repayment is paid or required to be paid, as the case may be, in addition to the other Obligations (including the Repayment Premium, if any) so prepaid, repaid or required to be prepaid or repaid, a fee (the "Exit Fee") in an amount equal to ten percent (10.00%) of the principal amount of the Loans prepaid, repaid or required to be prepaid or repaid, as the case may be, on such date.

SECTION 3.9 Administration Fee. The Borrower shall pay to the Lender, in cash, an administration fee in the amount of $10,000, on the last day of each Fiscal Quarter prior to the Termination Date; provided that if such day is not a Business Day, then such payment shall be made on the next succeeding Business Day.

ARTICLE IV
LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 Increased Costs, Etc. The Borrower agrees to reimburse the Lender for any increase in the cost to the Lender of, or any reduction in the amount of any sum receivable by the Lender in respect of, the Lender's Commitment and the making, continuation or maintaining of the Loans hereunder that may arise in connection with any Change in Law, except for such changes with respect to increased capital costs and Taxes which are governed by Section 4.2 and Section 4.3, respectively. The Lender shall notify the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate the Lender for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to the Lender within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.2 Increased Capital Costs. If any Change in Law affects or would affect the amount of capital required or expected to be maintained by the Lender or any Person controlling the Lender, and the Lender determines (in good faith but in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of the Commitment or the Loans made by it hereunder is reduced to a level below that which the Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice from time to time by the Lender to the Borrower, the Borrower shall within five days following receipt of such notice pay directly to the Lender additional amounts sufficient to compensate the Lender or such controlling Person for such reduction in rate of return. A statement of the Lender as to any such additional amount or amounts shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, the Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.3 Taxes. The Borrower covenants and agrees as follows with respect to Taxes:

(a) Any and all payments by the Borrower or any Subsidiary under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by the Borrower or any of the Subsidiaries to or on behalf of the Lender under any Loan Document, then:

(i) if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower or such Subsidiary shall deduct or withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable Law.

(b) In addition, the Borrower or the applicable Subsidiary shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable Law.

(c) As promptly as practicable after the payment of any Taxes or Other Taxes required to be paid by the Borrower under Section 4.3(a) or (b), and in any event within 45 days of any such payment being due, the Borrower shall furnish to the Lender a copy of an official receipt (or a certified copy thereof) evidencing the payment of such Taxes or Other Taxes.

(d) The Borrower shall indemnify the Lender for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) the Lender whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority. Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by the Lender, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (provided that the Lender shall not be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify the Lender for any incremental Taxes that may become payable by the Lender as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender, pursuant to clause (c), documentation evidencing the payment of Taxes or Other Taxes. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by the Lender or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date the Lender makes written demand therefor. The Borrower acknowledges that any payment made to the Lender

or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause (d) shall constitute a payment in respect of which the provisions of clause (a) and this clause (d) shall apply.

(e) For purposes of sections 1272, 1273 and 1275 of the Code and the U.S. Department of Treasury regulations thereunder, the Loans are being issued with original issue discount. Requests for information regarding the original issue discount, issue date, yield to maturity, comparable yield and projected payment schedule on the Loans shall be directed to the Borrower, at the address of Borrower specified on Schedule 10.2.

SECTION 4.4 Payments, Computations; Proceeds of Collateral, Etc.

(a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds to such account as the Lender shall specify from time to time by notice to the Borrower. Funds received after 11:00 a.m. on any day shall be deemed to have been received by the Lender on the next succeeding Business Day. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable Law shall be applied upon receipt to the Obligations as follows: (i) first, to the payment in full in cash of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar Law, whether or not permitted as a claim under such Law) and fees owing under the Loan Documents, and all costs and expenses owing to the Lender pursuant to the terms of the Loan Documents, until paid in full in cash, (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the payment of the principal amount of the Loans then outstanding, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the payment of all other Obligations owing to the Lender, and (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), and following the Termination Date, to the Borrower or any other Person lawfully entitled to receive such surplus.

SECTION 4.5 Setoff. The Lender shall, upon the occurrence and during the continuance of any Default described in clauses (i) through (iv) of Section 9.1(h) or, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants to the Lender a continuing security interest in, any and all

balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with or on behalf of the Lender. The Lender agrees promptly to notify the Borrower after any such appropriation and application made by the Lender; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lender under this Section 4.5 are in addition to other rights and remedies (including other rights of setoff under applicable Law or otherwise) which the Lender may have.

SECTION 4.6 LIBO Rate Not Determinable.

(a) If prior to the commencement of any Interest Period for a Loan, the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period, then the Lender shall give notice thereof to the Borrower as promptly as practicable and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (i) the Loans shall bear interest calculated pursuant to Section 3.4 but using the Prime Rate instead of the LIBO Rate and (ii) the continuation of any outstanding Loan or the extension of a new Loan hereunder shall be made with interest calculated pursuant to Section 3.4 but using the Prime Rate instead of the LIBO Rate.

(b) If at any time the Lender determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in Section 4.6(a) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in Section 4.6(a) have not arisen but the supervisor for the administrator of the LIBO Rate has made a public statement identifying a specific date after which the LIBO Rate shall no longer be used for determining interest rates for loans, then the Lender shall establish an alternate rate of interest to that based on the LIBO Rate that gives due consideration to the then-prevailing market convention for determining a rate of interest for loans in the United States at such time, and the Lender and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes as the Lender may determine to be appropriate. Until an alternate rate of interest shall be determined in accordance with this Section 4.6(b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 4.6(b), only to the extent the LIBO Rate for such Interest Period is not available or published at such time on a current basis), Section 4.6(a) shall be applicable.

ARTICLE V
CONDITIONS TO MAKING THE LOANS

SECTION 5.1 Credit Extensions. The obligation of the Lender to make the Initial Loan shall be subject to the execution and delivery of this Agreement by the Parties, the delivery of a Loan Request as requested pursuant to Section 2.3, and the satisfaction of each of the conditions precedent set forth below in this Article (other than Sections 5.17 and 5.18). The obligation of the Lender to make the Delayed Draw Loan shall be subject to the prior making of the Initial Loan,

the delivery of a Loan Request as requested pursuant to Section 2.3, and the satisfaction of each of the conditions precedent set forth below in Sections 5.3, 5.8, 5.17 and 5.18.

SECTION 5.2 Secretary's Certificate, Etc. The Lender shall have received from the Borrower and each Subsidiary party to a Loan Document, (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Person and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Person's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to:

(a) resolutions of each such Person's board of directors (or other managing body, in the case of other than a corporation) and any other corporate resolutions required by applicable Law or pursuant to such Person's Organic Documents, each of which shall be then in full force and effect, authorizing the execution, delivery and performance of each Loan Document to be executed by such Person and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and

(c) each Organic Document of such Person being in full force and effect, and attaching copies thereof;

upon which certificates the Lender may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person.

SECTION 5.3 Closing Date Certificate. The Lender shall have received a Closing Date Certificate, dated as of the Closing Date or Delayed Draw Closing Date, as the case may be, and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall certify that the statements made therein shall be deemed to be true and correct representations and warranties of the Borrower as of such date and, at the time such certificate is delivered, such statements shall in fact be true and correct, and such statements shall include that (a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects (other than any representations and warranties that are qualified by materiality or Material Adverse Effect, which shall be true and correct in all respects), (b) no Default shall have then occurred and be continuing, or would result from the Loan to be advanced on the Closing Date or Delayed Draw Closing Date, as the case may be, and (c) all of the applicable conditions set forth in this Article V have been satisfied in all material respects.

SECTION 5.4 Payment of Outstanding Indebtedness, Etc. All Indebtedness identified in Schedule 8.2(b), together with all interest, all

prepayment premiums and all other amounts due and payable with respect thereto, shall have been paid in full from the proceeds of the Loan and the commitments in respect of such Indebtedness shall have been terminated, and all Liens securing payment of any such Indebtedness shall have been released and the Lender shall have received all Uniform Commercial Code Form UCC-3 termination statements or other instruments (including customary payoff letters) as may be suitable or appropriate in connection therewith.

SECTION 5.5 Delivery of Note. The Lender shall have received a Note duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.6 Financial Information, Etc. The Lender shall have received:

(a) audited consolidated financial statements of the Borrower and the Subsidiaries for each of the fiscal years ended December 31, 2015, December 31, 2016, and December 31, 2017;

(b) unaudited consolidated balance sheets of the Borrower and the Subsidiaries for each Fiscal Quarter ended after December 31, 2016, together with the related consolidated statement of operations, shareholder's equity and cash flows for the twelve months then ended; and

(c) such other financial information as to the Borrower and the Subsidiaries and their respective businesses, assets and liabilities as the Lender may reasonably request.

SECTION 5.7 Compliance Certificate. The Lender shall have received an initial Compliance Certificate on a pro forma basis as if the Initial Loan had been made as of September 30, 2018 and as to such items therein as the Lender reasonably requests, dated the Closing Date, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Borrower.

SECTION 5.8 Solvency, Etc. The Lender shall have received a solvency certificate duly executed and delivered by the chief financial or accounting Authorized Officer of the Borrower, dated as of the Closing Date or Delayed Draw Closing Date, as the case may be, in form and substance satisfactory to the Lender.

SECTION 5.9 Guarantee. In case there are any Material Subsidiaries as of the Closing Date, the Lender shall have received executed counterparts of the Guarantee, dated as of the date hereof, duly executed and delivered by each such Material Subsidiary.

SECTION 5.10 Security Agreements. The Lender shall have received executed counterparts of the Security Agreement, dated as of the date hereof, duly

executed and delivered by the Borrower and each Material Subsidiary, together with:

(a) certificates (in the case of Capital Securities that are securities (as defined in the UCC)) evidencing (i) all of the issued and outstanding Capital Securities owned by the Borrower or any Guarantor in the Borrower and the Subsidiaries (other than any Excluded Foreign Subsidiary) and (ii) 65% of the issued and outstanding voting Capital Securities and 100% of the issued and outstanding non-voting Capital Securities owned by the Borrower or any Guarantor in any Excluded Foreign Subsidiary, which certificates in each case described in clauses (i) and (ii) shall be accompanied by undated instruments of transfer duly executed in blank, or, in the case of Capital Securities that are uncertificated securities (as defined in the UCC), confirmation and evidence satisfactory to the Lender that the security interest therein has been transferred to and perfected by the Lender in accordance with Articles 8 and 9 of the UCC and all laws otherwise applicable to the perfection of the pledge of such Capital Securities;

(b) financing statements suitable in form for naming the Borrower and each Material Subsidiary as a debtor and the Lender as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Lender, desirable to perfect the security interests of the Lender pursuant to the Security Agreement;

(c) UCC Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person (i) in any assets of the Borrower or any Subsidiary or (ii) securing any of the Indebtedness identified in Schedule 8.2(b), together with such other UCC Form UCC-3 termination statements as the Lender may reasonably request from the Borrower or any Subsidiary;

(d) landlord access agreements and bailee letters in form and substance satisfactory to the Lender from each landlord to the Borrower or any Material Subsidiary and each other Person that has possession of any Collateral (as defined in the Security Agreement); and

(e) evidence that all deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts of the Borrower and each Material Subsidiary are Controlled Accounts (other than Excluded Accounts).

SECTION 5.11 Intellectual Property Security Agreements. In case the Collateral includes any Patents, any Copyrights or any Trademarks, the Lender shall have received, respectively, a Patent Security Agreement, a Copyright Security Agreement and a Trademark Security Agreement, as applicable, each dated as of the Closing Date, duly executed and delivered by the Borrower or any Subsidiary that, pursuant to the Security Agreement, is required to provide such intellectual property security agreements to the Lender.

SECTION 5.12 Opinions of Counsel. The Lender shall have received opinions, dated the Closing Date and addressed to the Lender, from Duane Morris LLP, counsel to the Borrower and the Subsidiaries, in form and substance satisfactory to the Lender.

SECTION 5.13 Insurance. The Lender shall have received certified copies of the insurance policies (or binders in respect thereof), from one or more insurance companies satisfactory to the Lender, evidencing coverage required to be maintained pursuant to each Loan Document, with the Lender named as loss payee or additional insured, as applicable.

SECTION 5.14 Closing Fees, Expenses, Etc. The Lender shall have received for its own account all fees, costs and expenses due and payable pursuant to Section 10.3.

SECTION 5.15 Anti-Terrorism Laws. The Lender shall have received, as applicable, all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the U.S. Patriot Act.

SECTION 5.16 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any Subsidiary shall be satisfactory in form and substance to the Lender and its counsel, and the Lender and its counsel shall have received all information, approvals, resolutions, opinions, documents or instruments as the Lender or its counsel may reasonably request.

SECTION 5.17 Revenue Base. The Lender shall be satisfied that the Revenue Base for the six full calendar months immediately prior to the Delayed Draw Closing Date was at least $7,500,000.

SECTION 5.18 Disclosure Schedules. Immediately prior to the Delayed Draw Closing Date, the Borrower shall deliver to the Lender updates to Schedules 6.15(a), 6.16(a), 6.19 and 6.22, each such updated Schedule to be complete and accurate as of the Delayed Draw Closing Date.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loans hereunder, the Borrower represents and warrants on the Closing Date and on the Delayed Draw Closing Date, to the Lender as set forth in this Article VI.

SECTION 6.1 Organization, Etc. Each of the Borrower and each Subsidiary (a) is validly organized and existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification (unless the failure to so

qualify as a foreign entity could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect), and (b) has full power and authority and holds all requisite governmental licenses, Permits and other approvals required (i) to enter into and perform its Obligations under each Loan Document to which it is a party, and (ii) to own and hold under lease its property and to conduct its business substantially as currently conducted by it.

SECTION 6.2 Due Authorization, Non-Contravention, Etc. The execution, delivery and performance by the Borrower and each Subsidiary of each Loan Document executed or to be executed by it are in each case within such Person's corporate or organizational powers, have been duly authorized by all necessary corporate or organizational action, and do not:

(a) contravene (i) the Borrower's or any Subsidiary's Organic Documents, (ii) any court decree or order binding on or affecting the Borrower or any Subsidiary or (iii) any Law or regulation binding on or affecting the Borrower or any Subsidiary; or

(b) result in (i) or require the creation or imposition of any Lien on the Borrower's or any Subsidiary's properties (except as permitted by this Agreement) or (ii) a default under any Material Agreement.

SECTION 6.3 Government Approval, Regulation, Etc. No authorization, approval, clearance or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the due execution, delivery or performance by the Borrower or any Subsidiary of any Loan Document to which it is a party.

SECTION 6.4 Validity, Etc. Each Loan Document to which the Borrower or any Subsidiary is a party constitutes the legal, valid and binding obligations of such Person enforceable against such Person in accordance with its respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. Except as set forth on Schedule 6.5, the financial statements of the Borrower and the Subsidiaries furnished to the Lender pursuant to Sections 5.6 and 7.1 have been prepared in accordance with GAAP, consistently applied, and present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 6.6 No Material Adverse Change. There has been no material adverse change in the business, financial performance or condition, operations

(including the results thereof), assets, properties or prospects of the Borrower or any Subsidiary since December 31, 2017.

SECTION 6.7 Litigation, Labor Matters and Environmental Matters.

(a) Except as described on Schedule 6.7(a), there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened, against or affecting the Borrower or any Subsidiary (i) as to which there is a reasonable likelihood of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in liabilities in excess of $250,000 or (ii) that would reasonably be likely to adversely affect this Agreement or the transactions contemplated hereby.

(b) There are no labor controversies pending against or, to the knowledge of the Borrower, threatened, against or affecting the Borrower or any Subsidiary (i) that would reasonably be expected, individually or in the aggregate, to result in liabilities in excess of $250,000 or (ii) that would reasonably be likely to adversely affect this Agreement or the transactions contemplated hereby.

(c) Neither the Borrower nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any Permit under or in connection with any Environmental Law ("Environmental Permit"), (ii) is or has been subject to any Environmental Liability, (iii) has received notice of any Environmental Liability, or (iv) knows of any basis for any Environmental Liability, in each case of clauses (i) through (iv) above, which would reasonably be expected to result in liabilities to the Borrower and the Subsidiaries, taken as a whole, in excess of $250,000.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries except those Subsidiaries that are identified in Schedule 6.8 (which Schedule also identifies the direct and indirect owners of the Capital Securities of such Subsidiaries) or which are permitted to have been organized or acquired after the Closing Date in accordance with Section 8.5 and Section 8.7.

SECTION 6.9 Ownership of Properties. The Borrower and each Subsidiary owns (a) in the case of owned real property, good and marketable fee title to, and (b) in the case of owned personal property, good and valid title to, or, in the case of leased real or personal property, valid and enforceable leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Liens permitted pursuant to Section 8.3.

SECTION 6.10 Taxes. The Borrower and each Subsidiary has filed all Tax returns and reports required by Law to have been filed by it and has paid all Taxes due and owing, except any such Taxes which are being diligently contested

in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on its books.

SECTION 6.11 Benefit Plans, Etc. None of the Borrower or any of the Subsidiaries or any of their respective ERISA Affiliates sponsors, maintains, contributes to, is required to contribute to, or has any actual or potential liability with respect to, any Benefit Plan. None of the Borrower or any of the Subsidiaries is a party to any collective bargaining agreement, and none of the employees of the Borrower or any of the Subsidiaries are subject to any collective bargaining agreement with respect to their employment with the Borrower or any of the Subsidiaries. Each "employee benefit plan" as defined in section 3(3) of ERISA that provides retirement benefits, is sponsored by the Borrower or any of their ERISA Affiliates, and is intended to be Tax qualified under section 401 or 501 of the Code has a determination letter or opinion letter from the U.S. Internal Revenue Service on which it remains entitled to rely, and no assets of any such plan are invested in Capital Securities of the Borrower. Each employee benefit plan, program or arrangement sponsored, maintained, contributed to or required to be contributed to by the Borrower or any Subsidiary has complied, both in form and in operation, in all material respects with its terms and applicable Law. Each employee benefit plan as defined in section 3(3) of ERISA that provides medical, dental, vision, or long-term disability benefits and that is sponsored by the Borrower or any of its Subsidiaries or any of their ERISA Affiliates (or under which any of these entities has any actual or potential liability) is fully insured by a third party insurance company.

SECTION 6.12 Accuracy of Information. None of the information heretofore or contemporaneously furnished in writing to the Lender by or on behalf of the Borrower or any Subsidiary in connection with any Loan Document or any transaction contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact necessary to make any information not misleading.

SECTION 6.13 Regulations U and X. None of the Borrower or any Subsidiary is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of the Loans will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, Regulation U or Regulation X of the F.R.S. Board. Terms for which meanings are provided in Regulation U and Regulation X of the F.R.S. Board, or any regulations substituted therefor, as from time to time in effect, are used in this Section 6.13 with such meanings.

SECTION 6.14 Solvency. The Borrower, individually, and the Borrower and its Subsidiaries taken as a whole, on a consolidated basis, both before and after giving effect to each of the Loans, are Solvent.

SECTION 6.15 Intellectual Property.

(a) Schedule 6.15(a) sets forth a complete and accurate list as of the Closing Date or Delayed Draw Closing Date, as the case may be, of all (i) Patents, including any Patent applications and other items so defined as Patents, (ii) registered and material unregistered Trademarks (including domain names) and any pending registrations for Trademarks, (iii) any other registered Intellectual Property and (iv) any unregistered Intellectual Property that is material to the business of Borrower or any Subsidiary, in each case of clauses (i) through (iv) that are owned by or licensed to the Borrower or any of the Subsidiaries. For each item of Intellectual Property listed on Schedule 6.15(a), the Borrower has, where relevant, indicated (A) the countries in each case in which such item is registered, (B) the application numbers, (C) the registration or patent numbers, (D) with respect to the Patents, the expected expiration date of the issued Patents, (E) the owner of such item of Intellectual Property, (F) with respect to Intellectual Property owned by any Third Party, the agreement pursuant to which that Intellectual Property is licensed to the Borrower or any Subsidiary and (G) with respect to Intellectual Property licensed to any Third Party, the agreement pursuant to which that Intellectual Property is licensed by the Borrower or any Subsidiary.

(b) With respect to all Intellectual Property listed, or required to be listed, on Schedule 6.15(a):

(i) the Borrower or a Subsidiary owns, has a valid license or rights in any other form to all rights associated with such Intellectual Property free and clear of any and all Liens, other than Liens permitted pursuant to Section 8.3, and all such Intellectual Property are in full force and effect, and have not expired, lapsed or been forfeited, cancelled or abandoned unless permitted hereunder;

(ii) each of the Borrower and the Subsidiaries, as applicable, has taken commercially reasonable actions to maintain and protect such Intellectual Property and there are no unpaid maintenance or renewal fees payable by the Borrower or any of the Subsidiaries that are currently overdue for any of such registered Intellectual Property;

(iii) there is no actual or threatened (in writing or, to the knowledge of Borrower, orally) proceeding in any court, patent office, Governmental Authority, arbitral body or elsewhere challenging the validity or enforceability of any such Intellectual Property, none of the Borrower or any of the Subsidiaries is involved in any such proceeding with any Person and none of the Intellectual Property is the subject of any Other Administrative Proceeding;

(iv) to the knowledge of the Borrower, (A) such Intellectual Property is valid, enforceable and subsisting and (B) no event has occurred, and nothing has been done or omitted to have been done, that would affect the validity or enforceability of such Intellectual Property; and

(v) each of the Borrower and each Subsidiary, as applicable, is the sole and exclusive owner of all right, title and interest in and to all such Intellectual Property that is owned by it.

(c) To the knowledge of the Borrower, no Third Party is committing any act of Infringement of any Intellectual Property listed, or required to be listed, on Schedule 6.15(a).

(d) With respect to each license agreement listed on Schedule 6.15(a), such license agreement (i) is in full force and effect and is binding upon and enforceable against the Borrower and the Subsidiaries party thereto and all other parties thereto in accordance with its terms, (ii) has not been amended or otherwise modified, except as set forth on Schedule 6.15(a), and (iii) except as set forth on Schedule 6.15(d), has not suffered a default or breach thereunder. None of the Borrower or any of the Subsidiaries has taken or omitted to take any action that would permit any other Person party to any such license agreement to have, and no such Person otherwise has, any defenses, counterclaims, termination rights or rights of setoff thereunder.

(e) Except as set forth on Schedule 6.15(e), none of the Borrower or any of the Subsidiaries has received written notice from any Third Party alleging that the conduct of its business (including the development, manufacture, use, sale or other commercialization of any Product) Infringes any Intellectual Property of that Third Party and, to the knowledge of the Borrower, the conduct of its business and the business of the Subsidiaries (including the development, manufacture, use, sale or other commercialization of any Product) does not Infringe any Intellectual Property of any Third Party.

(f) The Borrower and the Subsidiaries have used commercially reasonable efforts and precautions to protect their respective commercially significant unregistered Intellectual Property.

SECTION 6.16 Material Agreements and Key Contracts.

(a) Set forth on Schedule 6.16(a) is a complete and accurate list as of the Closing Date or Delayed Draw Closing Date, as the case may be, of all Material Agreements and Key Contracts, in each case of the Borrower or any of the Subsidiaries. As of such dates, respectively, each such Material Agreement and each such Key Contract (i) is in full force and effect and is the legal, valid and binding obligation of the parties thereto, enforceable against the Borrower and the Subsidiaries party thereto and all other parties thereto in accordance with its terms, (ii) has not been amended or otherwise modified and (iii) has not suffered a default thereunder. As of such dates, respectively, (A) none of the Borrower or any of the Subsidiaries is in breach or in default in any material respect under any Material Agreement or Key Contract, nor has any of the Borrower or any of the Subsidiaries taken any action that would permit any other Person party to any Material Agreement or Key Contract to have, and no such Person otherwise has, any defenses,

counterclaims, termination rights or rights of setoff thereunder and (B) to the knowledge of the Borrower, no such other Person party to such Material Agreement or Key Contract is in breach or in default thereunder.

(b) The Borrower has provided to the Lender full, complete and correct copies of the Key Contracts (including all exhibits and schedules thereto).

SECTION 6.17 Permits. The Borrower and the Subsidiaries have all Permits, including Environmental Permits, necessary or required for the ownership, operation and conduct of their business and the distribution of the Products, except for any failure to have any Permits which failure would not be reasonably expected to be material to the Borrower or any Subsidiary. All such Permits are validly held and there are no defaults thereunder.

SECTION 6.18 Regulatory Matters.

(a) The business of the Borrower and its Subsidiaries has been, and currently is, being conducted in compliance in all material respects with all applicable U.S. federal, state, provincial, territorial, local or foreign laws, statutes, ordinances, rules, regulations, guidances, judgments, orders, injunctions, decrees, arbitration awards and Key Permits issued by any Governmental Authority (collectively, "Laws"), including the FD&C Act and Privacy Laws and other similar state, provincial and foreign Laws. The Products were researched, developed, designed, distributed and validated solely by Borrower in compliance with all applicable Laws, including the FD&C Act, FTC Act, CLIA, Privacy Laws and state laws, and have been and continue to be performed, marketed, labeled, assembled, stored, packaged and conducted in compliance with all applicable Laws, including the FD&C Act, FTC Act, CLIA, Privacy Laws and state laws. All required and material notices, registrations and listings, supplemental applications or notifications, reports (including reports of adverse experiences) and other required and material filings and Regulatory Authorizations with respect to the Products have been filed with the FDA and all other applicable Governmental Authorities.

(b) To the Borrower's knowledge, no investigation or prosecution by any Governmental Authority with respect to the Borrower or any Subsidiary has occurred, nor is any such action pending or threatened. None of the Borrower or any of the Subsidiaries has received any written communication from any Person (including any Governmental Authority) alleging any noncompliance with any Laws or any written communication from any Governmental Authority of any material issues regarding the quality or performance of any Product, and to the knowledge of the Borrower, there is no basis for any adverse regulatory action against the Borrower or any of the Subsidiaries with respect to any Product. Except as set forth on Schedule 6.18(b), there have been no product recalls, safety alerts, corrections, withdrawals, clinical holds, marketing suspensions, removals or the like conducted, undertaken or issued by any Person, whether or not at the request, demand or order of any Governmental Authority or otherwise, with respect to any Product, and there is no basis for the issuance of any such product recalls, safety alerts, corrections, withdrawals, clinical

holds, marketing suspensions, removals, or the like by any Person with respect to any Products. None of the Borrower or any of the Subsidiaries has received any written notice of, and does not otherwise have knowledge of, any criminal, injunctive, seizure, detention or civil penalty actions that have at any time been commenced or threatened in writing by any Governmental Authority with respect to or in connection with any Product, or any consent decrees (including plea agreements) which relate to any Product, and, to the knowledge of the Borrower, there is no basis for the commencement for any criminal injunctive , seizure, detention or civil penalty actions by any Governmental Authority relating to any Product or for the issuance of any consent decrees.

(c) The Borrower or its applicable Subsidiary, as the case may be, owns, free and clear of all Liens, except those permitted pursuant to Section 8.3, all Key Permits, including all authorizations under the FD&C Act, CLIA, and state laws, necessary for the research and development and commercialization of the Products and to carry on Borrower's and each such Subsidiary's respective business. All such Key Permits are valid, and in full force and effect and Borrower each such Subsidiary is in compliance in all material respects with all terms and conditions of such Key Permits and with all filing and maintenance requirements (including any fee requirements) thereof. None of the Borrower or any of the Subsidiaries has received any written notice that any Key Permits have been or are being revoked, withdrawn, suspended or challenged.

(d) The Borrower has made available to the Lender copies of all Key Permits and material correspondence submitted to or received from FDA, CMS, or other Governmental Authority (including minutes and official contact reports relating to any material communications with any Governmental Authority) in the Borrower's possession or control. The Borrower has made available to the Lender all material adverse event reports and communications to or from the FDA (if any) and other relevant Governmental Authorities, including inspection reports, warning letters, untitled letters, and material reports, studies and other correspondence, other than opinions of counsel that are attorney-client privileged, with respect to regulatory matters relating to the Borrower and any Subsidiaries, the conduct of their business, the operation of any manufacturing facilities owned, leased or operated by the Borrower or any of the Subsidiaries, and the Products. There has been no material untrue statement of fact and no fraudulent statement made by the Borrower, any of the Subsidiaries, or any of their respective agents or representatives to the FDA, CMS, or any other Governmental Authority, and there has been no failure to disclose any material fact required to be disclosed to the FDA or any other Governmental Authority.

(e) With respect to the Products, (i) all design, manufacturing, storage, distribution, packaging, labeling, sale, recordkeeping and other activities by the Borrower or any of its Subsidiaries and, to the knowledge of Borrower, their respective suppliers relating to the Products have been conducted, and are currently being conducted, in compliance in all material respects with the applicable requirements of the FD&C Act and other requirements of the FDA and all other

Governmental Authorities, including the QSR, medical device reporting requirements, and adverse event reporting requirements, and (ii) none of the Borrower or any of its Subsidiaries, or, to the knowledge of the Borrower, any of their respective suppliers, has received written notice or threat of commencement of action by any Governmental Authority to withdraw its approval of or to enjoin production of any Product at any facility. No Product in the inventory of the Borrower or any of its Subsidiaries is adulterated or misbranded.

(f) Neither Borrower nor any of its Subsidiaries owns, leases or operates any manufacturing facilities. To the knowledge of Borrower, the manufacturing facilities used by any supplier of the Borrower or any of its Subsidiaries in the production of any Product, are and have been operated in material compliance with QSRs and all other applicable Laws. The FDA has not issued any Form 483, warning letter, or untitled letter with respect to any such facility, or otherwise alleged any material non-compliance with QSRs, nor has any other Governmental Authority issued any similar notices or warning letters. All such facilities are operated in compliance in all material respects with other applicable federal, state and local Laws.

(g) No right of the Borrower or any Subsidiary to receive reimbursements pursuant to any government program or private program has ever been terminated or otherwise adversely affected as a result of any investigation or enforcement action, whether by any Governmental Authority or other Third Party, and none of the Borrower or any Subsidiary has been the subject of any inspection, investigation, or audit, by any Governmental Authority for the purpose of any alleged improper activity.

(h) There is no arrangement relating to the Borrower or any of its Subsidiaries providing for any rebates, kickbacks or other forms of compensation that are unlawful to be paid to any Person in return for the referral of business or for the arrangement for recommendation of such referrals. All billings by the Borrower or any of its Subsidiaries for their respective services have been true and correct in all material respects and, to the Borrower's knowledge, are in compliance in all material respects with all applicable Laws, including the Federal False Claims Act or any applicable state false claim or fraud Law.

(i) None of the Borrower or any of its Subsidiaries or, to the Borrower's knowledge, any individual who is an officer, director, manager, employee, stockholder, agent or managing agent of the Borrower or of any of its Subsidiaries has been convicted of, charged with or, to the Borrower's knowledge, investigated for any federal or state health program-related offense or any other offense related to healthcare or been excluded or suspended from participation in any such program or, to the Borrower's knowledge, within the past five years, has been convicted of, charged with or, to the Borrower's knowledge, investigated for a violation of Laws related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, or obstruction of an investigation, or has been subject to any judgment, stipulation, order or decree of, or criminal or civil fine or penalty imposed by, any Governmental Authority related to fraud, theft, embezzlement, breach of fiduciary

responsibility, financial misconduct, or obstruction of an investigation. None of the Borrower or any of its Subsidiaries or, to the Borrower's knowledge, any individual who is an officer, director, manager, employee, stockholder, agent or managing agent of the Borrower or of any of its Subsidiaries has been convicted of any crime or engaged in any conduct that has resulted or would reasonably be expected to result in a debarment or exclusion under (i) 21 U.S.C. Section 335a, (ii) Section 1128 of the Social Security Act or (iii) any similar applicable Law. No debarment proceedings or investigations in respect of the business of the Borrower or any of its Subsidiaries are pending or, to the Borrower's knowledge, threatened against the Borrower or any of its Subsidiaries or any individual who is an officer, director, manager, employee, stockholder, agent or managing agent of the Borrower or of any of its Subsidiaries.

(j) All studies, tests and trials conducted relating to each Product, by or on behalf of the Borrower and the Subsidiaries and, to the knowledge of the Borrower, their respective licensees, licensors and Third Party services providers and consultants, have been conducted, and are currently being conducted, in accordance with all applicable Laws, procedures and controls pursuant to, where applicable, QSRs and current good laboratory practices. All results of such studies, tests and trials, and all other material information related to such studies, tests and trials, have been made available to the Lender as requested by it. To the extent necessary by applicable Law, the Borrower or its applicable Subsidiary has obtained all necessary and material Regulatory Authorizations, including an Investigational Application for the conduct of any clinical investigations conducted by or on behalf of the Borrower or such Subsidiary.

(k) To the Borrower's knowledge, none of the clinical investigators in any study, test or trial conducted by or on behalf of the Borrower or any of its Subsidiaries has been or is disqualified or otherwise sanctioned by the FDA, the U.S. Department of Health and Human Services, or any other Governmental Authority and, to the Borrower's knowledge, no such disqualification, or other sanction of any such clinical investigator is pending or threatened. None of the Borrower or any of its Subsidiaries has received any written or, to Borrower's knowledge, oral communication from the FDA or any other Governmental Authority requiring or threatening the termination or suspension of any study, test or trial conducted by, or on behalf of, the Borrower or any of its Subsidiaries.

(l) The transactions contemplated by the Loan Documents (or contemplated by the conditions to effectiveness of any Loan Document) will not impair the Borrower's or any of the Subsidiaries' ownership of or rights under (or the license or other right to use, as the case may be) any Regulatory Authorizations relating to any Product in any material manner.

SECTION 6.19 Transactions with Affiliates. Except as set forth on Schedule 6.19, none of the Borrower or any Subsidiary has entered into, renewed, extended or been a party to, any transaction (including the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services

of any kind) with any of its Affiliates during the three-year period immediately prior to the Closing Date.

SECTION 6.20 Investment Company Act. None of the Borrower or any Subsidiary is an "investment company" or is "controlled" by an "investment company," as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 6.21 OFAC. None of the Borrower, any Subsidiary or, to the knowledge of the Borrower, any Related Party (a) is currently the subject of any Sanctions, (b) is located, organized or residing in any Designated Jurisdiction, or (c) is or has been (within the previous five years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. No Loan, nor the proceeds from any Loan, has been or will be used, directly or indirectly, to lend, contribute or provide to, or has been or will be otherwise made available to fund, any activity or business in any Designated Jurisdiction or to fund any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including the Lender and its Affiliates) of Sanctions.

SECTION 6.22 Deposit and Disbursement Accounts. Set forth on Schedule 6.22 is a complete and accurate list as of the Closing Date or Delayed Draw Closing Date, as the case may be, of all banks and other financial institutions at which the Borrower or any Subsidiary maintains deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts. Schedule 6.22 correctly identifies the name, address and telephone number of each bank or financial institution, the name in which each such account is held, the type of each such account, and the complete account number for each such account, and each such account is a Controlled Account (other than Excluded Accounts) as required pursuant to Section 7.13(a).

SECTION 6.23 LifeCell Payments. The "Installment Payment" (as defined in the LifeCell Agreement) that was payable on October 30, 2018, in accordance with the terms of the LifeCell Agreement was paid in full prior to the date hereof, exclusively with the proceeds of the issuance of Capital Securities of the Borrower.

ARTICLE VII
AFFIRMATIVE COVENANTS

The Borrower covenants and agrees with the Lender that until the Termination Date has occurred, the Borrower will, and will cause the Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1 Financial Information, Reports, Notices, Etc. The Borrower will furnish the Lender copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 30 days after the end of each calendar month, in each case with supporting detail and certified as complete and correct by the chief financial or accounting Authorized Officer of the Borrower (subject to normal year-end audit adjustments): (i) unaudited reports of (A) the Revenue Base, the unit sales for each Product and the net revenues for each Product, in each case for such calendar month and for the period commencing at the end of the previous Fiscal Year and ending with the end of such calendar month, and including in comparative form the figures for the corresponding calendar month in, and the year-to-date portion of, the immediately preceding Fiscal Year and (B) the Liquidity of the Borrower at the end of such calendar month and at the end of the corresponding calendar month in the preceding Fiscal Year, in comparative form; and (ii) a report of the number of employees and independent contractors of the Borrower and its Subsidiaries (the "Headcount") at the end of such calendar month, the Headcount at the end of the immediately preceding calendar month, a calculation showing the change in the Headcount, if any, and, if applicable, a brief description of any material change in the Headcount;

(b) as soon as available and in any event within 45 days after the end of each Fiscal Quarter, an unaudited consolidated balance sheet of the Borrower and the Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Borrower and the Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case) in comparative form the figures for the corresponding Fiscal Quarter in, and the year-to-date portion of, the immediately preceding Fiscal Year, certified as complete and correct by the chief financial or accounting Authorized Officer of the Borrower (subject to normal year- end audit adjustments);

(c) as soon as available and in any event within 180 days after the end of each Fiscal Year, a copy of the consolidated balance sheet of the Borrower and the Subsidiaries, and the related consolidated statements of income and cash flow of the Borrower and the Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately preceding Fiscal Year, audited (without any Impermissible Qualification) by independent public accountants acceptable to the Lender, which shall include a statement that, in performing the examination necessary to deliver the audited financial statements of the Borrower, no knowledge was obtained by such independent public accountants of any Event of Default;

(d) concurrently with the delivery of the financial information pursuant to clauses (b) and (c), a Compliance Certificate, executed by the chief financial or accounting Authorized Officer of the Borrower, (i) showing compliance with the covenant set forth in Section 8.4, (ii) stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying the details of such Default and

the action that the Borrower or any of the Subsidiaries has taken or proposes to take with respect thereto), (iii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.8) and (iv) stating that no real property has been acquired by the Borrower or any of the Subsidiaries since the delivery of the last Compliance Certificate (or, if any real property has been acquired since the delivery of the last Compliance Certificate, a statement that the Borrower has complied with Section 7.8 with respect to such real property);

(e) as soon as possible and in any event within three days after the Borrower obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer of the Borrower setting forth details of such Default and the action which the Borrower or any of the Subsidiaries has taken or proposes to take with respect thereto;

(f) as soon as possible and in any event within three days after the Borrower obtains knowledge thereof, notice of the commencement of, or any material adverse development with respect to, any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7; and, in each case in this Section 7.1(f), to the extent the Lender requests, copies of all documentation relating thereto;

(g) as soon as possible and in any event within three days after the Borrower obtains knowledge thereof, notice of any return, recovery, dispute or claim related to any Product or inventory that involves more than $250,000;

(h) as soon as possible and in any event within three days after the Borrower obtains knowledge thereof, notice of (i) any claim that the Borrower, any of the Subsidiaries or one of their ERISA Affiliates has actual or potential liability under a Benefit Plan, (ii) any effort to unionize the employees of the Borrower or any Subsidiary, or (iii) correspondence with the Internal Revenue Service regarding the qualification of a retirement plan under section 401(a) of the Code;

(i) promptly after the sending or filing thereof, copies of all reports, notices, prospectuses and registration statements which the Borrower or any of the Subsidiaries files with the SEC or any national securities exchange, unless, so long as the Borrower or such Subsidiary, as the case may be, is a Publicly Reporting Company, copies of such reports, notices, prospectuses and registration statements are publicly available on the SEC's EDGAR system within two Business Days of the sending or filing thereof;

(j) so long as the Borrower is not a Publicly Reporting Company, concurrently with delivery thereof to the board of directors of the Borrower or any committees thereof, all notices and any materials delivered to the board of directors of the Borrower or any committees thereof in connection with a meeting of such board or committee, or with any action to be taken by written consent, including drafts of

any material resolutions or actions proposed to be adopted by written consent; provided that the Borrower may withhold any such information and materials to the extent: (i) access thereto would adversely affect the attorney-client privilege between the Borrower and its counsel; or (ii) the Borrower's board of directors, in the exercise of its fiduciary obligations and with the advice of counsel, determines that (A) it is in the best interest of the Borrower to do so because the Lender or any of its Affiliates has an interest in the subject matter under discussion or (B) doing so is necessary to discharge the directors' fiduciary duties. In the event the Borrower withholds any such information or materials, the Borrower shall provide to the Lender a general description, which shall be true and correct in all material respects, of such withheld information;

(k) promptly upon receipt thereof, copies of all "management letters" (or equivalent) submitted to the Borrower or any of the Subsidiaries by the independent public accountants referred to in clause (c) in connection with each audit made by such accountants;

(l) (i) within 45 days after the end of each Fiscal Quarter, a report listing (A) all Material Agreements and Key Contracts entered into during such Fiscal Quarter, (B) all existing Material Agreements or Key Contracts amended or terminated during such Fiscal Quarter, (C) all Permits, including all Regulatory Authorizations, issued to the Borrower or any of the Subsidiaries during such Fiscal Quarter and (D) all notices and registrations filed by the Borrower or any Subsidiary during such Fiscal Quarter in each jurisdiction in which the Borrower or any of the Subsidiaries are required to obtain any Permit or Regulatory Authorization or to file any notice or registration, in order to design, manufacture, store, label, sell, promote, import or distribute any Product; and (ii) as soon as possible, and in any event within three days, after the Lender so requests, copies of any such Material Agreement, Key Contract, amendment or termination instrument, Permit, Regulatory Authorization, notice or registration, in each case as are listed in such report;

(m) as soon as possible and in any event within three days after receipt by, or delivery by, the Borrower, as the case may be, copies of any material written notice of material written correspondence relating to, or involving, any Key Contract, including any notice alleging breach or default under any Key Contract by any party thereto;

(n) as soon as available, but in any event not later than January 31 of each calendar year (or such later date to the extent that the Borrower's board of directors elects to defer the approval thereof, but in any event no later than March 31 of each calendar year), the Borrower's financial and sales projections and budget for such calendar year, with evidence of approval thereof by the Borrower's board of directors; and

(o) such other financial and other information as the Lender may from time to time reasonably request (including information and reports in such detail as

the Lender may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

SECTION 7.2 Maintenance of Existence; Compliance with Contracts, Laws, Etc. Each of the Borrower and each Subsidiary will (a) preserve and maintain its legal existence (except as otherwise permitted by Section 8.7), (b) except as set forth on Schedule 7.2(b), perform in all material respects its obligations under all Material Agreements and Key Contracts, in each case to which the Borrower or any of the Subsidiaries is a party, and (c) comply in all material respects with all applicable Laws, rules, regulations and orders, including the payment (before the same become delinquent), of all Taxes, imposed upon the Borrower or any of the Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or any of the Subsidiaries, as applicable.

SECTION 7.3 Maintenance of Properties. Each of the Borrower and the Subsidiaries will maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower or any of the Subsidiaries may be properly conducted in all material respects at all times, unless the Borrower or any of the Subsidiaries determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of the Subsidiaries or the Disposition of such property is otherwise permitted by Section 8.7 or Section 8.8.

SECTION 7.4 Insurance. Each of the Borrower and each of the Subsidiaries will maintain:

(a) insurance on its property with financially sound and reputable insurance companies against business interruption, loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as the Borrower and the Subsidiaries; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the Laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section 7.4 shall (i) name the Lender as mortgagee and loss payee (in the case of property insurance) and additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification as to the amount or scope of coverage of the policies will be made without the prior written consent of the Lender and (ii) be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.5 Books and Records. Each of the Borrower and each of the Subsidiaries will keep books and records in accordance with GAAP which accurately reflect all of its business affairs and transactions and will permit the Lender or any of its representatives, at reasonable times and intervals upon reasonable notice to the Borrower, to visit the Borrower's or any of the Subsidiaries' offices, to discuss the Borrower's or any of the Subsidiaries' financial or other matters with its officers and employees, and its independent public accountants and to examine (and photocopy extracts from) any of its books and records. The Borrower shall pay any fees of such independent public accountant incurred in connection with the Lender's exercise of its rights pursuant to this Section 7.5.

SECTION 7.6 Environmental Law Covenant. Each of the Borrower and each of the Subsidiaries will (a) use and operate all of its and their businesses, facilities and properties in material compliance with all Environmental Laws, and keep and maintain all Environmental Permits and remain in compliance therewith in all material respects, and (b) promptly notify the Lender of, and provide the Lender with copies of all material claims, complaints, notices or inquiries relating to, any actual or alleged non-compliance with any Environmental Laws or Environmental Permits or any actual or alleged Environmental Liabilities. The Borrower and each of the Subsidiaries will promptly resolve, remedy and mitigate any such non-compliance or Environmental Liabilities, and shall keep the Lender informed as to the progress of same.

SECTION 7.7 Use of Proceeds. The Borrower will apply the proceeds of the Loan according to the sources and uses table in Schedule 7.7.

SECTION 7.8 Future Guarantors, Security, Etc. The Borrower and each Subsidiary will execute any documents, financing statements, agreements and instruments, and will take all further action that may be required under applicable Law, or that the Lender may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to Liens permitted by Section 8.3) of the Liens created or intended to be created by the Loan Documents. The Borrower will (a) cause any subsequently acquired or organized Subsidiary that qualifies as a Material Subsidiary to, and (b) as promptly as practicable but in no event later than 15 days (or such later date as may be agreed upon by the Lender) after any Subsidiary qualifies independently as, or is designated by the Borrower or the Lender as, a Material Subsidiary, provide the Lender with written notice thereof and cause each such Subsidiary to, in each case of clauses (a) or (b), become a Guarantor and execute a supplement (in form and substance satisfactory to the Lender) to the Guarantee and each other applicable Loan Document in favor of the Lender and take such other actions as may be required or reasonably requested for the Lender to have a valid Lien with the priority intended to be created on and security interest in all of the assets of such Material Subsidiary, subject to no other Liens (other than Liens permitted by Section 8.3), in each case effective upon its acquisition or formation, or qualification or designation as a Material Subsidiary, as the case may be. The Borrower will

promptly notify the Lender of any subsequently acquired ownership interest in real property by the Borrower or by any Subsidiary and will provide the Lender with a description of such real property, the acquisition date thereof and the purchase price therefor. In addition, from time to time, each of the Borrower and each of the Material Subsidiaries will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected Liens with respect to such of its assets and properties as the Lender shall designate, it being agreed that it is the intent of the Parties that the Obligations shall be secured by, among other things, substantially all the assets of the Borrower and the Material Subsidiaries (including real property and personal property acquired subsequent to the Closing Date). Such Liens will be created under the Loan Documents in form and substance satisfactory to the Lender, and the Borrower and each of the Material Subsidiaries shall deliver or cause to be delivered to the Lender all such instruments and documents (including mortgages, legal opinions, title insurance policies and lien searches) as the Lender shall reasonably request to evidence compliance with this Section 7.8.

SECTION 7.9 Obtaining of Permits, Etc. With respect to each Product, each of the Borrower and each of the Subsidiaries will obtain, maintain and preserve, and take all necessary action to timely renew all Permits and accreditations which are necessary in the proper conduct of its business.

SECTION 7.10 Permits. The Borrower and each of the Subsidiaries shall maintain each material Permit, including each material Regulatory Authorization, from, or file any notice or registration in, each jurisdiction in which the Borrower or any of the Subsidiaries are required to obtain any Permit or Regulatory Authorization or to file any notice or registration, in order to design, store, label, sell, promote, import, distribute or, if applicable after the date hereof, manufacture, any Product.

SECTION 7.11 Maintenance of Regulatory Authorizations, Contracts, Intellectual Property, Etc.

(a) With respect to the Products, each of the Borrower and each of the Subsidiaries will: (i) maintain in full force and effect all material Regulatory Authorizations, contract rights, authorizations or other rights necessary for the operations of its business; (ii) notify the Lender, promptly after learning thereof, of any product recalls, safety alerts, corrections, withdrawals, marketing suspensions, removals or the like conducted, to be undertaken or issued, by the Borrower, any of the Subsidiaries or their respective suppliers whether or not at the request, demand or order of any Governmental Authority or otherwise with respect to any Product, or any basis for undertaking or issuing any such action or item; (iii) design, store, label, sell, promote, import, distribute and manufacture (or use reasonable best efforts to cause their respective suppliers to manufacture, as the case may be) all Products in compliance in all material respects with QSRs, the FD&C Act and other applicable Laws; (iv) conduct all studies, tests and trials relating to the Products in accordance with all cGCPs, and other applicable Laws; (v) operate (or use reasonable best efforts to cause their respective suppliers to operate, as the case may be) all manufacturing

facilities in compliance in all material respects with QSRs and all other applicable Laws; (vi) maintain in full force and effect or pursue the prosecution of, as the case may be, and pay all costs and expenses relating to, all Intellectual Property owned or controlled by the Borrower or any of the Subsidiaries and all Material Agreements, except in the event that the Borrower determines in its reasonable commercial judgment not to do so, and all Key Contracts (other than the Endoform Development Agreement #1); (vii) notify the Lender, promptly after learning thereof, of any Infringement or other violation by any Person of its Intellectual Property and use commercially reasonable efforts to pursue any such Infringement or other violation except in any specific circumstances where both (A) the Borrower or any of the Subsidiaries are able to demonstrate that it is not commercially reasonable to do so and (B) where not doing so does not materially adversely affect any Product; (viii) use commercially reasonable efforts to pursue and maintain in full force and effect legal protection for, and protect against Infringement with respect to, all Intellectual Property, including Patents, developed or controlled by the Borrower or any of the Subsidiaries; and (ix) notify the Lender, promptly after the Borrower obtains knowledge thereof, of any claim by any Person that the conduct of the Borrower's or any of the Subsidiaries' or any of their respective suppliers' business (including the development, manufacture, use, sale or other commercialization of any Product) Infringes any Intellectual Property of that Person and use commercially reasonable efforts to resolve such claim, except where the Borrower determines in its reasonable commercial judgment not to do so.

(b) Each of the Borrower and its Subsidiaries will furnish to the Lender prompt written notice of the following, and, with respect to clauses (i) and (ii) below, copies of any notices from, or responses to, the FDA or other Governmental Authority:

(i) any notice that the FDA or other Governmental Authority is limiting, suspending or revoking any Regulatory Authorization, changing the market classification or labeling of or otherwise materially restricting any Product, or considering any of the foregoing;

(ii) the Borrower or any of its Subsidiaries, or to the Borrower's knowledge any of its or their suppliers, becoming subject to any administrative or regulatory action, any FDA or any other Governmental Authority inspection or any non-routine inspection by any other Person, receipt of inspectional observations (e.g., on FDA Form 483), warning letter, untitled letter, or notice of violation letter, or any Product being seized, withdrawn, recalled, detained, or subject to a suspension of manufacturing or import alert, or the commencement of any proceedings in the United States or any other jurisdiction seeking the withdrawal, recall, suspension, import detention or refusal, or seizure of any Product, or if any of the foregoing are pending or threatened in writing or, to Borrower's knowledge, orally, against the Borrower, any of its Subsidiaries or, to the Borrower's knowledge, any of its or their suppliers, or if the Borrower, any of its Subsidiaries or, to the Borrower's knowledge, any of its or their suppliers become subject to a consent decree; or

(iii) copies of any written recommendation from any Governmental Authority or other regulatory body that the Borrower or any of its Subsidiaries, or any obligor to which the Borrower or any of its Subsidiaries provides services, should have its licensure, clearances, provider or supplier number, or accreditation suspended, revoked, or limited in any way, or any penalties or sanctions imposed.

SECTION 7.12 Inbound Licenses. Each of the Borrower and the Subsidiaries will, promptly after entering into or becoming bound by any inbound license or agreement (other than over-the-counter or "open-source" software that is commercially available to the public) in respect of any Intellectual Property: (a) provide written notice to the Lender of the material terms of such license or agreement with a description of its anticipated and projected impact on the Borrower's and the Subsidiaries' business and financial condition; and (b) take such commercially reasonable actions as the Lender may reasonably request to obtain the consent of, or waiver by, any Person whose consent or waiver is necessary for the Lender to be granted and perfect a valid security interest in such license or agreement and to fully exercise its rights under any of the Loan Documents in the event of a disposition or liquidation of the rights, assets or property that is the subject of such license or agreement.

SECTION 7.13 Cash Management. Each of the Borrower and the Material Subsidiaries will:

(a) maintain a current and complete list of all accounts (of the type initially set forth on Schedule 6.22) and (other than (i) the account described in Section 8.3(m) and (ii) accounts exclusively used for payroll, payroll Taxes and other employee wage and benefit programs to or for the benefit of the Borrower's or a Subsidiary's employees, which shall in no event hold in the aggregate more than the amount reasonably expected to meet such payroll expenses for the following calendar month, including bonuses and other payments to be paid within the following calendar month (collectively, the "Excluded Accounts")) promptly deliver any updates to such list to the Lender; execute and maintain an account control agreement for each such account (other than the Excluded Accounts), in form and substance reasonably acceptable to the Lender (each such account, a "Controlled Account"); and maintain each such Controlled Account as a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations (and in which the Borrower and the Subsidiaries shall have granted a Lien to the Lender);

(b) deposit promptly after the date of receipt thereof in accordance with prudent business practices all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other rights and interests into Controlled Accounts except to the extent permitted to be kept in Excluded Accounts; and

(c) at any time after the occurrence and during the continuance of an Event of Default, at the request of the Lender, promptly cause all payments constituting proceeds of accounts to be directed into lockbox accounts under agreements in form and substance satisfactory to the Lender.

SECTION 7.14 LifeCell Payments. The Borrower shall (a) pay when due each remaining "Installment Payment" (as defined in the LifeCell Agreement) payable in accordance with the terms of the LifeCell Agreement and (b) make such payments exclusively by using the proceeds of the issuance of Capital Securities of the Borrower after the date hereof.

ARTICLE VIII
NEGATIVE COVENANTS

The Borrower covenants and agrees with the Lender that until the Termination Date has occurred, the Borrower and the Subsidiaries will perform or cause to be performed the obligations set forth below.

SECTION 8.1 Business Activities. None of the Borrower or any of the Subsidiaries will engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably incidental thereto.

SECTION 8.2 Indebtedness. None of the Borrower or any of the Subsidiaries will create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) until the Closing Date, Indebtedness that is to be repaid in full as further identified in Schedule 8.2(b);

(c) Indebtedness existing as of the Closing Date which is identified in Schedule 8.2(c), and refinancing of such Indebtedness in a principal amount not in excess of that which is outstanding on the Closing Date (as such amount may have been reduced following the Closing Date);

(d) unsecured Indebtedness in respect of performance, surety or appeal bonds provided in the ordinary course of business in an aggregate amount at any time outstanding not to exceed $250,000;

(e) Purchase Money Indebtedness and Capitalized Lease Liabilities in a principal amount not to exceed $500,000 in the aggregate outstanding at any time;

(f) Permitted Subordinated Indebtedness;

(g) Indebtedness of any Guarantor or the Borrower owing to the Borrower or any Guarantor;

(h) Indebtedness of any Subsidiaries that are not Guarantors owing to the Borrower or any Guarantors, in an aggregate amount at any time outstanding not to exceed $500,000;

(i) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(j) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Indebtedness existing or arising under any Hedging Obligations; provided, however, that such obligations are (or were) entered into by the Borrower or the applicable Subsidiaries in the ordinary course of business for the sole purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by the Borrower, and not for purposes of speculation;

(k) Indebtedness not to exceed $500,000 in the aggregate at any time outstanding owed to any Person providing property, casualty, liability, or other insurance to the Borrower and the Subsidiaries, including to finance insurance premiums, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the policy year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such policy year;

(l) unsecured Indebtedness of the Borrower consisting of (i) the "Installment Payments" (as defined in the LifeCell Agreement) payable in accordance with the terms of the LifeCell Agreement and (ii) the "Operational Milestone Payments" and "Revenue Milestone Payments" (each as defined in the Aroa Umbrella Agreement) payable in accordance with the terms of the Aroa Umbrella Agreement; provided that Borrower shall not make any payment in respect of any of the foregoing if an Event of Default has occurred and is continuing (or would result from the making of such payment); and

(m) other Indebtedness of the Borrower and the Subsidiaries in an aggregate amount at any time outstanding not to exceed $250,000;

provided that no Indebtedness otherwise permitted by clauses (c), (e), (f), (g), (h), (j) or (m) shall be assumed, created or otherwise incurred if a Default has occurred and is then continuing or would result therefrom.

SECTION 8.3 Liens. None of the Borrower or any of the Subsidiaries will create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations;

(b) until the Closing Date, Liens securing payment of Indebtedness of the type described in Section 8.2(b);

(c) Liens existing as of the Closing Date and disclosed in Schedule 8.3(c) securing Indebtedness described in Section 8.2(c), and refinancings of such Indebtedness; provided that no such Lien shall encumber any additional property and the amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date (as such Indebtedness may have been reduced following the Closing Date);

(d) Liens securing payment of Permitted Subordinated Indebtedness that are (i) subordinate to the Liens securing payment of the Obligations and all other Indebtedness owing from the Borrower or the Subsidiaries to the Lender and (ii) subject to a written subordination agreement satisfactory to the Lender in its sole discretion;

(e) Liens securing Indebtedness of the Borrower or the Subsidiaries permitted pursuant to Section 8.2(e); provided that (i) such Liens shall be created within 180 days of the acquisition of the assets financed with such Indebtedness and (ii) such Liens do not at any time encumber any property other than the property so financed;

(f) Liens in favor of carriers, warehousemen, mechanics, materialmen and landlords granted in the ordinary course of business for amounts not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(g) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds;

(h) judgment Liens in existence for less than 45 days after the entry thereof or with respect to which execution has been stayed or to the extent that the payment thereof in the aggregate is not more than $250,000 in excess of the applicable insurance coverage (subject to a customary deductible) maintained with responsible insurance companies, each of which do not otherwise result in an Event of Default under Section 9.1(f);

(i) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances not interfering in any material respect with the value or use of the property to which such Lien is attached;

(j) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(k) licenses or sublicenses of Intellectual Property otherwise permitted under this Agreement or the other Loan Documents, and restrictions under licenses of Intellectual Property entered into in the ordinary course of business pursuant to which the Borrower is a licensee;

(l) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with the Borrower's or any Subsidiary's deposit accounts or securities accounts held at such institutions to secure solely payment of fees and similar costs and expenses; provided that such accounts are maintained in compliance with Section 7.13(a); and

(m) Liens on no more than one collateral bank account securing any letter of credit in favor of the Borrower's landlord under the lease for the Borrower's corporate offices; provided that (i) such bank account is used exclusively for the purpose described in this Section 8.3(m) and (ii) the outstanding balance of such bank account shall not be more than $50,000 at any time.

The Lender agrees to execute and deliver such collateral subordination agreements and related documents as reasonably requested of it to confirm the priority of the Liens permitted pursuant to Section 8.3(e).

SECTION 8.4 Minimum Liquidity. The Liquidity of the Borrower shall not at any time be less than $2,000,000. The Borrower shall maintain an amount equal to the amount required under this Section 8.4, along with its other cash and Cash Equivalent Investments, in a Controlled Account as required pursuant to Section 7.13(a).

SECTION 8.5 Investments. None of the Borrower or any of the Subsidiaries will purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Schedule 8.5(a);

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion of the sales price received by the Borrower or any of the Subsidiaries in connection with any Disposition permitted under Section 8.8;

(e) Investments constituting (i) accounts receivable arising, (ii) trade debt granted, or (iii) deposits made, in each case of clauses (i) through (iii), in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(f) Permitted Acquisitions;

(g) Investments by the Borrower or any Guarantor in the Borrower or any Guarantor;

(h) Investments by the Borrower in any Subsidiary that is not a Guarantor, in an aggregate amount not to exceed $500,000 for all such Investments;

(i) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(j) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business and (ii) loans to employees, officers or directors relating to the purchase of equity securities of the Borrower pursuant to employee stock purchase plans or agreements approved by the Borrower's board of directors (or applicable committee thereof); provided that the aggregate of all such loans outstanding pursuant to this Section 8.5(j) may not exceed $250,000 at any time;

(k) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(l) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, in an aggregate amount not to exceed $250,000; and

(m) other Investments in an aggregate amount not to exceed $250,000 over the term of this Agreement.

SECTION 8.6 Restricted Payments, Etc. None of the Borrower or any of the Subsidiaries will declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by the Borrower or any Subsidiary to the Borrower or any Guarantor and (b) as payment for the repurchase of Capital Securities of the Borrower from employees upon their termination of employment in the ordinary course of business, such payments pursuant to this clause (b) not to exceed an aggregate amount of $250,000 over the term of this Agreement.

SECTION 8.7 Consolidation, Merger; Permitted Acquisitions, Etc. None of the Borrower or any of the Subsidiaries will liquidate or dissolve, consolidate with, or merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division thereof), other than in connection with a Permitted Acquisition, except that, so long as no Event of Default has occurred and is continuing (or would occur), any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any Subsidiary; and provided that, in connection with any Permitted

Acquisition, the Borrower or any Subsidiary may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it, so long as (a) the Person surviving such merger with any Subsidiary shall be a direct or indirect wholly owned Subsidiary of the Borrower and, if qualifying as a Material Subsidiary, it shall be a Guarantor, and (b) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving Person.

SECTION 8.8 Permitted Dispositions. None of the Borrower or any of the Subsidiaries will Dispose of any of its assets (including accounts receivable and Capital Securities of the Borrower or Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is:

(a) of inventory;

(b) of obsolete, damaged, worn out or surplus property Disposed of in the ordinary course of business;

(c) of property the continued maintenance of which the Borrower determines in good faith is no longer economically desirable, necessary or useful to the business of the Borrower or any of the Subsidiaries;

(d) the abandonment or lapse of Intellectual Property that the Borrower determines in good faith is no longer useful in the conduct of the business of the Borrower or any of the Subsidiaries;

(e) any sales, forgiveness or discounting, on a non-recourse basis and in the ordinary course of business, of past due accounts receivable in connection with the collection or compromise thereof or the settlement of delinquent accounts receivable or in connection with the bankruptcy or reorganization of suppliers or customers in accordance with the applicable terms of this Agreement;

(f) permitted by Section 8.7; or

(g) described on Schedule 8.8;

provided that no Dispositions shall be of any Key Contract or any rights thereunder, or any assets of the Borrower or any Subsidiary used or necessary thereunder.

SECTION 8.9 Modification of Certain Agreements. Except as described on Schedule 8.9, none of the Borrower or any of the Subsidiaries will consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to, the terms or provisions contained in (a) any Organic Documents, if the result would have an adverse effect on the rights or remedies of the Lender under this Agreement or any Loan Document, (b) any agreement governing any Permitted Subordinated Indebtedness, if the result would shorten the maturity date thereof or advance the date on which any cash payment is required to be made thereon or would otherwise change any terms thereof in a manner adverse to the Lender, or (c) any

Key Contract, if the result could reasonably be expected to have an adverse effect in any material respect on the Lender. None of the Borrower or any of the Subsidiaries will (i) terminate or agree to the termination of any Key Contract for any reason, (ii) fail to enforce any of its rights under any Key Contract, or (ii) agree to any assignment or transfer of any Key Contract, or any rights or obligations thereunder, by any party thereto.

SECTION 8.10 Transactions with Affiliates. Except as set forth on Schedule 8.10, none of the Borrower or any of the Subsidiaries will enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its Affiliates, unless such arrangement, transaction or contract (a) is on fair and reasonable terms no less favorable to the Borrower or any Subsidiary than it could obtain in an arm's-length transaction with a Person that is not one of its Affiliates and (b) is of the kind which would be entered into by a prudent Person in its position with a Person that is not one of its Affiliates.

SECTION 8.11 Restrictive Agreements, Etc. None of the Borrower or any of the Subsidiaries will enter into any agreement prohibiting (a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, (b) the ability of the Borrower or any Subsidiary to amend or otherwise modify any Loan Document, or (c) the ability of the Borrower or any Subsidiary to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments. The foregoing prohibitions shall not apply to restrictions contained (i) in any Loan Document, or (ii) in the case of clause (a), in any agreement governing any Indebtedness permitted by Section 8.2(e) as to the assets financed with the proceeds of such Indebtedness.

SECTION 8.12 Sale and Leaseback. None of the Borrower or any of the Subsidiaries will directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person.

SECTION 8.13 Product Agreements. None of the Borrower or any of the Subsidiaries will enter into any amendment with respect to any existing Product Agreement or enter into any new Product Agreement that contains (a) any provision that permits any counterparty other than the Borrower or any of the Subsidiaries to terminate such Product Agreement for any reason related to the insolvency or change of control of the Borrower or any of the Subsidiaries or assignment of such Product Agreement by the Borrower or any of the Subsidiaries, (b) any provision which restricts or penalizes a security interest in, or the assignment of, any Product Agreements, upon the sale, merger or other Disposition of all or a material portion of a Product to which such Product Agreement relates, or (c) any other provision that has or is likely to adversely

affect, in any material respect, any Product to which such agreement relates or the Lender's rights hereunder.

SECTION 8.14 Change in Name, Location or Executive Office or Executive Management; Change in Fiscal Year. None of the Borrower or any of the Subsidiaries will (a) change its legal name or any trade name used to identify it in the conduct of its business or ownership of its properties, (b) change its jurisdiction of organization or legal structure, (c) relocate its chief executive office, principal place of business or any office in which it maintains books or records relating to its business (including the establishment of any new office or facility) (d) change its federal taxpayer identification number or organizational number (or equivalent) without 30 days' prior written notice to the Lender, (e) replace its chief executive officer or any future chief financial officer without written notification to the Lender within 30 days thereafter, (f) change its Fiscal Year or any of its Fiscal Quarters, or (g) enter into any Division/Series Transaction, or permit any of its Subsidiaries to enter into, any Division/Series Transaction (it being understood that none of the provisions in this Agreement nor any other Loan Document shall be deemed to permit any Division/Series Transaction).

SECTION 8.15 Benefit Plans and Agreements. None of the Borrower or any Subsidiary will (a) become the sponsor of, incur any responsibility to contribute to or otherwise incur actual or potential liability with respect to, any Benefit Plan, (b) allow any "employee benefit plan" as defined in section 3(3) of ERISA that provides retirement benefits, is sponsored by the Borrower, any Subsidiary or any of their ERISA Affiliates, and is intended to be Tax qualified under section 401 or 501 of the Code to cease to be Tax qualified, (c) allow the assets of any Tax qualified retirement plan to become invested in Capital Securities of the Borrower or any Subsidiary, (d) allow any employee benefit plan, program or arrangement sponsored, maintained, contributed to or required to be contributed to by the Borrower or any Subsidiary to fail to comply in all material respects with its terms and applicable Laws, or (e) allow any employee benefit plan as defined in section 3(3) of ERISA that provides medical, dental, vision, or long-term disability benefits and that is sponsored by the Borrower or any of its Subsidiaries or any of their ERISA Affiliates (or under which any of these Persons has any actual or potential liability), to cease to be fully insured by a third party insurance company. None of the Borrower or any of its Subsidiaries will enter into any employment, severance, change in control, independent contractor, or consulting agreements or grant any equity awards other than in the ordinary course of business and consistent with past practice.

ARTICLE IX
EVENTS OF DEFAULT

SECTION 9.1 Listing of Events of Default. Each of the following events or occurrences described in this Article IX shall constitute an "Event of Default":

(a) Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of (i) any principal of or interest on any Loan, or (ii) any fee described in Article III or any other monetary Obligation, and in the case of clause (ii) such default shall continue unremedied for a period of two Business Days after such amount was due.

(b) Breach of Warranty. Any representation or warranty made or deemed to be made by the Borrower or any of the Subsidiaries in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

(c) Non-Performance of Certain Covenants and Obligations. The Borrower or any Subsidiary shall default in the due performance or observance of any of its obligations under Section 7.1, Section 7.7, Section 7.14 or Article VIII.

(d) Non-Performance of Other Covenants and Obligations. The Borrower or any Subsidiary shall default in the due performance and observance of any other covenant, obligation or agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after the earlier to occur of (i) notice thereof given to the Borrower by the Lender or (ii) the date on which the Borrower or any Subsidiary has knowledge of such default.

(e) Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness of the Borrower or any of the Subsidiaries having a principal or stated amount, individually or in the aggregate, in excess of $250,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

(f) Judgments. Any judgment or order for the payment of money individually or in the aggregate in excess of $250,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against the Borrower or any of the Subsidiaries and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 30 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order.

(g) Change in Control. Any Change in Control shall occur.

(h) Bankruptcy, Insolvency, Etc. The Borrower or (except as permitted pursuant to Section 8.7) any of the Subsidiaries shall:

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days; provided that the Borrower and each Subsidiary hereby expressly authorizes the Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower or any Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Subsidiary, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed; provided that the Borrower and each Subsidiary hereby expressly authorizes the Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing.

(i) Impairment of Security, Etc. Any Loan Document or any Lien granted thereunder shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower or any Subsidiary subject thereto; the Borrower, any Subsidiary or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document, any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien.

(j) Key Permit Events. Any Key Permit or any of the Borrower's or any Subsidiary's material rights or interests thereunder is terminated or amended in any manner adverse to the Borrower or any Subsidiary in any material respect.

(k) Material Adverse Change. Any circumstance occurs that has had or could reasonably be expected to have a Material Adverse Effect.

(l) Key Person Event. If Antony Koblish ceases to be employed full time by the Borrower and actively working as its President and Chief Executive Officer, unless within 120 days after such Person ceases to be employed full time and actively working, the Borrower hires a replacement for such individual reasonably acceptable to the Lender.

(m) Regulatory Matters. If any of the following occurs: (i) the FDA, CMS or any other Governmental Authority (A) issues a letter or other communication asserting that any Product lacks a required Regulatory Authorization or (B) initiates enforcement action against, or issues a warning letter with respect to, the Borrower or any of the Subsidiaries, or any Product or the manufacturing facilities therefor, that in the case of either clause (A) or (B) causes the Borrower or such Subsidiary to discontinue marketing of or withdraw any Product, or causes a delay in the manufacture or offering of any Product, which discontinuance, withdrawal or delay could reasonably be expected to last for more than three months; (ii) a recall which could reasonably be expected to result in aggregate liability to the Borrower and the Subsidiaries in excess of $250,000; or (iii) the Borrower or any of the Subsidiaries enters into a settlement agreement with the FDA, CMS or any other Governmental Authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions in excess of $250,000.

(n) Key Contracts. If any of the following occurs: (i) any material default or material breach by the Borrower or any of the Subsidiaries occurs and is continuing under any of the Key Contracts, which material default or material breach is not cured within any express grace period therein provided; (ii) any of the Key Contracts is terminated for any reason, other than (A) any expiration of such Key Contract in accordance with its own terms or (B) any termination of such Key Contract (other than the Aroa Umbrella Agreement or any Key Contract the termination of which would reasonably be expected to materially and adversely affect the Borrower's ability to commercialize any Product then being commercialized) by the Borrower following the Borrower's good faith determination that such termination is in the best interest of the Borrower and as long as the Borrower terminates such Key Contract in accordance with the applicable provisions thereof, and not as a result of any default or breach, or expected default or breach, by the Borrower or any Subsidiary thereunder; or (iii) any event occurs that would permit any other Person party to any Key Contract to have any termination right thereunder.

SECTION 9.2 Action if Bankruptcy. If any Event of Default described in clauses (i) through (iv) of Section 9.1(h) with respect to the Borrower shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of the Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand to any Person.

SECTION 9.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (i) through (iv) of Section 9.1(h)) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Lender may, by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of the Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, Etc. The provisions of each Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Lender and the Borrower. No failure or delay on the part of the Lender in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower or any of the Subsidiaries in any case shall entitle it or any of them to any notice or demand in similar or other circumstances. No waiver or approval by the Lender under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 Notices; Time. All notices and other communications provided under any Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted, if to the Borrower or the Lender, to the applicable Person at its address or facsimile number set forth on Schedule 10.2, or at such other address or facsimile number as may be designated by such Party in a notice to the other Parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York City time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay on demand all expenses of the Lender (including the fees and out-of-pocket expenses of Covington & Burling LLP, counsel to the Lender, and of local counsel, if any, which may be retained by or on behalf of the Lender) in connection with:

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated;

(b) the filing or recording of any Loan Document (including any financing statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Closing Date in jurisdictions where financing statements (or other documents evidencing Liens in favor of the Lender) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to hold the Lender harmless from all liability for, any stamp or other Taxes which may be payable in connection with the execution or delivery of each Loan Document, the Loans or the issuance of the Note. The Borrower also agrees to reimburse the Lender upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal expenses of counsel to the Lender) incurred by the Lender in connection with (x) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by the Lender, the Borrower hereby indemnifies, agrees to defend, exonerates and holds the Lender and each of its partners, members, officers, directors, managers, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities, obligations and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' and professionals' fees and disbursements, whether incurred in connection with actions between the Parties or the Parties and third parties (collectively, the "Indemnified Liabilities"), including Indemnified Liabilities arising out of or relating to (a) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Lender pursuant to Article V not to fund any Loan), and (b) any Environmental Liability. If and to the extent that the foregoing indemnification may be unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable Law.

SECTION 10.5 Survival. The obligations of the Borrower under Section 4.1, Section 4.2, Section 4.3, Section 10.3 and Section 10.4, shall in each case

survive any assignment by the Lender and the occurrence of the Termination Date. The representations and warranties made by the Borrower in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, Etc.. This Agreement may be executed by the Parties in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower and the Lender, shall have been received by the Lender. Delivery of an executed counterpart of a signature page to this Agreement by email (in “pdf,” “tiff” or similar format) or telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO ANY CHOICE OR CONFLICT OF LAWS PROVISIONS OR RULES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION. The Loan Documents constitute the entire understanding among the Parties with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns; provided that the Borrower may not assign or transfer its rights or obligations hereunder without the consent of the Lender.

SECTION 10.11 Other Transactions. Nothing contained herein shall preclude the Lender or any of its Affiliates from engaging in any transaction, in

addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.12 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE LENDER OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH SHALL BE BROUGHT AND MAINTAINED IN THE COURTS OF THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE LENDER'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.13 Waiver of Jury Trial. THE LENDER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE LENDER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH

OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.14 Confidential Information. Subject to the provisions of Section 10.15, at all times prior to the Credit Agreement Termination Date, the Receiving Party shall keep confidential and shall not publish or otherwise disclose any Confidential Information furnished to it by the Disclosing Party, except to those of the Receiving Party's employees, advisors or consultants who have a need to know such information to assist such Party in the performance of such Party's obligations or in the exercise of such Party's rights hereunder and who are subject to reasonable obligations of confidentiality consistent with this Section 10.14 (collectively, "Recipients"). Notwithstanding anything to the contrary set forth herein: (a) the Lender may disclose this Agreement and the terms and conditions hereof and any information related hereto, to (i) its Affiliates, (ii) potential and actual assignees of any of the Lender's rights hereunder and (iii) potential and actual investors in, or lenders to, the Lender (including, in each of the foregoing cases, such Person's employees, advisors or consultants); provided that in each case, unless an Event of Default has occurred and is continuing, each such Recipient shall be subject to reasonable obligations of confidentiality; and (b) upon receiving consent from the Lender, which consent shall not be unreasonably withheld, delayed or conditioned, the Borrower may disclose this Agreement and the terms and conditions hereof and information related hereto, to potential or actual permitted acquirers or assignees, collaborators and other licensees or sub-licensees, permitted subcontractors, investment bankers, investors, lenders (including, in each of the foregoing cases, such Person's employees, advisors or consultants who have a need to receive and review such information); provided that in each case, each such Recipient shall be subject to reasonable obligations of confidentiality. In addition to the foregoing, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the extent (and only to the extent) such disclosure is reasonably necessary in order to comply with applicable Laws (including any securities law or regulation or the rules of a securities exchange) and with judicial process, if in the reasonable opinion of the Receiving Party's counsel, such disclosure is necessary for such compliance, provided that the Receiving Party (x) will only disclose those portions of the Confidential Information that are necessary or required to be so disclosed, and (y) to the extent legally permissible, will notify the Disclosing Party of the Receiving Party's intent to make any disclosure pursuant thereto sufficiently prior to making such disclosure so as to allow the Disclosing Party time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed.

SECTION 10.15 Exceptions to Confidentiality. The Receiving Party's obligations set forth in this Agreement shall not extend to any Confidential Information of the Disclosing Party:

(a) that is or hereafter becomes part of the public domain (other than as a result of a disclosure by the Receiving Party or its Recipients in violation of this Agreement);

(b) that is received from a Third Party without restriction on disclosure and without, to the knowledge of the Receiving Party, breach of any agreement between such Third Party and the Disclosing Party;

(c) that the Receiving Party can demonstrate by competent evidence was already in its possession without any limitation on disclosure prior to its receipt from the Disclosing Party;

(d) that is generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

(e) that the Receiving Party can demonstrate by competent evidence was independently developed by the Receiving Party without use of or reference to the Confidential Information.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

TELA BIO, INC.,
as the Borrower

By: /s/ Francis M. Conway
Name: Francis M. Conway
Title: Vice President - Finance

ORBIMED ROYALTY OPPORTUNITIES II, LP,
as the Lender

By OrbiMed Advisors LLC,
its investment manager

By: /s/ Sven H. Borho
Name: Sven H. Borho
Title: Member

Exhibit 10.19

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Second Amended and Restated License,
Product Development and Supply Umbrella Agreement

This Second Amended and Restated License, Product Development and Supply Umbrella Agreement (this **"Umbrella Agreement**") is made as of the 16th day of July, 2015 (the "**Effective Date**") by and between TELA Bio, Inc., a Delaware corporation ("**TELA Bio**"), and Aroa Biosurgery Ltd. (previously Mesynthes Ltd.), a privately held New Zealand company ("Aroa"), and amends and restated in its entirety that certain License, Product Development and Supply Umbrella Agreement dated as of August 3, 2012 (the **"Original Agreement**") by and between TELA Bio and Aroa as amended and restated by that certain Amended and Restated License, Product Development and Supply Umbrella Agreement dated March 12, 2013 by and between TELA Bio and Aroa (the **"First Amendment**").

Recitals

WHEREAS, the parties entered into the Original Agreement for the purpose of developing, validating the development of, manufacturing, supplying and selling the Products for the specific Indications as set forth therein (as each term is defined in Article 1 thereof).

WHEREAS, pursuant to the terms of the Original Agreement, Aroa granted TELA Bio the Aroa License with respect to Products in certain geographical territories as set forth therein (as each term is defined in Article 1 thereof);

WHEREAS, the parties entered into the First Amendment to, among other things, expand the territory under the Aroa License to include the Eurasian territories as set forth therein, establish certain minimum purchase requirements applicable to the Eurasian territory; and effect other amendments as set forth therein; and

WHEREAS, the parties desire to enter into this Umbrella Agreement, which constitutes an amendment and restatement of the First Amendment to modify certain provisions set forth therein.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.0 Definitions

In addition to the terms defined elsewhere in this Umbrella Agreement, the following words and phrases, whenever capitalized in this Umbrella Agreement, shall have the following meanings:

"Affiliate" means with respect to any party, any entity that controls, is controlled by or is under common control with such party. An entity is deemed to be in control of another entity if the former owns directly, or indirectly, at least fifty percent (50%) of the outstanding voting stock or equity of said other entity, or has the power to direct or cause the direction of the

management and policies of such party (whether through ownership of securities, by contract or otherwise). For avoidance of doubt, neither party hereto shall be considered an "Affiliate" of the other.

"Annual True Up Payment" has the meaning ascribed to such term in Section 8.5(b).

"Applicable Legal Requirement" means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, decree, constitution, law, ordinance, principle of common law, statute, or treaty applicable to any Product, including any and all applicable Regulations.

"Aroa License" has the meaning ascribed to such term in Section 2.1.

"Aroa Manufactured Products" means those Products for which Aroa has manufacturing or supply obligations hereunder.

"Aroa Patent Rights" means any and all patent(s) and patent applications(s) owned, licensed to or controlled by Aroa at the effective date of the Original Agreement and as of the Effective Date of this Umbrella Agreement that claim any forestomach-based medical devices, products or technologies (including without limitation ERT Ovine and ERT Bovine) (or uses or methods of making any forestomach-based medical devices, products or technologies) or which are necessary or desirable for the commercialization of any forestomach-based medical devices, products or technologies (including without limitation ERT Ovine and ERT Bovine) within the Indications, including without limitation those set forth on Exhibit B attached hereto and made a part hereof, together with any respective patents issuing therefrom in the Territory, together with any reexaminations, extensions, registrations, confirmations, reissues, divisionals, continuations, continuations-in-part, reexamination certificates, substitutions or renewals, supplemental protective certificates, term extensions or certificates of invention and all foreign counterparts thereof, and corresponding foreign patents and patent applications.

"Aroa Plant" means Area's manufacturing and warehousing facilities located in New Zealand.

"Aroa Technology" means trade secrets and know-how, as well as non-publicly known inventions, improvements, discoveries, formulae documents, algorithms, assay development guides, processes, data, reagents, other biological materials and technologies owned or controlled by or licensed to Aroa or its Affiliates (excluding the Aroa License) as of the effective date of the Original Agreement and as of the Effective Date of this Umbrella Agreement in respect of forestomach-based medical devices, products or technologies (including without limitation ERT Ovine and ERT Bovine), including, but not limited to, all techniques, manufacturing data, protocols, documentation and procedures, validation protocols and procedures, standards, quality system procedures, and control testing, research and clinical data and documentation, design history files, product prototypes and pre-production units, whether patentable or not, together with any oral or written communications related thereto.

"Change of Control" means with respect to either TELA Bio or Aroa (i) the direct or indirect acquisition of more than 50% of the total voting power of the outstanding voting stock of the company, or of a majority of the issued and outstanding shares of the company's common or

ordinary stock (other than pursuant to (A) any transaction or series of related transactions consisting of the sale, issuance or exchange of securities of such company in connection with one or more unregistered offerings of debt, equity or other securities of such company for financing or capital raising purposes in one or more financing rounds or (B) the sale, transfer or issuance of securities of such company in connection with one or more public, registered offerings of the securities of such company (including without limitation any initial public offering of securities by such company); (ii) a merger or consolidation of the company with or into any other entity, unless the shareholders of such company immediately prior to such transaction are entitled to elect the majority of the directors of the surviving entity or directly or indirectly own more than 50% of the voting equity interests of the surviving entity or (iii) the company sells all or substantially all of its assets to a Third Party.

"Combination Product" means (a) a product that combines a Product with one (or more) active pharmaceutical ingredients) or medical device(s) that is (are) not a Product or (b) any package containing a Product combined with another therapeutic, prophylactic or diagnostic product or with a measurement, monitoring or delivery device, where the package is sold as one (1) stock keeping unit.

"Competing Product" means any product or device containing ECM for use in one or more Indications.

"Confidential Information" means and includes all proprietary information (including TELA Bio Technology and Aroa Technology) that is disclosed by or on behalf of one party or its Affiliate to the other party or its Affiliate in connection with this Umbrella Agreement or any Product Exhibit, which is designated in writing whether by letter or by the use of an appropriate stamp or legend such as "confidential," "proprietary," or "sensitive" by the disclosing party prior to or at the time of disclosure, which is orally or visually disclosed and indicated to be proprietary at the time of disclosure, or which is of a nature such that the receiving party would reasonably treat such information as proprietary. Developed Technology, and the terms of this Umbrella Agreement, any Product Exhibit and any related agreements between the parties shall also be considered Confidential Information.

"Contract Year" shall mean a NA Contract Year or an EU Contract Year, as applicable.

"Developed Technology" means any and all technical information (including designs, reports, presentations, ideas, know-how, reagents, improvements, trade secrets, inventions, discoveries, formulae documents, algorithms, processes, data and technologies) developed by TELA Bio, Aroa, their respective Affiliates, or both parties and/or a Person under an obligation of assignment to TELA Bio and/or Aroa or their respective Affiliates, following the effective date of the Original Agreement specifically for purposes of this Umbrella Agreement or a Product Exhibit or based on Confidential Information under this Umbrella Agreement or a Product Exhibit.

"Development Agreement" has the meaning ascribed to it under Section 8.12 of this Umbrella Agreement.

"ECM" means extracellular matrix.

"Effective Date" has the meaning ascribed to it on page 1 of this Umbrella Agreement.

"ERT Bovine" means any endoform regenerative template products in sheet or powder form sourced from cattle.

"ERT Ovine" means any endoform regenerative template products in sheet or powder form sourced from sheep.

"**EU Contract Year"** shall mean the period of twelve months commencing on the date on which TELA Bio commercially launches in the European Territory the first Product covered by this Umbrella Agreement, and each successive period of twelve months thereafter.

"**EU Minimum Amount"** has the meaning ascribed to such term in Section 8.6.

"**EU Quarterly True Up Amount**" means, except as otherwise expressly set forth in Section 5.3(a), an amount equal to [***].

"**EU Shortfall Amount"** means [***].

"European Operational Milestones" has the meaning ascribed to such term in Section 4.2.

"European Territory" means Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom, and any future additional member states of the economic, scientific and political organization of the European Union and any successor thereto, Norway, Switzerland, Albania, Armenia, Azerbaijan, Belarus, Bosnia (also known as Bosnia-Herzegovina), Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Moldova, Montenegro, the Russian Federation (also known as Russia), Serbia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

"FDA" means the United States Food and Drug Administration or any successor agency.

"Field Correction" has the meaning ascribed to such term in Section 11.1.

"**Goal**" has the meaning ascribed to such term in Section 8.12.

"Goal Deadline" has the meaning ascribed to such term in Section 8.12.

"HPFB" means the Canadian Health Products and Food Branch.

"In-coming Testing" has the meaning ascribed to such term in Section 8.9.

"Indications" means any and all of the following uses or potential uses: (i) abdominal wall reconstruction and hernia repair; (ii) breast reconstruction; (iii) orthopedic soft tissue indications associated with reopposing soft tissue structures down to bone during surgery, including without limitation orthopedic implant wraps (but exclusive of orthopedic implant

wraps utilizing antimicrobial drug delivery for infection control) and periosteal replacement; (iv) regenerative osteoarthritis injections; and (v) regenerative plastic surgery injections. For clarification purposes, tendon and ligament repair are not included as Indications.

"Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks and trademark licenses and know how, whether registered or unregistered, including the right to make applications, and all rights to sue at law or in equity for any infringement, misappropriation or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Joint Technology" has the meaning ascribed to such term in Section 3.2(b).

"Licensed Intellectual Property and Technology Rights" means (a) the Aroa Patent Rights, (b) the Aroa Technology, (c) Area's rights in and to Developed Technology which is Joint Technology described in Section 3.2 and (d) with respect to clause (c) above, any respective patents issuing therefrom, together with any reexaminations, extensions, registrations, confirmations, reissues, divisionals, continuations, continuations-in-part, reexamination certificates, substitutions or renewals, supplemental protective certificates, term extensions or certificates of invention and all foreign counterparts thereof, and corresponding foreign patents and patent applications.

"Make Whole Payment" has the meaning ascribed to such term in Section 8.7.

"Manufacturing Documents" means all the documents required to manufacture, label, pack and test the Products.

"MDR" has the meaning ascribed to such term in Section 11.1.

"Minimum Amount" means the NA Minimum Amount and/or the EU Minimum Amount, as applicable.

"NA Contract Year" shall mean the period of twelve months commencing on the date on which TELA Bio commercially launches in North America the first Product covered by this Umbrella Agreement, and each successive period of twelve months thereafter.

"**NA Minimum Amount"** has the meaning ascribed to such term in Section 8.6

"NA Quarterly True Up Amount" means, [***].

"NA **Shortfall Amount"** means [***].

"**Net Sales"** means [***].

As of the Effective Date, TELA Bio does not plan to sell Products to Affiliates for subsequent resale to end user customers. TELA Bio may not sell Products to an Affiliate for subsequent resale unless the parties have agreed to a reasonable method of calculating Net Sales

for such transactions and Aroa consents in writing, which consent shall not be unreasonably withheld.

"Net Sales Forecast" means a non-binding, rolling [***] forecast of Net Sales.

"North American Operational Milestones" has the meaning ascribed to such term in Section 4.2.

"North American Territory" means North America, including, without limitation, the United States, Canada, Mexico and U.S. possessions and territories.

"Operational Milestone Payments" has the meaning ascribed to such term in Section 4.2.

"Original 510(k) Clearance" has the meaning ascribed to such term in Section 4.2(a).

"Person" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau or agency, any other entity or body, or an individual.

"Product Forecast" has the meaning ascribed to such term in Section 8.1.

"Product Manufacturing Requirements" means the written specifications, protocols and manufacturing instructions used for the manufacture and performance testing of a Product supplied hereunder that have been mutually agreed upon during the design control process, with all changes to such specifications, protocols and manufacturing instructions tracked and mutually agreed upon, and made in accordance with the terms of this Umbrella Agreement.

"Product Requirements" means written specifications and design inputs that are developed and mutually agreed upon during the design control process for each Product supplied hereunder, with all changes to such specifications and design inputs tracked, mutually agreed upon, and made in accordance with the terms of this Umbrella Agreement.

"Products" means ERT Bovine, ERT Ovine and any and all products covered by the Licensed Intellectual Property and Technology Rights, in each case, for use in one or more of the Indications.

"Product Exhibit" means, with respect to a Product, the exhibit that shall be completed and attached hereto by the mutual agreement of the parties. The first Product Exhibit attached hereto shall be designated as Product Exhibit No. 1 and each Product Exhibit thereafter shall be referenced in numerical sequence.

"Purchase Order" has the meaning ascribed to such term in Section 8.3

"Quarterly True Up Amount" means, except as set forth in Section 5.3(a), the NA Quarterly True Up Amount or the EU Quarterly True Up Amount, as applicable.

"Recall" has the meaning ascribed to such term in Section 11.1.

"Regulations" means all current regulatory requirements of any applicable Regulatory Authority, including current FDA and HPFB regulations, and European Directives, as applicable, and any amendments thereof.

"Regulatory Approval" means, for a Product, all permissions, approvals, licenses, registrations, authorizations, or clearances of any Regulatory Authority that are necessary for the sale of such Product in the applicable regulatory jurisdiction.

"Regulatory Authority" means the applicable government agency or agencies or notified body(ies) in a country or jurisdiction whose permission, approval, license, registration, authorization, or clearance must be obtained for the manufacturing, clinical testing, marketing and/or selling of the applicable Product.

"Regulatory Submission(s)" means any and all applications, filings, dossiers and the like submitted to a Regulatory Authority for the purpose of obtaining Regulatory Approval for the applicable Product from that Regulatory Authority, including documented minutes from any meetings with such Regulatory Authority.

"Revenue Milestone Payments" has the meaning ascribed to such term in Section 4.3.

"Revenue Sharing Amount" means the product of Net Sales for the specified period and the Revenue Sharing Percentage.

"Revenue Sharing Percentage" means twenty-seven percent (27%).

"Serious Incident" means an incident involving a Product which is reportable to a Regulatory Authority pursuant to existing guidelines or such other guidelines as may be issued by any such Regulatory Authority from time to time.

"Shortfall Amount" means the NA Shortfall Amount or the EU Shortfall Amount, as applicable.

"Supply Failure" means, except as excluded by Section 8.14, a failure by Aroa, whether caused by a force majeure under Section 16.10, or otherwise, to supply by their respective delivery dates during [***] provided in accordance with the terms of this Umbrella Agreement.

"Technical Files" means the documentation relating to the Products that contain information on the Products as required by the FDA, the HPFB or other Regulatory Authorities.

"TELA Bio Technology" means trade secrets and know-how, as well as non-publicly known inventions, improvements, discoveries, formulae documents, algorithms, assay development guides, processes, data, reagents, other biological materials and technologies owned by or licensed to TELA Bio at the date of this Agreement including, but not limited to techniques, manufacturing data, documentation, protocols and procedures, validation protocols and procedures, standards, quality system procedures, and control testing, research and clinical data and documentation, design history files, product prototypes and pre-production units, whether patentable or not, together with any oral or written communications related thereto.

"Term" has the meaning ascribed to it in Section 15.1.

"Territory" means the North American Territory and the European Territory.

"Third Party" means a party other than TELA Bio, Aroa or their respective Affiliates.

"Transfer Price" means the per unit price of a Product calculated in accordance with Exhibit A.

"Trigger Date" means the earlier to occur of (x) the date of TELA Bio's commercial launch of an Abdominal Wall/Hernia Repair Product in the North American Territory and (y) one year from the Effective Date.

"Upfront Payments" has the meaning ascribed to such term in Section 4.1.

2.0 License Grant

2.1 License to TELA Bio. Aroa hereby grants to TELA Bio, an exclusive right and license to use the Licensed Intellectual Property and Technology Rights solely and exclusively for the development, validation, commercialization, import, export within the Territory, marketing, distribution and sale of Products in the Territory and in respect of the Indications, according to this Umbrella Agreement and any applicable Product Exhibit, including the right to make or have made the Products within the Territory in accordance with Section 8.13 (the **"Aroa License**"). TELA Bio may sublicense its rights under the Aroa License: (i) to an agreed research and development partner under Section 5.2(a); (ii) to its Affiliates provided that TELA Bio shall remain responsible for actions of any Affiliate sub-licensed under this Section; or (iii) to Third Parties manufacturing Products for TELA Bio pursuant to the rights granted to TELA Bio under Section 8.13. No other sub-licensing is permitted without Aroa's prior written consent. To avoid doubt, notwithstanding the Aroa License, Aroa may at any time use any of the Licensed Intellectual Property and Technology Rights in any jurisdiction other than the Territory or in respect of any indications other than the Indications, provided that neither Aroa nor any Third Party (including licensees, sublicensees or Affiliates of Aroa) that directly or indirectly acts on behalf or at the request of Aroa, its Affiliates, their respective officers, shareholders or directors, or their respective licensees or sublicensees, or with whom Aroa, its Affiliates, their respective officers, shareholders or directors, or their respective licensees or sublicensees has a financial relationship (including equity interest) or other business arrangement, shall (i) market, sell or distribute within the Territory any Competing Product, or (ii) market, sell or distribute, anywhere in the world, any product using the same or substantially similar brands, trademarks or trade names as any of the Products marketed, sold or distributed by TELA Bio pursuant to this Umbrella Agreement, except for the use of "Endoform™".

2.2 License to Aroa. Subject to the terms and conditions of this Umbrella Agreement (including, without limitation, Section 7.9), TELA Bio hereby grants to Aroa during the Term (i) an exclusive license to use the Joint Technology solely and exclusively for the development, validation, commercialization, manufacture, import, export, marketing, distribution and sale of products outside of the Indications or outside of the Territory. To avoid doubt, notwithstanding the license granted to Aroa under this Section 2.2, TELA Bio may at any time use any of the Joint Technology in the Territory and in respect of any of the Indications.

3.0 Intellectual Property Rights

3.1 Existing Intellectual Property. The parties agree that the Intellectual Property owned or controlled by each of the parties as of the Effective Date shall, subject to the terms of this Umbrella Agreement, continue to be owned and controlled by such party.

3.2 Rights to Developed Technology. The parties recognize that, in the course of performing under this Umbrella Agreement, either party may invent one or more Developed Technologies either separately from or jointly with the other party.

(a) Sole Inventions. Developed Technology that is invented, solely or jointly with a Third Party, by an employee of Aroa or its Affiliates or a Person under an obligation of assignment to Aroa or its Affiliates, shall be (1) owned solely by Aroa if (x) such Developed Technology is not an improvement to any existing Licensed Intellectual Property and Technology Rights and (y) has not been developed or invented using any TELA Bio Technology or Confidential Information of TELA Bio or (2) Joint Technology pursuant to Section 3.2(b) below if either (x) such Developed Technology is an improvement to any existing Licensed Intellectual Property and Technology Rights or (y) has been developed or invented using any TELA Bio Technology or Confidential Information of TELA Bio. Developed Technology that is invented, solely or jointly with a Third Party, by an employee of TELA Bio or its Affiliates or a Person under an obligation of assignment to TELA Bio or its Affiliates, shall be (1) owned solely by TELA Bio if (x) such Developed Technology is not an improvement to any existing Licensed Intellectual Property and Technology Rights and (y) has not been developed or invented using any Aroa Technology, Aroa Patent Rights or Confidential Information of Aroa or (2) Joint Technology pursuant to Section 3.2(b) below if either (x) such Developed Technology is an improvement to any existing Licensed Intellectual Property and Technology Rights or (y) has been developed or invented using any Aroa Technology, Aroa Patent Rights or Confidential Information of Aroa.

(b) Joint Inventions. All Developed Technology that is not under the rules set forth in Section 3.2(a) owned solely by one party pursuant to Section 3.2(a) above, shall be jointly owned by the parties as tenants in common ("**Joint Technology**"). To the extent that any Joint Technology (that is, Developed Technology that under the rules set forth in Section 3.2(a) is considered Joint Technology) is not for any reason owned by both TELA Bio and Aroa as tenants in common, each party hereby assigns to the other an undivided interest in such Joint Technology such that the parties jointly own such Joint Technology as tenants in common. The parties agree to cooperate in filing any patent applications and undertaking all other reasonable and appropriate protection for such patentable Joint Technology. In order to protect the patentability of any Joint Technology, each of the parties agrees that it will not publish or disclose any non-public Joint Technology without first obtaining the prior written consent of the other party, which shall not be unreasonably withheld or delayed.

(i) Restrictions.

A. The parties acknowledge that, pursuant to Section 2.1, Aroa has granted TELA Bio an exclusive license with respect to the use of Joint Technology in the Indications and in the Territory, and that, pursuant to Section 2.2, TELA Bio has granted Aroa an

exclusive license with respect to the use of Joint Technology outside of the Indications or outside of the Territory. The parties further agree that, during the Term, except as otherwise expressly provided herein: (i) Aroa shall have the right to practice freely under any resulting patent, license or other Intellectual Property right in respect of the Joint Technology only outside the Indications or outside the Territory without the consent of or remuneration to TELA Bio and (ii) TELA Bio shall have the right to practice freely under any resulting patent, license or other Intellectual Property right in respect of the Joint Technology only within the Territory and within the Indications without the consent of or remuneration to Aroa.

B. In addition, both during the Term and at all times thereafter, (i) neither party may grant a license or sublicense to a Third Party, sell, assign, dispose of, encumber or otherwise transfer any of its rights with respect to any Joint Technology without the prior written consent of the other party, which may not be unreasonably withheld (provided that the consent of the other party shall not be required in connection with a Change of Control of a party) and (ii) prior to either party using Joint Technology for commercial purposes outside the scope of that party's license to that Joint Technology under this Umbrella Agreement, each party is required to first notify the other party in reasonably sufficient detail so that they may negotiate a commercially reasonable royalty or similar arrangement that takes into account the other party's contribution to the Joint Technology. The parties shall use commercially reasonable efforts to agree on appropriate royalty or other arrangements and other terms within 45 days after receipt of notice describing such proposed use and neither party will unreasonably withhold or delay its consent to the terms of any proposed use.

(c) Register. All Developed Technology shall be recorded in a formal register maintained by agreement of the parties which shall set out whether such Developed Technology is owned by either party independently or is Joint Technology. Neither party may unreasonably refuse the inclusion of any Developed Technology in that register. Upon the reasonable request of one party for a cross-license to Developed Technology that is owned solely by the other party, the parties shall use commercially reasonable efforts to agree on appropriate royalty or other arrangements and other terms for such cross-license.

(d) Inventorship. Inventorship shall be determined in accordance with the laws of the United States regardless of whether inventions are made within or outside of the United States by either party.

(e) Invention Assignments. Each party will require all of its and its Affiliates' employees to assign all Developed Technology that is invented, developed, made or conceived by such employees according to the ownership principles described in this Section 3.2 free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions. Each party will also use commercially reasonable efforts to require any agents, independent contractors or sublicensees performing an activity pursuant to this Agreement to assign all Developed Technology that is invented, developed, made or conceived by such agents, independent contractors or sublicensees to Aroa and/or TELA Bio according to the ownership principles described in this Section 3.2 free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions.

3.3 Filing and Maintenance Costs.

(a) Sole Inventions. In the event either party invents any Developed Technology as provided by Section 3.2(a) that is not considered Joint Technology, such party shall bear any patent filing and maintenance costs for such Developed Technology.

(b) Joint Inventions. With respect to any Joint Technology, any patent filing and maintenance costs shall be shared equally among the parties, subject to Section 3.3(b)(i) below.

(i) Disclaimed Joint Technology. In the event either party wishes to disclaim any Joint Technology, such party shall have the option to disclaim ownership of such Joint Technology by providing written notice to the other party prior to incurring any maintenance or filing costs for such Joint Technology. In the event the non-disclaiming party proceeds with any patent filing and maintenance with respect to the disclaimed Joint Technology, that party shall bear the full costs and be the sole owner of such disclaimed Joint Technology.

3.4 Patent Prosecution and Maintenance. Aroa shall diligently prosecute and maintain in full force in the Territory the Aroa Patent Rights and any other patents and patent applications which form part of the Licensed Intellectual Property and Technology Rights (collectively, the "**Relevant Patents**"), and shall appoint counsel at its discretion but reasonably acceptable to TELA Bio (TELA Bio confirms that Aroa's counsel at the Effective Date of this Umbrella Agreement is acceptable) to prosecute, maintain and defend such patents. Aroa shall keep TELA Bio reasonably informed of all Relevant Patents related to the Products, and will give TELA Bio a reasonable opportunity to review and provide input on the prosecution of same. If Aroa breaches this Section 3.4, decides to abandon or allows to lapse any Relevant Patents, or decides to not pay or does not pay a particular patent maintenance fee (or its portion thereof in the case of Relevant Patents described in Section 3.3(b)) for any Relevant Patents, then Aroa shall promptly inform TELA Bio and TELA Bio shall have the right to assume filing, prosecution, maintenance and defense of any such Relevant Patents and offset against amounts owed to Aroa hereunder all amounts incurred in assuming such responsibilities.

4.0 Upfront Payment; Milestones

4.1 Upfront Payments. Upon the execution of this Umbrella Agreement, TELA Bio shall pay to Aroa a one-time, non-refundable license amendment fee in the amount of US$250,000. The parties acknowledge and agree that, in consideration of the grant of the Aroa License in the North American Territory pursuant to the Original Agreement and this Umbrella Agreement, TELA Bio has previously paid to Aroa a one-time, non-refundable license fee in the amount of US$1,000,000 (the "**North American Upfront Payment**"). The parties acknowledge and agree that, in consideration of the grant of the Aroa License in the European Territory pursuant to this Umbrella Agreement, TELA Bio has previously paid to Aroa a one-time license fee in the amount of US$1,000,000 (the "**European Upfront Payment**" and, together with the North American Upfront Payment, the "**Upfront Payments**").

4.2 Operational Milestones. In addition to the Upfront Payments, TELA Bio shall pay to Aroa the following payments (the "**Operational Milestone Payments**") within thirty (30) days after the occurrence of each of the following events:

(a) Upon the first occurrence of receipt of FDA 510(k) clearance for the use of ERT Ovine in surgical soft tissue reinforcement procedures constituting an on-label use of abdominal wall reconstruction and hernia repair (the **"Original 510(k) Clearance**")**,** TELA Bio shall pay to Aroa a one-time payment of US$1,000,000; and

(b) If all three of the following criteria are met, TELA Bio shall pay to Aroa a one-time payment of US$250,000: [***]. The parties acknowledge and agree that (i) TELA Bio has previously paid the US$1,000,000 amount due to Aroa under Section 4.2(a) and (ii) the US$250,000 payment made pursuant to Section 4.1 is being paid in complete satisfaction of all of the obligations of TELA under this Section 4.2(b).

The events described in Subsections 4.2(a) and (b) above are collectively referred to as the "**North American Operational Milestones**". In the aggregate, the Operational Milestone Payments for achievement of all North American Operational Milestones shall not exceed US$1,250,000.

(c) TELA Bio shall pay to Aroa a one-time payment of US$500,000 upon the first occurrence of receipt of CE mark for the use of ERT Ovine in surgical soft tissue reinforcement procedures constituting an on-label use of abdominal wall reconstruction and hernia repair (the **"Original CE Mark**"); and

(d) If both of the following criteria are met, TELA Bio shall pay to Aroa a one-time payment of US$500,000: (i) each of the criteria set forth in Section 4.2(c) above has been satisfied; and (ii) TELA Bio's acceptance under Section 8 of finished ERT Ovine Products supplied by Aroa in quantities sufficient for TELA Bio's commercial launch in the European Union as reasonably agreed upon the parties in writing.

The events described in Subsections 4.2(c) and (d) above are collectively referred to as the "**European Operational Milestones**". In the aggregate, the Operational Milestone Payments for achievement of all European Operational Milestones shall not exceed US$1,000,000.

4.3 Revenue Milestones. In addition to the Upfront Payments and the Operational Milestone Payments, TELA Bio shall pay to Aroa the following payments (the "**Revenue Milestone Payments**") within thirty (30) days after the occurrence of each of the following events:

(a) When cumulative Net Sales of the Products in the North American Territory reach [***], TELA Bio shall pay to Aroa a one-time payment of US$1,000,000;

(b) When cumulative Net Sales of the Products in the North American Territory reach [***], TELA Bio shall pay to Aroa US$2,000,000; and

(c) When cumulative Net Sales of the Products in the European Territory reach [***], TELA Bio shall pay to Aroa US$1,000,000.

In the aggregate, the Revenue Milestone Payments shall not exceed US$4,000,000.

5.1 Development

5.1 TELA Bio Development Rights. Except as otherwise expressly set forth in Section 5.2 below, TELA Bio shall have no restrictions on its development activities provided it only uses the Licensed Intellectual Property and Technology Rights within the scope of the Aroa License. For purposes of clarification only, TELA Bio has the right to partner with any Third Party for the research and development of products that are not Products.

5.2 Aroa Development Responsibilities.

(a) During the Term, Aroa shall be TELA Bio's exclusive partner for the development of Products in the Indications, it being understood that TELA Bio shall not be permitted to retain Third Party independent contractors and other consultants to advise it on research and development matters pertaining to Products without obtaining Aroa's consent, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Aroa may not unreasonably withhold, condition or delay its consent for TELA Bio to utilize Third Parties as research or development partners on Products if TELA Bio reasonably believes that such partner may advance the development of such Products.

(b) Except as otherwise stated herein, the development responsibilities of Aroa hereunder shall be as set forth in the relevant Product Exhibit and the Development Agreement.

(c) If TELA Bio desires to modify the specifications of any Product (which may include modifications to manufacturing and/or processing techniques), TELA Bio shall provide written notice to Aroa setting forth the details of the desired changes and the business rationale for such changes. Following any such notice, Aroa shall provide to TELA Bio a detailed written summary of Aroa's expected costs associated with the development and manufacture of such Product based on the revised specifications. The parties shall then review the proposed specification changes and the associated costs and shall mutually determine, which, if any, of the proposed specification changes shall be incorporated into the Product and the parties' respective obligations for the associated costs.

5.3 Non-Compete.

(a) [***].

(b) [***].

5.4 Clinical Trials; Funding. During the first five year period of the Term, TELA Bio shall invest a minimum of [***] in the aggregate for pre-clinical and clinical trial programs to test the Products *in vivo;* provided, that TELA Bio shall receive credit for any amounts invested by TELA Bio for pre-clinical and clinical trial programs under the Original Agreement and the First Amendment. Except with respect to Third Party confidentiality and other obligations: (x) TELA Bio shall provide Aroa with access to all data derived from such trials that relates to the Products for development, commercialization, marketing, regulatory and promotion functions outside the Territory and (y) Aroa shall share with TELA Bio all pre-clinical and clinical trial information related to the Products in its possession or control to support TELA

Bio's development, commercialization, marketing, regulatory matters pertaining to and promotion of the Products in the Territory.

5.5 **Aroa Materials.** Aroa shall supply to TELA Bio at Aroa's Direct Unit Cost (as defined in Exhibit A) the ECM materials or Products necessary in quantities and with such frequency as reasonably required for the research and development of the Products in accordance with the terms of this Umbrella Agreement and the applicable Product Exhibit.

6.0 Marketing

6.1 Commercialization by TELA Bio. Except as otherwise expressly set forth herein or in the relevant Product Exhibit, TELA Bio shall be solely responsible for the distribution, marketing, promotion, pricing and sales of the Products in the Territory.

6.2 Marketing Plan. Prior to the expected initial commercial launch of the first Product in a specified Territory and annually thereafter, TELA Bio shall provide an annual marketing plan to Aroa with respect to that Territory. In addition, TELA Bio shall provide Aroa with quarterly updates to such marketing plan commencing with the first calendar quarter following the initial commercial launch of a Product. Aroa employees shall have access to sales meetings and training sessions conducted by TELA Bio for its sales force to the extent related to the Product, and may arrange from time to time to accompany TELA Bio sales representatives on calls to key accounts and opinion leaders related to the Products, subject to reasonable advance notice and pre-arrangements made with TELA Bio. TELA Bio shall have the right to cease the marketing and sale in one or more Indications of a Product with a Transfer Price in excess of its Revenue Sharing Amount, and the parties shall reasonably cooperate to identify and implement solutions to reduce the Transfer Price or increase the Net Sales of any such Product.

6.3 Promotional Materials. TELA Bio shall promote the Products in accordance with applicable law.

6.4 Reference to Endoform. To the extent the Product contains or includes Endoform and permitted by applicable Regulatory Authorities, TELA Bio shall include a reasonably prominent reference on all packaging, marketing or promotional material in respect of each Product that such Product contains or includes Endoform, such reference to be in a format reasonably agreed by the parties in respect of each Product. For clarification purposes, the parties acknowledge and agree that such Products may use a brand or trade name that is not Endoform.

6.5 Net Sales Forecast. Prior to the expected initial commercial launch of the first Product and on a rolling quarterly basis thereafter, TELA Bio shall provide a Net Sales Forecast to Aroa throughout the Term.

7.0 Manufacture

7.1 Manufacturing. Aroa shall manufacture all the Aroa Manufactured Products at the Aroa Plant in accordance with: (i) the Regulations; (ii) the applicable Product Requirements; (iii) all Applicable Legal Requirements; and (iv) Product Manufacturing Requirements.

7.2 **Aroa's Manufacturing Responsibilities.** During the Term, and except as otherwise expressly provided herein, Aroa will serve as the exclusive manufacturer for all Products in accordance with the Product Requirements and Product Manufacturing Requirements.

7.3 **Change in Manufacturing Process.** Aroa shall notify TELA Bio in writing of any proposed changes in its manufacturing process which affect fit, form, or function or the safety or effectiveness of the manufacturing process, including any changes that affect a) a government submission made by or on behalf of Aroa (any change to a Technical File or international product master file), b) master batch records or written qualify plans for production or written qualify procedures respecting same, or c) any changes outside the validated level or procedure, in manufacturing procedures, component part or raw materials vendors, manufacturing sites or batch sizes. Upon such notice, TELA Bio shall evaluate and communicate to Aroa its approval or disapproval of such change within eight (8) weeks after the date of its receipt of notice. Only upon notice of written approval from TELA Bio and after Aroa has demonstrated to TELA Bio's satisfaction that all change and validation processes have been successfully completed in compliance with any Regulations and/or Applicable Legal Requirements may Aroa incorporate such change into the manufacturing process. Proposed changes shall be communicated in writing to the quality contact specified in each Product Exhibit.

7.4 **Labeling and Barcodes.** The label and package insert copy for each Product shall: (a) conform to the parties' mutually agreed upon standard labeling requirements, (b) comply with all Applicable Legal Requirements and Regulations, (c) be reviewed by the parties and (d) contain all other information agreed to by the parties.

7.5 **Product Safety.** Aroa shall provide to TELA Bio, upon TELA Bio's request, copies of Material Safety Data Sheets ("**MSDSs**") and any other information and documentation related to product safety, including physical, chemical, and biological characteristics of the Products. At reasonable times and upon reasonable notice, TELA Bio shall have the right to audit Aroa's established procedures and processes, including documentation, to accommodate the direct handling of health emergencies, product ingredient inquiries, and distribution of MSDSs related to the Products twenty-four (24) hours a day, seven (7) days a week.

7.6 **Manufacturing Outside of Aroa's Plant.** Aroa shall manufacture all the Products only at the Aroa Plant. Notwithstanding the foregoing provision of this Section 7.6, and subject to Section 7.3 (including the notice requirements), if it is necessary that all of or a component of a Product must be manufactured at another facility, Aroa must certify in writing to TELA Bio that such facility satisfies all Applicable Legal Requirements and TELA Bio or its designee shall have the right to conduct an audit at such facility to determine compliance with all Applicable Legal Requirements before any manufacturing can take place.

7.7 **Product Validations.** Aroa shall provide written assurances that processes and test methods are validated for the development and manufacture of the Products. If TELA Bio determines that a specific validation procedure does not meet TELA Bio's interpretation of the appropriate Regulation, then Aroa and TELA Bio shall review in good faith any additional process or test method validation procedures that TELA Bio believes are necessary in order to

obtain Regulatory Approval to market, sell or distribute the Products in the Territory; however, if this occurs then the parties shall negotiate in good faith an equitable allocation of the expenses relating to such additional process or procedure.

7.8 File Samples. Aroa agrees to keep file samples of each manufactured lot of each Product in cold storage within the temperature range dictated by TELA Bio through a period ending [***] after the expiration date of the applicable lot. These files samples shall be made available to TELA Bio upon request at any time.

7.9 **Non-Compete.** Aroa shall not, and shall ensure that its Affiliates shall not, directly or indirectly, use or grant a license to any Developed Technology or any other Intellectual Property claiming any ECM or forestomach-based product, methods of making any ECM or forestomach-based product or necessary or desirable for the commercialization of any ECM or other forestomach-based product, within the Indications and in the Territory, or outside of any Indication to the extent any such use or license would result in the marketing, distribution or sale in the Territory of products that could be used in the Indications, except to develop and/or manufacture the Products pursuant to the terms and conditions of this Umbrella Agreement or any Product Exhibit. The parties agree that a breach by Aroa of this Section 7.9 would constitute a material breach of this Umbrella Agreement by Aroa and result in substantial damages to TELA Bio which would be difficult, if not impossible, to ascertain, and probably inadequate to remedy the harm caused thereby and, therefore, Aroa agrees that upon any such breach, TELA Bio, its successors and assigns shall have the right to enforce the provisions of this Section 7.9 by temporary or permanent injunction without the necessity of a bond or by other proceeding in equity.

7.10 Animal Material. Aroa shall provide TELA Bio with information on any animal-sourced material that is included in a Product in order for TELA Bio to meet any United States Department of Agriculture requirements and any Applicable Legal Requirements in the Territory.

7.11 Disaster Recovery. Aroa shall maintain a robust disaster recovery plan for key materials needed for the uninterrupted supply of the Products and such plan shall be provided to TELA Bio upon TELA Bio's request.

7.12 Manufacturing Documents. For the purpose of quality and regulatory audits and reviewing customer complaints, during the Term of this Umbrella Agreement, Aroa shall promptly furnish TELA Bio with copies of all Manufacturing Documents relating to the Products upon TELA Bio's request.

7.13 Product Dating. Aroa will design and perform studies to support Product expiration dating. Product expiration dating will be established using a pre-approved protocol that is agreed upon by both parties.

7.14 Right to Audit. Aroa shall ensure that TELA Bio's authorized representatives and any Regulatory Authorities may, during regular business hours and upon reasonable advance written notice, (i) examine and inspect the Aroa Plant or other manufacturing facility or, subject to any Third Party confidentiality restrictions and other obligations, the facilities of any

subcontractor or supplier used by it in the development, sourcing or manufacture of Products in the Indications in the Territory, and (ii) subject to applicable law and any Third Party confidentiality restrictions and other obligations, inspect all data, documentation and work product relating to the activities performed by it, the subcontractor or supplier site. This right to inspect all data, documentation, and work product relating to the Product in the Indications in the Territory may be exercised at any time during the Term upon reasonable notice or such longer period as shall be required by applicable law. Aroa shall promptly provide TELA Bio with the results of any audit by a Regulatory Authority relating to the Products in the Indications.

8.0 Supply

8.1 Product Forecast. TELA Bio shall provide Aroa with a [***] rolling forecast prepared in good faith estimating the quantity of Products it intends to order during such [***] period in each of the North American Territory and the European Territory ("**Product Forecast**"). The first Product Forecast for each Product shall be submitted in accordance with the requirements of the applicable Product Exhibit, such Product Forecast shall be updated quarterly. The first [***] of each Product Forecast shall be binding on TELA Bio and the remaining [***] of each Product Forecast shall not be binding on TELA Bio.

8.2 Adjustment to Forecast. Subject to Section 8.14, Aroa shall use commercially reasonable efforts to accommodate an increase in the Product Forecast if TELA Bio so requests.

8.3 Purchase Orders. With each Product Forecast provided by TELA Bio, TELA Bio shall provide a binding purchase order ("**Purchase Order**") that is consistent with the binding portion of the Product Forecast. Each Purchase Order must specify whether the ordered Products are for sale in the North American Territory or the European Territory, as well as the required delivery dates for the Products which shall be at least [***] after the date of submission of the applicable Purchase Order. TELA Bio shall only sell each Product in the particular Territory specified in the Purchase Order for that Product unless it has Aroa's prior consent, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Aroa agrees that TELA Bio may sell a Product in a Territory other than that specified in the Purchase Order so long as such sale would not violate any Regulations, such sale is necessary or desirable due to inventory management and TELA Bio notifies Aroa in writing prior to such sale so that the Minimum Amounts, Quarterly True Up Amounts and Shortfall Amounts may be calculated hereunder appropriately.

8.4 Binding Effect of Purchase Orders. Purchase Orders submitted by TELA Bio in accordance with the Product Forecast and this Umbrella Agreement and any applicable Product Exhibit shall be binding upon Aroa and TELA Bio. Purchase orders not in accordance with the Product Forecast or this Umbrella Agreement shall become binding upon acceptance in writing by Aroa, which acceptance may not be unreasonably withheld or delayed. Aroa shall promptly notify TELA Bio if it does not believe that it can satisfy a Purchase Order for any reason. Notwithstanding any other Section of this Umbrella Agreement, Aroa may require TELA Bio to pay in advance for any binding Purchase Order submitted while undisputed amounts due under Section 8.5(a) in excess of [***] remain overdue by more than [***] days after Aroa has notified TELA Bio of its breach of Section 8.5(a).

8.5 Transfer Price and Revenue Sharing Amounts.

(a) With respect to Products supplied by Aroa hereunder other than pursuant to Section 5.5, within thirty (30) days after the receipt of such Product conforming to the Product Manufacturing Requirements and the Product Requirements, TELA Bio shall pay to Aroa the Transfer Price for each such Product in U.S. dollars. With each Product shipment, Aroa shall include an invoice setting forth the delivered Products by SKU number, quantity, the applicable Transfer Price, shipping/freight charges, insurance charges and any other information reasonably requested by TELA Bio.

(b) Except as expressly set forth in Section 5.3(a), (i) within thirty (30) days after the end of each calendar quarter during each NA Contract Year and each EU Contract Year, TELA Bio shall separately calculate the NA Quarterly True Up Amount and the EU Quarterly True Up Amount; and (ii) if either the NA Quarterly True Up Amount or the EU Quarterly True Up Amount calculation results in a positive number, TELA Bio shall owe Aroa an amount equal to that particular Quarterly True Up Amount. Within thirty (30) days following the end of each calendar year, TELA Bio will prepare a summary of the aggregate Net Sales for all Products purchased from Aroa during such calendar year and calculate the aggregate Revenue Sharing Amount based on such aggregate Net Sales amount in each of the Territories ("**Annual Revenue Sharing Amount**"). If the Annual Revenue Sharing Amount is more than the sum of (i) the aggregate Transfer Prices paid for the Products sold by TELA Bio during such calendar year and (ii) the aggregate Quarterly True Up Amounts paid to Aroa for such calendar year, TELA Bio shall pay such difference to Aroa within thirty (30) days following the date of such summary (the "**Annual True Up Payment**"). If the Annual Revenue Sharing Amount is less than the sum of (i) the aggregate Transfer Prices paid for the Products sold by TELA Bio during such calendar year and (ii) the aggregate Quarterly True Up Amounts paid to Aroa for such calendar year, Aroa shall pay such difference to TELA Bio within thirty (30) days following the date of such summary.

(c) TELA Bio shall have the right to audit Aroa's books and records on an annual basis to confirm and verify the Transfer Price for each Product. Any overpayments by TELA Bio as a result of any miscalculation of the Transfer Price shall be refunded promptly by Aroa. The Transfer Price going forward shall be adjusted appropriately to reflect the results of such audit.

(d) Aroa shall have the right to audit TELA Bio's books and records on an annual basis to confirm the accuracy of Revenue Sharing Amounts and Quarterly True Up Amounts. Any overpayments by TELA Bio discovered as a result of such audit shall be refunded promptly by Aroa, and any underpayments discovered as a result of any such audit shall be made promptly by TELA Bio.

(e) Any amounts owed by one party to the other pursuant to this Section 8.5 shall be paid promptly by the obligated party. In addition, TELA Bio may offset payments owed to it by Aroa hereunder (including any overpayment of Quarterly True Up Amounts) against any Transfer Price amounts that are or may become due to Aroa.

(f) The parties shall communicate at least once each quarter to review Product pricing, Product COGS (as defined in Exhibit A) and the Transfer Price, the volume of Products ordered by TELA Bio in that quarter and the marketing plan of TELA Bio for such Products.

(g) Revenue Sharing Amounts and Quarterly True Up Amounts shall be calculated and paid in U.S. dollars. For purposes of such calculation, in respect of any Net Sales invoiced in other currencies, TELA Bio shall convert Net Sales from such local currencies to U.S. dollars in respect of all sales within any calendar quarter using the average of the daily mid-market local currency/USD exchange rates published in the Wall Street Journal during such calendar quarter.

8.6 Minimum Amounts. Except to the extent caused by a Supply Failure or Aroa breaching its supply or manufacturing obligations to TELA Bio hereunder in the applicable Contract Year at issue, (x) the aggregate sum paid or payable by TELA Bio to Aroa in respect of all Transfer Prices for Products purchased for sale in the North American Territory, the four NA Quarterly True Up Amounts and the amount of any Annual True Up Payment attributable to the applicable Contract Year for the North American Territory for and as of the end of the NA Contract Year(s) periods set forth below shall equal or exceed the minimum amount (the "NA **Minimum Amount**") set forth opposite such NA Contract Year period(s) and (y) the aggregate sum paid or payable by TELA Bio to Aroa in respect of all Transfer Prices for Products purchased for sale in the European Territory, the four EU Quarterly True Up Amounts and the amount of any Annual True Up Payment attributable to the applicable Contract Year for the European Territory for and as of the end of the EU Contract Year (s) periods set forth below shall equal or exceed the minimum amount (the "**EU Minimum Amount**") set forth opposite such EU Contract Year period(s):

NA Contract Year or EU Year(s), as applicable	NA Minimum Amount	US$ EU Minimum Amount US$ Contract
First and Second in the aggregate	$ 2,000,000	$ 500,000
Third	$ 2,000,000	$ 500,000
Fourth	$ 3,000,000	$ 750,000
Fifth	$ 4,000,000	$ 1,000,000

Upon any Change of Control of TELA Bio, the Minimum Amounts set forth above shall be extended for a sixth Contract Year with a $5,000,000 NA Minimum Amount for such year and a $1,000,000 EU Minimum for such year. If a Change of Control of TELA Bio occurs prior to the commencement of the first NA Contract Year and/or the first EU Contract Year, then the relevant first Contract Year will be deemed to have commenced on the date of the Change of Control.

8.7 Make Whole Payment. In the event that TELA Bio does not achieve the NA Minimum Amount required for the NA Contract Year(s) or the EU Minimum Amount required for the EU Contract Year(s) specified in Section 8.6 above, Aroa shall notify TELA Bio in writing of the Shortfall Amount for such period and the Territory in which the shortfall occurred

(North American or European Territory). On the thirtieth (30th) day after TELA Bio's receipt of such notice from Aroa, TELA Bio's exclusive license to the Product(s) shall convert to a non exclusive license only in the applicable Territory (North American or European Territory) in which the applicable Shortfall Amount existed unless during such thirty (30) day period TELA Bio pays Aroa in U.S. dollars an amount equal to the applicable Shortfall Amount (the "**Make Whole Payment**").

8.8 Shipping/Storage and Delivery of Products. TELA Bio and Aroa shall agree on shipping and storage conditions of each Product prior to shipping and delivery to TELA Bio. Aroa's shipment obligations and the passage of title and risk of loss shall be F.O.B. TELA Bio's specified destination in the United States, Europe or other geographical location in the Territory, as applicable, in accordance with the quantities, delivery dates, courier and shipping instructions specified in TELA Bio's Purchase Orders that comply with Section 8.3.

The parties agree to share equally the full cost of each shipment and insurance in respect of each shipment (whether the applicable shipment or insurance is obtained by either party) for the Products from the Aroa Plant to the final delivery point to TELA Bio.

8.9 Physical Inspection and Performance Testing Requirements. Prior to the first shipment of any Products, members of TELA Bio's and Aroa's quality organizations will meet to review the agreed-upon written criteria for in-coming quality inspections and performance testing measures ("**In-coming Testing**") that TELA Bio shall use to accept or reject the

Products. Aroa shall test or cause to be tested each lot of the Products pursuant to this Umbrella Agreement before delivery to TELA Bio. Each lot must be accompanied by a certificate of analysis. The certificate of analysis must be lot specific and reflect the Aroa lot number and the Product expiration date. The certificate of analysis must show a summary of Aroa's physical inspection and performance testing results, and have Aroa's quality representative's signature and date of approval. In addition, Aroa must represent that any animal sourced material has been identified to TELA Bio and tested in accordance with Section 7.10. Aroa shall send such certificates to TELA Bio along with delivery of the Products. TELA Bio is entitled to rely on such certificates for all purposes of this Umbrella Agreement. Nothing in this Umbrella Agreement shall be construed to require TELA Bio to perform any In- coming Testing on any Products received from Aroa. However, at TELA Bio's option, TELA Bio shall have thirty (30) days from receipt of the Products to perform In-coming Testing on the Products.

8.10 **Rejection of Products.** Within thirty (30) days from the receipt of any Products, TELA Bio may reject such Product supplied hereunder which does not conform to the Product Manufacturing Requirements, Product Requirements or fails the In-coming Testing criteria. TELA Bio shall provide written notice to Aroa specifying the reason for such rejection. At the request and expense of Aroa, TELA Bio shall return the defective Product, or a representative sample thereof, to Aroa for testing. Should Aroa's test results reasonably confirm the Product's non-conformance to the Product Manufacturing Requirements, Product Requirements or the In coming Testing criteria, Aroa shall replace said non-conforming Product within thirty (30) days at no cost to TELA Bio. Should Aroa's test results fail to confirm the Product's non- conformance, and should the parties fail to otherwise resolve the dispute, the parties shall submit the Product, or a representative sample thereof, to a mutually acceptable independent laboratory. The determination by an independent laboratory of the Product's conformance or non- conformance to the Product Manufacturing Requirements, Product Requirements and the In coming Testing inspection criteria shall be binding upon the parties. Should the independent laboratory determine that the Products are conforming, TELA Bio shall pay all laboratory costs, and should such independent laboratory confirm that the Product is non-conforming, Aroa shall pay all laboratory costs and shall replace such non-conforming Product within thirty (30) days at no cost to TELA Bio. If rejection is due to any failure by TELA Bio or its agents or representatives to handle or store the Products as required by the labeling or the Product Requirements therefor, TELA Bio shall pay for replacement of rejected product. If rejection is due to problems relating to both parties, both TELA Bio and Aroa shall share equally the cost in replacing rejected Products proportionately.

8.11 **On-Going Stability Testing.** Aroa shall perform stability testing for the Products using mutually agreed upon procedures to ensure that the Products conform to the Product Manufacturing Requirements and the Product Requirements. Testing will be performed at a frequency that is required by Aroa's quality standards and meets TELA Bio's requirements for commercial products. If any Product fails to meet the stability acceptance criteria at any given test point, Aroa will follow its investigation procedures for no-test, invalids or failures. If the stability failure is confirmed prior to the expiration date of any Product, Aroa will promptly inform TELA Bio of such non-conformance and both parties will agree on the course of action to follow.

8.12 Products within each Indication. For each Product covered under this Umbrella Agreement, the parties shall prepare and execute a Product Exhibit containing more specific terms (including Product Requirements) regarding the Product (it being understood that a Product Exhibit may include more than one Product) and specifying that part of the Territory in which TELA Bio intends to sell or market it. Each Product Exhibit shall be attached hereto. The parties shall use commercially reasonable efforts to achieve the following goals in each Territory (each, a "**Goal**") for Products for each of the individual Indications as set forth below within the timeframe specified for the achievement of that Goal in that particular Territory (such date, with respect to each such Product, the "**Goal Deadline**").

For abdominal wall reconstruction/hernia repair, pursuant to the terms of the Development Agreement between the parties dated of even date with this Umbrella Agreement ("**Development Agreement**"), Aroa will complete the development of each of: [***]. The Goal for an Abdominal Wall/Hernia Repair Product shall be [***]. The Goal Deadline will be extended by the same number of days of any delay in the development of the Abdominal Wall/Hernia Products under the Development Agreement due to the failure of Aroa or the failure of Aroa to deliver Products to TELA Bio for a commercial launch pursuant to a Purchase Order provided in accordance with Section 8.3 of this Umbrella Agreement. For the avoidance of doubt, TELA Bio shall have satisfied [***]. TELA Bio shall have the right to extend the Goal Deadline for an Abdominal Wall/Hernia Product for twelve month periods by paying to Aroa the amount of (i) $ 1,000,000 for the North American Territory and (ii) $500,000 for the European Territory, such payment to be made on or before the then current Goal Deadline.

The Goal for [***]. The Goal Deadline for the North American Territory [***]. The Goal Deadline for [***]. TELA Bio shall have the right to extend the Goal Deadline for a breast reconstruction for twelve month periods by paying to Aroa the amount of (i) $1,000,000 for the North American Territory and (ii) $500,000 for the European Territory, such payment to be made on or before the then current Goal Deadline.

The Goal for each of the[***]. The Goal Deadline for the North American Territory shall be [***] [***] [***]. TELA Bio shall have the right to extend the Goal Deadline for each of the products under this paragraph for twelve month periods by paying to Aroa the amount of (i) $500,000 for the North American Territory and (ii) $250,000 for the European Territory, such payment to be made on or before the then current Goal Deadline.

Upon [***] prior written notice to Aroa, TELA Bio may forfeit its rights hereunder with respect to any Licensed Intellectual Property and Technology Rights for one or more Products for one or more Indications in the North American Territory if the Goal for that particular Indication(s) in the North American Territory has not been achieved by the applicable Goal Deadline. In addition, upon [***] prior written notice to Aroa, TELA Bio may forfeit its rights hereunder with respect to any Licensed Intellectual Property and Technology Rights for one or more Products for one or more Indications in the European Territory if the Goal for that particular Indication(s) in the European Territory has not been achieved by the applicable Goal Deadline. To avoid doubt, TELA Bio's forfeiture of its rights pursuant to this paragraph with respect to a particular Indication shall not affect its rights to the other Indications, and TELA Bio's forfeiture of its rights pursuant to this paragraph with respect to a particular Territory shall not affect its rights with respect to any other Territory.

If a Goal for a particular Indication has not been achieved by the applicable Goal Deadline for the North American Territory, Aroa may terminate TELA Bio's rights hereunder with respect to any Licensed Intellectual Property and Technology Rights for one or more Products only with respect to the particular Indication in the North American Territory for which the Goal was not achieved by the applicable Goal Deadline, or if a Goal for a particular Indication has not been achieved by the applicable Goal Deadline for the European Territory, Aroa may terminate TELA Bio's rights hereunder with respect to any Licensed Intellectual Property and Technology Rights for one or more Products only with respect to the particular CE Marked- Indication in the European Territory for which the Goal was not achieved by the applicable Goal Deadline except, in either case, where the Goal is not achieved due to any decision of a Regulatory Authority or due to any failure by Aroa to supply Products in accordance with this Umbrella Agreement. In order to exercise such termination rights, Aroa shall notify TELA Bio in writing describing the rights to be terminated and on what basis. If TELA Bio does not cure the deficiency within [***] after receipt of such notice, such termination shall become effective. To avoid doubt, Aroa's termination rights under this paragraph apply only with respect to the particular Indication for which the applicable Goal was not achieved by the applicable Goal Deadline for the affected Territory (North American Territory or European Territory, as applicable), and Aroa's termination of any of TELA Bio's rights pursuant to this paragraph with respect to a particular Indication in the affected Territory shall not affect TELA Bio's rights with respect to either (x) any other Indication in the affected Territory or (y) any Indication in any other part of the Territory. For example, if the Goal for the abdominal wall reconstruction/hernia repair Indication had been achieved by the Goal Deadline for the European Territory and the Goal for the breast reconstruction Indication had *not* been achieved by the Goal Deadline for the European Territory for reasons other than a Regulatory Authority decision or any failure of Aroa to supply Products hereunder, then Aroa could exercise its termination rights under this paragraph with respect to the breast reconstruction Indication in the European Territory, without any effect on TELA Bio's rights with respect to the other Indications (abdominal wall/hernia repair, etc.) in the European Territory and without any effect on TELA Bio's rights with respect to the breast reconstruction Indication outside of the European Territory.

From the effective date of any such forfeiture or termination, as the case may be, the definition of "Indications" in this Umbrella Agreement for the affected Territory shall be amended accordingly.

If Aroa terminates any of TELA Bio's rights in respect of an Indication in one or more Territories as set forth in this Section 8.12, Aroa and its Affiliates may not for the duration of the Term of this Umbrella Agreement market, distribute, grant a license to or sell, directly or indirectly, any product or Intellectual Property if such action could result in the market, sale or distribution of a product that could be used as a substitute for any Product in any of the remaining Indications in the affected Territory and therefore adversely affect TELA Bio's Product sales in the affected Territory.

If TELA Bio forfeits its rights in respect of any Indication as set forth in this Section 8.12, TELA Bio shall not market, distribute, grant a license to or sell, directly or indirectly, any ECM product within the removed Indication in the affected Territory for a period of two (2) years from the effective date of such forfeiture unless the Goal for such Indication was not met

by the applicable Goal Deadline due to any decision of a Regulatory Authority or any breach of this Umbrella Agreement by Aroa.

8.13 **Supply Failure.** If Aroa has any basis to believe that a Supply Failure may occur Aroa shall provide written notice ("**Notice**") to TELA Bio as soon as possible setting forth the expected timing, causes and effects of such Supply Failure on Aroa's ability to fulfill its manufacturing and supply obligations under this Umbrella Agreement. Upon receipt of such notice, or in the event of an actual Supply Failure, TELA Bio or its designated Third Party representatives shall have the right to work with Aroa and take all necessary and appropriate steps to assist Aroa (including having access to the Aroa Plant and Production Materials (as defined below) to restore the manufacturing capability of the Aroa Plant so that Aroa may comply with its supply and manufacturing obligations under this Umbrella Agreement. Aroa shall cooperate and work with TELA Bio or its Third Party representative to restore manufacturing of such Product at the Aroa Plant or in associated nearby facilities agreed upon by the parties so that Aroa may be in compliance with its supply and manufacturing obligations hereunder no later than [***] after the Notice or the Supply Failure, as applicable. If Aroa has not restored the manufacturing capability at the Aroa Plant or in associated nearby facilities agreed upon by the parties in order for Aroa to comply with its manufacturing and supply obligations under this Umbrella Agreement within [***] after the date of the Notice or the Supply Failure, as applicable, or if at any time following the Notice or the Supply Failure, it is reasonably apparent to both parties that the restoration of the manufacturing capability at the Aroa Plant in order for Aroa to comply with its manufacturing and supply obligations under this Umbrella Agreement will not be achieved during said ninety-day period, then TELA Bio may by notice in writing to Aroa step in and operate the Aroa Plant and manufacture the Products on behalf of Aroa and/or may sublicense a Third Party manufacturer to carry out such manufacturing in place of Aroa. If TELA Bio steps in or sublicenses a Third Party to manufacture in accordance with this Section, Aroa shall promptly provide TELA Bio and such

sublicensee access to all Aroa Technology and any other technical and proprietary materials and other information and techniques necessary for the formulation, manufacture and assembly of the Products in question ("**Production Materials**"). All Production Materials shall be complete and accurate and sufficient to permit a person reasonably skilled in the art to be able to implement the formulation, manufacture and assembly of such Product. If TELA Bio gives notice that it is exercising its right to step in or sublicense a Third Party to manufacture in accordance with this Section, Aroa shall be deemed to have granted TELA Bio or its Third Party representative, as the case may be, a non-exclusive license under such Production Materials and the Licensed Intellectual Property and Technology Rights to make or have made such Product in accordance with this Section. TELA Bio's manufacturing rights under this Section 8.13 for Supply Failure shall continue for a minimum of [***] from the date TELA Bio exercises such right and until such time as Aroa has demonstrated that it is able to comply with its manufacturing and supply obligations hereunder, following which TELA Bio shall, and shall cause all of its Affiliates and any Third Party representative to, return all Production Materials and all Aroa Technology to Aroa. TELA Bio shall (and shall ensure its Third Party representative shall) use the Aroa Technology and Production Materials solely for the purposes of manufacturing the Products and for no other purpose. The Aroa Technology and Production Materials constitute Confidential Information for the purposes of this Umbrella Agreement. TELA Bio shall be entitled to set off its reasonable costs associated with the exercise of its rights under this Section (including without limitation increased costs incurred by TELA Bio for shipping and insuring Products) against any future Revenue Sharing Amounts or Revenue Milestone Payments payable by TELA Bio in accordance with this Umbrella Agreement. The parties agree that a breach by either party of this Section 8.13 would constitute a material breach of this Umbrella Agreement by the breaching party and result in substantial damages to the non-breaching party which would be difficult, if not impossible, to ascertain, and probably inadequate to remedy the harm caused thereby and therefore each party agrees that upon any such breach, the non-breaching, its successors and assigns shall have the right to enforce the provisions of this Section 8.13 by temporary or permanent injunction without the necessity of a bond, by specific performance or by other proceeding in equity. If there are any disputes between the parties under this Section 8.13 concerning whether the Aroa Plant is capable of manufacturing Products to enable Aroa to meet it supply obligations under this Umbrella Agreement, an independent manufacturing expert shall be jointly selected by the parties and such expert shall promptly make such determination which shall be final and binding on the parties.

8.14 **Aroa Manufacturing Capacity.** Based on the Product Forecasts and Purchase Orders provided by TELA Bio, and any Product commercialization and marketing plans developed by TELA Bio and provided to Aroa, the parties shall assess Area's ability to manufacture the anticipated quantities of Products at the Aroa Plant. If, at any time, the parties determine that such anticipated Product quantities exceed the quantities that could be manufactured on a commercially reasonable basis at the Aroa Plant, Aroa shall provide a detailed written summary, with detailed expected costs, of a proposed expansion plan to increase the manufacturing capacity of the Aroa Plant to enable Aroa to manufacture the anticipated Product quantities. The parties shall review such written summary with detail of expected costs. Each party shall be responsible for the payment of fifty percent (50%) of the aggregate, out of pocket, capital expenses of any Aroa Plant manufacturing capacity expansion project that is mutually approved by the parties; provided that any amounts paid by TELA Bio in connection with any such Aroa Plant expansion shall be offset against any future Revenue Sharing Amounts

payable to Aroa by TELA Bio. Notwithstanding the provisions of Section 8.13, Aroa's failure to supply any quantity of Products ordered by TELA Bio that, as of the date of such order, exceed the quantities that could be manufactured on a commercially reasonable basis at the Aroa Plant shall not constitute a Supply Failure under this Umbrella Agreement.

8.15 Revised Financial Terms following Supply Failure. Without prejudice to any right of TELA Bio to terminate this Agreement under Section 15.2, if TELA Bio exercises its rights under Section 8.13 to either take over the manufacture of the Products or to sublicense and utilize a Third Party to manufacture the Products then (x) the Minimum Amount and Make Whole Payment shall be proportionally reduced to reflect the impact of the Supply Failure and (y), in respect of all Products so manufactured:

(a) TELA Bio shall not be required to pay Aroa any Transfer Prices under Section 8.5;

(b) Except with respect to amounts payable to TELA Bio by Aroa under Section 8.5(b) or 8.5(d), no Quarterly True Up Amounts or Annual True Up Payments under Section 8.5 shall be calculated or payable by TELA Bio in respect of the sale of such Products manufactured during the period of Supply Failure; and

(c) Subject to Section 5.3(a), TELA Bio shall instead pay to Aroa a royalty of 6% of Net Sales of all such Products, calculated and payable each calendar quarter in arrears.

9.0 Regulatory

9.1 Regulations. Aroa shall prepare and maintain all the necessary documents relating to its activities under Section 9.0 and needed for compliance with all then current Regulations. During the Term, Aroa shall provide sufficient evidence as reasonably requested by TELA Bio to demonstrate to TELA Bio that Aroa is in compliance with all current Regulations applicable to Aroa's obligations under this Umbrella Agreement and shall inform TELA Bio regarding any product quality/quality system issues such as non-conformities, significant process/document changes, Third Party audit observations or hold points.

9.2 Submissions and Registrations.

(a) With respect to 510(k) Regulatory Submissions in the United States for ERT Ovine which has been [***]:

(i) Aroa shall fund and shall use commercially reasonable efforts to promptly obtain Regulatory Approvals for such product in such Indications; and

(ii) Unless indicated otherwise in the specific Product Exhibit, Aroa shall prepare the Regulatory Submission for such product in such indications in Aroa's name and will be the sole and exclusive owner of any resulting Regulatory Approvals (including all registrations) with respect to such Indications in the United States.

(b) TELA Bio shall have the right to make Regulatory Submissions in its name and seek and obtain Regulatory Approvals for any Products within the Indications and the

Territory that are not described in Section 9.2(a). TELA Bio shall fund efforts for any such Regulatory Submission and be the sole and exclusive owner of any resulting Regulatory Approvals (including all registrations) under this Section 9.2(b) unless determined otherwise in a Product Exhibit, provided that Aroa may access any documents, information, research or clinical trial results included in such Regulatory Submissions by TELA Bio and use these for the purpose of developing, commercializing or seeking regulatory approvals in respect of indications, provided that such data and information (i) shall be treated as TELA Bio Confidential Information, (ii) shall be provided to Aroa if so requested for its own, internal product development efforts with no right to sublicense or otherwise provide to any Third Party, (iii) shall not be used in connection with any sales or marketing efforts by Aroa, and (iv) shall be provided without any representations or warranties by TELA Bio. TELA Bio may redact from any such documents, information, research or clinical trial results containing its Confidential Information.

(c) Each party hereby grants to the other party the right to reference any Regulatory Submission or Regulatory Approval that it has made or obtained in order to assist the other party in seeking Regulatory Approval for the Products in their respective territories.

(d) Each of the parties shall provide the other party with reasonable assistance for Regulatory Submissions made by such other party under this Section 9.2.

10.0 Facility Inspections

10.1 Inspection of Facilities. Upon reasonable prior notice, Aroa shall, from time to time during the Term, but not more than once every six months, (unless TELA Bio has demonstrated a reasonable basis for concern that Aroa is not in compliance with its obligations under this Umbrella Agreement with respect to the development, manufacture, testing, packaging, storage or shipment of the Products) allow and shall cause each of its subcontractors to allow representatives or designees of TELA Bio to tour and inspect the Aroa Plant and all facilities utilized by Aroa and/or its subcontractors in the development, manufacture, testing, packaging, storage and shipment of the Products sold to TELA Bio under this Umbrella Agreement or any Product Exhibit. Upon each such inspection, Aroa shall provide and shall cause its subcontractors to provide access to its manufacturing, quality control and all other relevant documentation, and shall cooperate with such representatives and designees in every reasonable manner. Aroa shall allow representatives of any Regulatory Authority with jurisdiction over the manufacture and/or marketing and distribution of the Products to tour and inspect all facilities utilized by Aroa and/or its subcontractors in the development, manufacture, testing, packaging, storage, and shipment of the Products sold under this Umbrella Agreement, and will cooperate with such representatives in every reasonable manner. Each party shall also provide the other with a copy of any FDA Form 483 notices (or comparable notice from other Regulatory Authorities) of adverse finding, regulatory letters or similar writings it receives from any Regulatory Authority setting forth adverse findings of noncompliance with applicable laws, regulations or standards relating to the items supplied by it hereunder or any quality system issue that may affect or otherwise impact the Products. Subject to Section 7.3, each party shall also provide the other with prompt notice of the resolution with the Regulatory Authority and actions taken by such first party relating to the above mentioned FDA Form 483 notices (or comparable

notice from other Regulatory Authority). All communications received under this Section 10.1 shall be regarded as Confidential Information.

11.0 Quality Assurance and Customer Complaints

11.1 Product Recall. Should any Product's defect or any Regulatory Authority: (i) require the recall, destruction or withholding from market of a Product ("**Recall**"); (ii) require the issuance of a Medical Device Report pursuant to FDA regulations on a Product ("**MDR**"); (iii) require the institution of a field correction of a Product ("**Field Correction**"); or (iv) result in a Serious Incident, Aroa shall bear the costs and expenses of such Recall, MDR, Field Correction or Serious Incident to the extent such Recall, MDR, Field Correction or Serious Incident is the result of any non-conformance to the applicable Products Requirements, Product Manufacturing Requirements, In-coming Testing or manufacturing defect due to a fault or omission attributable to Aroa, its Affiliates or any of their subcontractors, agents or representatives, and TELA Bio shall bear the costs and expenses of such Recall, MDR, Field Correction or Serious Incident to the extent such Recall, MDR, Field Correction or Serious Incident is the result of any fault or omission attributable to TELA Bio, its Affiliates or any of their subcontractors, agents or representatives. Should such Recall, MDR, Field Correction or Serious Incident result from the fault of both parties, the parties shall share such costs and expenses in proportion to their respective degrees of fault. The Parties agree to reasonably cooperate with each other in the resolution of any Recall, MDR, Field Correction or Serious Incident, regardless of fault in accordance with the timeframe specified under TELA Bio's procedures for handling these matters.

11.2 Customer Complaints. In the event that Aroa or TELA Bio receives any customer complaint or notice of a potentially Serious Incident regarding the Products, or any component thereof, then that party shall promptly inform the other concerning the details of any such complaint or notice. The complaint or notice shall then be evaluated and investigated by TELA Bio and Aroa jointly (each party to be responsible for its own costs unless and until determined otherwise in accordance with Section 11.1). Complaints not related to Serious Incidents shall be summarized on a quarterly basis and communicated to the other party. TELA Bio shall assist Aroa in follow-up correction of the Products complaints within the timeframe required by Aroa's procedures. If corrective actions are required, the cost of or part of the corrective action shall be borne by Aroa up to the extent such complaint is related to the faulty manufacture of a Product, or some other cause or event attributable to Aroa, and shall be borne by TELA Bio to the extent such complaint is attributable to TELA Bio.

11.3 Regulatory Inquiries; Communications. Each party shall provide the other party prompt notice of any formal or informal inquiry relating to the Products by any Regulatory Authority. Such notice shall include a copy of any written correspondence or a written summary of any material oral communication with representatives of such Regulatory Authority. To the fullest extent possible, each party shall include the other party in all discussions with a Regulatory Authority regarding a Product.

11.4 **Post-Market Surveillance.** Both TELA Bio and Aroa shall ensure that the other party is kept informed of any relevant post-production experience relating to the Products which comes to the attention of either party. TELA Bio shall immediately notify Aroa of any relevant

corrective actions or non-conformances relating to the Product. Both TELA Bio and Aroa shall adopt and operate appropriate systematic procedures to record and review post-marketing experiences with the Products in compliance with all Applicable Legal Requirements.

11.5 Storage. TELA Bio agrees that it shall handle and store any Products manufactured by Aroa that are in its possession or control in accordance with all Products Requirements and Applicable Legal Requirements.

11.6 Records Maintenance. Each party shall keep and maintain complete and accurate records with respect to any commercial Product that has obtained Regulatory Approval as is necessary for regulatory compliance under Applicable Legal Requirements for a period of at least [***] after the expected life of such Product or [***] from the date of creation (whichever is less), including all records that ensure the ability to perform complete lot tracing of such commercial Product.

12.0 Confidentiality and Equitable Remedies

12.1 Confidential Information. It is contemplated that in the course of the performance of this Umbrella Agreement or Product Exhibits each party may, from time to time, disclose its Confidential Information to the other party. Except for purposes of this Umbrella Agreement or any Product Exhibit or otherwise agreed to in writing, during the Term and for a period of [***] following the termination of this Umbrella Agreement, each party shall keep completely confidential and shall not use for any purpose other than in connection with the receiving party's obligations, or enjoyment or enforcement of rights, under this Umbrella Agreement, or publish or otherwise disclose, any Confidential Information of the other party (except to its employees, agents or consultants or those of its Affiliates, subdistributors or potential subdistributors having a need to know). Without limiting the foregoing, each party shall use at least the same standard of care as it uses to protect its own confidential or proprietary information to ensure that its employees, agents and consultants do not disclose or make unauthorized use of the Confidential Information of the disclosing party, but in no event less than reasonable care. To the extent any Confidential Information includes trade secrets identified as such by the disclosing party, such trade secrets shall be maintained as Confidential Information indefinitely. The following information shall not be considered Confidential Information:

(a) information which was already known to the receiving party, other than under an obligation of confidentiality to the disclosing party, at the time of disclosure by the other party; or

(b) information which was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving party; or

(c) information which becomes generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving party in breach of this Umbrella Agreement; or

(d) information which was disclosed to the receiving party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing party not to disclose such information; or

(e) information which was developed independently without reference to Confidential Information received from the other party hereunder as evidenced by the receiving party's own written records.

Notwithstanding anything to the contrary in this Section 12.1, each party shall have the right to disclose the Confidential Information as necessary in the course of filing or prosecuting patent applications under Sections 3.3 and 3.4 of this Umbrella Agreement and, except with respect to trade secrets, to disclose Confidential Information to a third party (provided such Third Party is placed under equivalent obligations of confidentiality and non-use as under this Section 12.1) only to the extent reasonable necessary in connection with a due diligence process being conducted by that third party in respect of any financing, investment, merger or acquisition transaction in respect of either party, and the parties shall have the right to disclose the other party's Confidential Information as necessary in the course of obtaining Regulatory Approval to manufacture or market the Products (or any component thereof) as set forth in this Umbrella Agreement or the applicable Product Exhibit. In the event either party must disclose the other party's Confidential Information in order to comply with an order of a court or judicial authority, such party shall give reasonable advance notice to the other party of such proposed disclosure in order that the non-disclosing party may intercede and oppose such process, and shall use its reasonable commercial efforts to secure confidential treatment of such Confidential Information which is required to be disclosed. The parties agree that a breach by either party of the covenants contained in this Section 12.1 may result in substantial damages to the other party which would be difficult, if not impossible, to ascertain and therefore the parties agree that upon any such breach, TELA Bio or Aroa, their successors and assigns shall have the right to enforce the provision of this Section 12.1 by seeking a temporary or permanent injunction or by other proceeding in equity.

13.0 Indemnity

13.1 Aroa Indemnification. Aroa shall defend, indemnify, and hold harmless TELA Bio, its Affiliates and their respective directors, officers, employees and agents from and against any and all claims, losses or damages (including reasonable legal and attorneys costs incurred in defending and/or resisting any such claim) made or suffered, or alleged to be made or suffered, by any Third Party arising out of a breach of this Umbrella Agreement or any Product Exhibit by Aroa, its Affiliates, their respective directors, officers, employees or agents, or the use of any of the Product by that Third Party where the Product did not meet the applicable Product Requirements, Product Manufacturing Requirements, Regulations and all Applicable Legal Requirements when shipped by Aroa, or any Third Party infringement or misappropriation claims relating to the use of the Licensed Intellectual Property and Technology Rights in connection with the Products, provided that TELA Bio complies with Aroa's reasonable instructions regarding right to use and/or cessation of use, except to the extent such claim, loss or damage is due to TELA Bio's negligence, intentional misconduct or breach of its obligations under this Umbrella Agreement or the applicable Product Exhibit.

13.2 Aroa Insurance Coverage. Aroa shall, at its sole cost and expense, obtain and keep in force a policy of comprehensive general liability insurance with bodily injury, death and property damage limits of [***] per occurrence and [***] in the aggregate, including product liability coverage, to be maintained throughout the Term and for a minimum of [***] past the

termination of this Umbrella Agreement. Upon the Effective Date, Aroa shall furnish a certificate of insurance, in form acceptable to TELA Bio, evidencing the insurance required hereunder and providing for at least [***] prior written notice to TELA Bio of any cancellation, termination or material adverse change of such insurance coverage.

13.3 TELA Bio Indemnification. TELA Bio shall defend, indemnify, and hold harmless Aroa, its Affiliates and their respective directors, officers, employees and agents from and against any and all claims, losses or damages (including reasonable legal and attorneys costs incurred in defending and/or resisting any such claim) made or suffered, or alleged to be made or suffered, by any Third Party arising out of a breach of this Umbrella Agreement or any Product Exhibit by TELA Bio, its Affiliates, their respective directors, officers, employees or agents, or any Third Party infringement or misappropriation claims relating to the use of TELA Bio Technology and/or Confidential Information in connection with any Products, provided Aroa complies with TELA Bio's reasonable instructions regarding the right to use and/or cessation of use of any of such TELA Bio Technology or Confidential Information, as applicable, except to the extent such claim, loss or damage is due to Aroa's negligence, intentional misconduct or breach of its obligations under this Umbrella Agreement or the applicable Product Exhibit. To the extent it is within the control of Aroa, and if TELA Bio has acknowledged it has full liability for such claim, loss or damage, then Aroa shall not settle or compromise any such claim without TELA Bio's prior approval, which approval shall not be unreasonably withheld.

13.4 TELA Bio Insurance Coverage. TELA Bio shall, at its sole cost and expense, obtain no later than the commencement of the first NA Contract Year and keep in force a policy of comprehensive general liability insurance with bodily injury, death and property damage limits of [***] per occurrence and [***] in the aggregate, including product liability coverage, to be maintained thereafter throughout the Term and for a minimum of [***] past the termination of this Umbrella Agreement. Upon the commencement of the first NA Contract Year, TELA Bio shall furnish a certificate of insurance, in form acceptable to Aroa, evidencing the insurance required hereunder and providing for at least [***] prior written notice to Aroa of any cancellation, termination or material adverse change of such insurance coverage.

13.5 **Third Party Claims.** With respect to the indemnification of any Third Party claims described in either Section 13.1 or 13.3 above, the indemnifying party (either Aroa or TELA Bio, as the case may be, the "**Indemnifying Party**") shall have the right to assume the defense (at its own expense) of such claim through counsel of its choosing by so notifying the other party (the "**Indemnified Party**") within thirty (30) calendar days after becoming aware of such claim. The Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from counsel employed by the Indemnifying Party. The Indemnifying Party shall not agree to the settlement, compromise or discharge of such Third Party claim without the prior written consent of the Indemnified Party, which may not be unreasonably withheld, unless the Indemnified Party is irrevocably and completely released from any and all liability with respect to such claim. To the extent within the control of the Indemnified Party and permitted by law and provided that the Indemnifying Party is fulfilling its obligations under Section 13.1 or Section 13.3, as applicable, the Indemnified Party shall not settle or compromise any such claim without the Indemnifying Party's prior approval, which approval shall not be unreasonably withheld. The Indemnified Party shall cooperate with the

Indemnifying Party at the Indemnifying Party's expense in connection with the defense of any such claim.

14.0 Representations and Warranties

14.1 Aroa's Representations and Warranties. Aroa represents and warrants the following:

(a) Aroa shall convey good title to all the Products at the point of delivery free and clear of all liens and encumbrances;

(b) each Product shall be manufactured and packaged in strict compliance with the terms of this Umbrella Agreement, the specific Product Exhibit, will meet the subject Product Requirements and the Product Manufacturing Requirements, and will be in accordance with the Regulations and all Applicable Legal Requirements when shipped by Aroa in accordance with the shipping and storage instructions described in Section 8.8;

(c) Aroa shall manufacture and allow the manufacture of Products for sale in the Territory only for TELA Bio and shall not use any Developed Technology, directly or indirectly, to manufacture or have manufactured any Competing Products in the Territory;

(d) as of the date of the Original Agreement and as of the Effective Date and at all times during the Term: (i) Aroa owns or otherwise has the legal right to use all right, title and interest in and to Licensed Intellectual Property and Technology Rights; (ii) any patent or patent applications within the Licensed Intellectual Property and Technology Rights have been duly prepared, filed, prosecuted, obtained and maintained in accordance with all applicable laws, rules and regulations; (iii) Aroa is not aware of any Third Party whose Intellectual Property rights would be infringed or misappropriated by the development and commercialization activities contemplated hereunder; (iv) Aroa has the lawful right to enter into this Umbrella Agreement and to grant the licenses hereunder without the consent or approval of another person or entity; and (v) the incorporation into a Product of any component, part, reagent, antigen or element sourced from a Third Party by Aroa shall not infringe or violate any patent, trademark, copyright or any other intellectual property or proprietary rights of any Third Party; provided that Aroa shall not be liable to TELA Bio due to a breach of the warranty in this Section 14. l(d) (other than in respect of any Third Party claims under the indemnity in Section 13.1 or any fraudulent misrepresentation by or on behalf of Aroa) to the extent relating to the infringement of Third Party Intellectual Property Rights by the Licensed Intellectual Property and Technology Rights which could reasonably be identified or inferred by a competent intellectual property attorney with knowledge of the subject matter of this Umbrella Agreement from the documents, materials and written information made available by Aroa to TELA Bio and its agents and advisers in a virtual data room in connection with TELA Bio's due diligence review of such materials prior to execution of the Original Agreement; and

(e) other than the patents listed on Exhibit B hereto, as of the Effective Date of this Umbrella Agreement and as of the effective date of the Original Agreement, Aroa and its Affiliates do not own, have a license to or control any patents or patent applications in respect of the Territory that claim any Product (or uses or methods of making any Product or any part

thereof) or which are necessary or desirable for the commercialization of the Product within the Indications.

14.2 Disclaimer. EXCEPT TO THE EXTENT SET FORTH IN THIS UMBRELLA AGREEMENT, EACH PARTY SPECIFICALLY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. EXCEPT FOR INDEMNITY OBLIGATIONS, BREACHES OF CONFIDENTIALITY AND NON-USE UNDER SECTION 12, OR BREACHES OF A PARTY CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL ACTS OF SUCH PARTY, OR ITS RESPECTIVE OFFICERS, DIRECTORS OR EMPLOYEES, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS.

14.3 Debarment and Exclusion. Aroa represents, warrants and covenants that Aroa and its suppliers: (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "**Federal Health Care Programs**") or generally from federal procurement and non-procurement programs; (ii) are not convicted of a criminal offense related to the provision of health care items or services but not yet excluded, debarred, or otherwise declared ineligible to participate in the Federal Health Care Programs, or generally from federal procurement and non-procurement programs; and (iii) are not under investigation or otherwise aware of any circumstances which may result in such exclusion from participation in the Federal Health Care Programs, or generally from federal procurement and non-procurement programs.

14.4 Notification of Aroa Sale. If at any time during the Term of this Umbrella Agreement Aroa receives a bona fide offer from a Third Party to acquire Aroa or purchase all its assets, Aroa shall notify TELA Bio that it has received such offer and shall not enter into a binding agreement in respect of such offer until the expiry of 30 days from the date of notification to TELA Bio or receipt of confirmation from TELA Bio that it does not wish to make a competing offer (whichever is the earlier).

14.5 TELA Bio Representations and Warranties. Except as otherwise set for the in the "Disclosure Addendum", attached hereto as Exhibit C, TELA Bio represents and warrants that as of the effective date of the Original Agreement and at all times thereafter during the Term: (a) TELA Bio owns or otherwise has the legal right to use all right, title in and to TELA Bio Technology and Confidential Information used for or in connection with Products; (b) TELA Bio is not aware of any Third Party whose Intellectual Property rights would be infringed or misappropriated by the development and commercialization activities contemplated hereunder through the utilization of TELA Bio Technology and Confidential Information for or in connection with Products; (c) TELA Bio has the lawful right to enter into this Umbrella Agreement and to grant the rights to Aroa hereunder to the Joint Technology without the consent or approval of another person or entity; provided that TELA Bio shall not be liable to Aroa due to a breach of the warranty in this Section 14.5 (other than in respect of any Third Party claims under the indemnity in Section 13.3 or any fraudulent misrepresentation by or on behalf of TELA Bio) to the extent relating to the infringement of Third Party Intellectual Property Rights by the TELA Bio Technology or Confidential Information relating to or in connection with

Products, which could reasonably be identified by competent intellectual property legal counsel with knowledge of the subject matter of this Umbrella Agreement from the documents, material and written information made available by TELA Bio to such legal counsel prior to or on the Effective Date in connection with such counsel's provision of freedom to operate, non-infringement or right-to-use opinions.

15.0 Term and Termination

15.1 Term and Expiration. The initial term (the "**Term**") of this Umbrella Agreement shall begin on the Effective Date and shall terminate on the later to occur of (i) August 3, 2022; and (ii) the expiration of the last patent covering the Products with TELA Bio having an option to extend the Term for an additional ten (10) years upon the expiration of the last patent covering the Products on commercially reasonable terms to be negotiated by the parties.

15.2 Termination or Removal of Territory With Cause.

(a) Upon any material breach of this Umbrella Agreement by either party, the non-breaching party may terminate this Umbrella Agreement or upon any material breach of a Product Exhibit by either party, the non-breaching party may terminate the subject Product Exhibit upon ninety (90) days written notice to the breaching party, provided, however, that if the breach occurs only with respect to the North American Territory or the European Territory, then the non-breaching party shall not be entitled to terminate this Umbrella Agreement or Product Exhibit, as the case may be, but shall only be entitled to remove from the Territory that part of the Territory (North American or European) with respect to which the breach occurred, and this Umbrella Agreement shall continue in full force and effect with respect to the remaining Territory. The notice to terminate or remove Territory, as applicable, shall become effective at the end of the ninety (90) day period unless the breaching party shall cure such breach within such period. Except for certain provisions set forth in Section 8.12 that survive by their terms, upon the removal from this Umbrella Agreement of either the North American Territory or the European Territory in accordance with the terms hereof, the parties' continuing obligations (to the extent not already incurred at the time of removal) and rights under this Agreement with respect to such removed Territory (including, without limitation, the Quarterly True Up Amounts, Annual True Up Payments, Shortfall Amounts, Operational Milestone Payments, Revenue Milestone Payments and Minimum Amounts, marketing plan obligations, non-compete obligations and supply obligations to the extent relating to such removed Territory) shall cease and be of no further force and effect.

(b) If either party is dissolved, liquidated, or becomes insolvent or makes any general assignment for the benefit of creditors or files for bankruptcy protection or engages in or institutes any other proceedings for protection from creditors, then the other party hereto may terminate this Umbrella Agreement upon thirty (30) days' prior written notice.

(c) TELA Bio may terminate a Product Exhibit:

(i) with thirty (30) days prior written notice of a reasonable determination that the Product that is included in the Product Exhibit infringes Intellectual Property rights of a Third Party;

(ii) immediately upon written notice of instruction by a Regulatory Authority that the Product that is included in the Product Exhibit has to be withdrawn from the market with respect to such markets from which TELA Bio, at its option, withdraws such Product;

(iii) with thirty (30) days prior written notice of a Supply Failure with respect to a Product included in the Product Exhibit that is not cured by Aroa within said thirty (30) day period; and

(iv) with thirty (30) days prior written notice with respect to a Product that is included in the Product Exhibit if (i) proof of concept (pre- clinical) Product performance is determined by TELA Bio, in its sole discretion, to be insufficient to warrant progression to a pivotal clinical trial, (ii) pivotal clinical trial Product performance is determined by TELA Bio, in its sole discretion, to be insufficient to warrant the making of a Regulatory Submission to the FDA or other applicable Regulatory Authority, (iii) intended use claims contained in the initial Regulatory Submission are not allowed by the FDA or other applicable Regulatory Authority, or (iv) if the Products prove to be unfeasible as determined by TELA Bio, in its sole discretion, with respect to technical performance, clinical results, commercial viability or competitive positioning.

15.3 Product Sales after Termination.

(a) In the event that this Umbrella Agreement is terminated for any reason other than a breach by TELA Bio:

(i) TELA Bio shall have the right to purchase all or any part of the unsold portion of any completed Products from Aroa under the terms hereof;

(ii) TELA Bio shall have the right to continue to sell such Products purchased under Section 15.3(a)(i) and those Products already in inventory until such inventory is exhausted, subject to its obligations under Section 8.5 hereunder; and

(iii) TELA Bio shall make any outstanding payments due to date and on account of such additional Product purchases, if any or as provided for in the applicable Product Exhibit.

15.4 Return and Transfer of Technology. Upon the termination of this Umbrella Agreement, TELA Bio shall promptly return to Aroa, all Confidential Information, in whatever form, including that pertaining to Aroa Technology disclosed to it by Aroa, and Aroa shall promptly return to TELA Bio all Confidential Information, in whatever form, including that pertaining to the TELA Bio Technology disclosed to it by TELA Bio; provided that each party may retain in its legal archives one copy of the other party's Confidential Information disclosed to it hereunder by or on behalf of the other party solely in order to monitor its confidentiality and use obligations under Section 12 of this Umbrella Agreement.

15.5 **Accrued Rights and Obligations.** Unless otherwise specifically provided, all rights and obligations of Aroa and TELA Bio hereunder shall remain in effect throughout the term of this Umbrella Agreement and it is understood and agreed that termination of this Umbrella Agreement shall not relieve either party of any obligation arising under this Umbrella Agreement which shall have accrued prior to such expiration or termination. Termination shall have no effect on TELA Bio's obligation to pay all payments provided herein for any Product shipped to TELA Bio during the period prior to termination.

15.6 **Sections that Survive Termination or Expiration.** The obligation of confidentiality set forth in Section 12.0 shall survive the expiration or termination of this Umbrella Agreement for the period described in Section 12.1. In addition to the foregoing, the following additional sections shall survive the termination or expiration of this Umbrella Agreement: Sections 3.1, 3.2, 11.0, 13.0, 14.0, 15.3, 15.4, 15.5, 15.6, 16.1 and 16.12.

16.0 Miscellaneous

16.1 **Equity Grant.** The parties acknowledge that, on December 3, 2012, TELA Bio granted Aroa 1,834,867 newly-issued shares of restricted TELA Bio common stock. Such shares shall vest in three equal installments over a three year period on each anniversary of the date of grant and shall not be subject to voting rights while unvested. In addition, if this Umbrella Agreement terminates for any reason, the unvested shares shall be forfeited.

16.2 **Board Observer.** Aroa shall have the right to appoint one non-voting Board Observer to the TELA Bio board of directors during the Term until August 2, 2015. The Board Observer shall initially be the Chief Executive Officer of Aroa, Brian Ward.

16.3 **Amendments.** Except as otherwise expressly provided herein, neither this Umbrella Agreement nor any provision hereof may be amended or waived except by a written instrument signed by the party against whom enforcement of the amendment or waiver is sought.

16.4 **Applicable Legal Requirements.** In performing this Umbrella Agreement, each party shall comply with all Applicable Legal Requirements and shall not be required to perform or omit to perform any act required or permitted under this Umbrella Agreement to the extent such performance or omission would violate the provisions of any such Applicable Legal Requirement.

16.5 **Assignment.** Neither party's rights nor obligations under this Umbrella Agreement may be assigned or otherwise transferred to a Third Party without the express written consent of the other party. Any assignment or any attempted assignment by either party in violation of this Section 16.5 shall be null and void. Notwithstanding the foregoing provision, in the event of a Change of Control, this Umbrella Agreement shall be transferable without the other party's written consent provided that a party's successor in interest shall agree in a writing delivered to the other party to be bound by the terms of this Agreement. If this Umbrella Agreement is transferred due to a Change of Control, the transferring party shall promptly notify the other party. Subject to the foregoing, this Umbrella Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

16.6 **Expenses.** Each party shall bear its own expenses in connection with the execution and delivery of this Umbrella Agreement.

16.7 **Counterparts.** This Umbrella Agreement may be executed in any number of counterparts, all of which together shall constitute a single agreement.

16.8 **Exhibits.** The parties hereby agree to be bound by and fully perform the terms, conditions, representations, warranties and obligations contained in each Product Exhibit, attached hereto and made part hereof, as if the same were fully set forth in this Umbrella Agreement.

16.9 **Final Agreement.** This Umbrella Agreement and each Product Exhibit is the sole understanding and agreement of the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings with respect to the subject matter hereof, including, without limitation, the Original Agreement. To the extent that there is a conflict between the terms and conditions of this Umbrella Agreement and any Product Exhibit, the terms and conditions of the Product Exhibit shall control.

16.10 **Force Majeure.** TELA Bio and Aroa shall not be liable for failure to perform its obligations under this Umbrella Agreement or any Product Exhibit or for any loss, damage, detention or delay resulting from any cause whatsoever beyond its reasonable control or resulting from a force majeure, including fire, flood, earthquake or other natural disaster, strike, lockout, civil or military authority, insurrection, war, embargo, container or transportation shortage or delay of suppliers due to such causes, and delivery dates shall be extended to the extent of any delays resulting from the foregoing or similar causes. The party so affected shall give prompt notice to the other party of such cause, and shall take whatever reasonable steps are necessary to relieve the effect of such cause as rapidly as reasonably possible. The party giving such notice shall thereupon be excused from such of its obligations hereunder as it is thereby disabled from performing for so long as it is so disabled or for [***] after notification to the other party, whichever is longer; provided, however, that such affected party commences and continues to take reasonable and diligent actions to cure such cause. Notwithstanding the foregoing, nothing in this Section 16.10 shall excuse or suspend the obligation to make any payment due hereunder in the manner and at the time provided.

16.11 **Further Assurances.** Subject to the terms and conditions of this Umbrella Agreement, each party agrees to cooperate with the other party to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Umbrella Agreement.

16.12 **Governing Law; Jurisdiction.** The parties agree that this Umbrella Agreement and each Product Exhibit, as well as any dispute arising out thereunder or related thereto, shall be governed by and construed in accordance with the laws of the State of Delaware, excluding its conflict of laws provisions. The Convention for the International Sale of Goods, as amended from time to time, shall not apply to this Umbrella Agreement in any respect. The parties further agree that they have and will submit to the jurisdiction of the courts in the State of Delaware for resolution of any disputes between them, and that any lawsuits shall be initiated and tried in the courts of the State of Delaware.

16.13 **Headings.** The headings of the paragraphs and subparagraphs of this Umbrella Agreement have been added for the convenience of the parties and shall not be deemed a part hereof.

16.14 **Agency.** This Umbrella Agreement is not intended to create, nor should it be construed as creating, an agency, joint venture, partnership or employer-employee relationship between TELA Bio and Aroa. Each party shall act solely as an independent contractor and shall have no right to act for or to sign the name of or bind the other party in any way or to make quotations or to write letters under the name of the other party or to represent that the other party is in any way responsible for any acts or omissions of such party.

16.15 **Notices.** All written notices and other communications between the parties which shall or may be given pursuant to this Umbrella Agreement or Product Exhibit shall be deemed to have been sufficiently given when delivered by personal service or sent by registered mail or overnight delivery service with confirmed receipt, to the recipient addressed as follows:

If to TELA Bio:

President and Chief Executive Officer
TELA Bio, Inc.
1 Great Valley Parkway
Suite 24
Malvern, PA 19355
USA

If to Aroa:

Chief Executive Officer
Aroa Biosurgery Ltd.
2 Kingsford Smith Place
Airport Oaks
Auckland
2022
New Zealand

All such communications shall be deemed to be effective on the day on which personally served, or, if sent by registered mail, overnight delivery or facsimile, on the delivery or the facsimile date. Either party may give to the other written notice of change of address, in which event any communication shall thereafter be given to such party as above provided at such changed address.

16.16 **Public Announcements.** The parties agree to consult with each other before issuing any press release or making any public statement with respect to this Umbrella Agreement, or any other transaction contemplated herein and, except as may be required by applicable law or any listing agreement with any national securities exchange, shall not issue any such press release or make any such public statement prior to obtaining the written consent of the other party.

16.17 **Severability.** If any provision of this Umbrella Agreement or any Product Exhibit is held to be invalid, illegal or unenforceable by a court or agency of competent jurisdiction, that provision shall be severed or shall be modified by the parties so as to be legally enforceable (and to the extent modified, it shall be modified so as to reflect, to the extent possible, the intent of the parties) and the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

16.18 **Waivers.** Any waiver by either of the parties hereto of any rights arising from a breach of any covenants or conditions of this Umbrella Agreement or any Product Exhibit shall not be construed as a continuing waiver of other breaches of the same nature or other covenants or conditions of this Umbrella Agreement or any Product Exhibit. No waiver of any term or condition of this Umbrella Agreement or any Product Exhibit will be effective unless set forth in a written instrument that explicitly refers to this Umbrella Agreement or such Product Exhibit that is duly executed by or on behalf of the waiving party.

16.19 **Interpretation.** In this Umbrella Agreement and Exhibits: (i) references to any law or regulation shall mean references to the law or regulation in changed or supplemented form or to a newly adopted law or regulation replacing a previous law or regulation; and (ii) references to the word "including" in this Umbrella Agreement and the Exhibits shall mean "including, without limitation".

IN WITNESS WHEREOF, each of the parties has caused this Umbrella Agreement to be executed by its duly authorized representative.

TELA BIO, INC.	AROA BIOSURGERY LTD.
By: /s/ Antony Koblish	By: /s/ Brian Ward
Name: Antony Koblish	Name: Brian Ward
Title: President and CEO	Title: CEO

EXHIBIT A

The Transfer Price shall equal 200% of COGS

Where:

COGS = [***]

Direct Unit Cost = [***]

Manufacturer = Aroa.

Aroa shall charge TELA Bio Transfer Prices in U.S. dollars. For the purposes of calculating such charges Aroa shall convert COGS from local currency to U.S. dollars in respect of all Purchase Orders within any calendar quarter using the mid market NZD/USD exchange rate published in the Wall Street Journal on the first day of such calendar quarter.

Aroa shall notify TELA Bio in writing of its calculation of the Transfer Price in accordance with this Exhibit A for each Contract Year of this Agreement. The Transfer Price may not be increased beyond the notified level (other than subject to the quarterly exchange rate variations noted above) more than once in any twelve month period. Aroa shall give TELA Bio at least 30 days' prior written notice in respect of any proposed increase of the Transfer Price.

EXHIBIT B
AROA PATENT RIGHTS

Patent No.	Jurisdiction
[***]	U.S. patent
[***]	U.S. patent application
[***]	PCT patent application

FORM OF PRODUCT EXHIBIT

Product Exhibit No. X

This Product Exhibit No. X ("**Product Exhibit No. X**") for the development and supply of is made as of , 201 (the "**Product Exhibit No. X Effective Date**") by and between TELA Bio, Inc., a Delaware corporation ("**TELA Bio**"), and Aroa Biosurgery Ltd., a privately held New Zealand company ("**Aroa**").

Recitals

This Product Exhibit No. X is an exhibit to that certain Second Amended and Restated License, Product Development and Supply Umbrella Agreement dated July 16, 2015 between TELA Bio and Aroa ("**Umbrella Agreement**"). This Product Exhibit No. X will govern the specific details for the supply of the Products as described below. To the extent there is a conflict between the terms and conditions of this Product Exhibit No. X and the Umbrella Agreement, the terms and conditions of this Product Exhibit No. X shall control. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Umbrella Agreement.

In addition to the responsibilities of the parties under the Umbrella Agreement, TELA Bio and Aroa shall have the following additional responsibilities for the Product covered under this Product Exhibit No. X.

Product Exhibit No. X
Description
Clinical Utility
Manufacturing and Supply
Development
Aroa Materials
Analytical, Pre-Clinical, and Clinical Testing
Regulatory Submission
Materials to be provided by Aroa for analytical, pre-clinical, and clinical testing
Payments
Project Schedule
Term
Quality Contact
Product Requirements

This Product Exhibit No. X is attached to and made a part of the Umbrella Agreement.

Agreed and Accepted by:

TELA BIO, INC.	**AROA BIOSURGERY LTD.**
BY: _____	BY: _____
Name:	Name:
Title:	Title:

EXHIBIT C

DISCLOSURE ADDENDUM TO

**Second Amended and Restated License,
Product Development and Supply Umbrella Agreement by and between
TELA Bio, Inc. and AROA Biosurgery Ltd. (the "Agreement")**

[***]

Exhibit 10.20

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

AMENDMENT TO THE DEVELOPMENT AGREEMENT AND TO THE SECOND AMENDED AND RESTATED LICENSE, PRODUCT DEVELOPMENT AND SUPPLY UMBRELLA AGREEMENT

This Amendment ("Amendment") to the Development Agreement dated as of 16 July 2015 *(*"Development Agreement") and the Second Amended and Restated License, Product Development and Supply Umbrella Agreement dated as of 16 July 2015 (the "Umbrella Agreement"), is made as of 26 November 2015 by and between TELA Bio, Inc ("TELA Bio") and Aroa Biosurgery Limited ("Aroa").

The parties desire to amend certain provisions of the Development Agreement and the Umbrella Agreement as set forth in this Amendment.

Now, Therefore, in consideration of the covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. The Development Agreement is hereby amended as follows:

   a. The Completion Date for the products described in items 2 and 3 of the first page of the Development Agreement, [***].

   b. The payment schedule set forth on page two of the Development Agreement is hereby amended to [***].

2. The parties confirm that the condition for the payment of the Final Payment Amount (as amended herein) has been satisfied. Accordingly, the payment of the Final Payment Amount is due and payable as of the date of the signing of this Amendment TelaBio agrees to sign the "Escrow Funds Payment Instructions" attached as the Appendix hereto contemporaneously with the signing of this Amendment.

3. As a consequence of the amendments to the Development Agreement as set forth herein, the Umbrella Agreement is hereby amended as follows:

   a. The October 31. 2015 deadline for the completion of the [***] (as defined above) is hereby extended to [***].

4. Aroa and TELA agree that the Goal Deadline for the Abdominal Wall/Hernia Repair Products is not amended and remains unaffected by any of the provisions of this Amendment.

5. For the avoidance of doubt and for the purposes of clarification, the parties agree that the extension of the Completion Date hereunder shall not constitute "a delay in the development of the Abdominal Wall/Hernia Products under the Development Agreement due to a failure of Aroa or the failure of Aroa to deliver the Products to TELA Bio for a commercial launch pursuant to a Purchase Order provided in accordance with Section 8.3" under section 8.12 of the Umbrella Agreement.

Capitalised terms in this Amendment have the meanings given to those terms in the Development Agreement and the Umbrella Agreement.

Except as otherwise amended herein, the other provisions of the Development Agreement and the Umbrella Agreement continue to be in full force and effect.

The parties agree that this Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, excluding its conflict of laws provisions. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same agreement. Executed signature pages to this Amendment may be delivered by facsimile or pdf electronic transmission and such signature pages shall be deemed for all purposes to be originally signed signature pages.

IN WITNESS WHEREOF, each of the parties has caused this Amendment to be executed by its duly authorized representative.

TELA BIO, INC.		**AROA BIOSURGERY LIMITED**	
By:	/s/ Antony Koblish	By:	/s/ Brian Ward
Name:	Antony Koblish	Name:	Brian Ward
Title:	President & CEO	Title:	CEO

APPENDIX

ESCROW FUNDS PAYMENT INSTRUCTIONS

See attached

ESCROW FUNDS PAYMENT INSTRUCTIONS

In accordance with clause 9.1.1 of the Escrow Agreement between the TELA Bio Inc. ("TELA Bio"), Aroa Biosurgery Limited ("Aroa") and Duncan Cotterill (the Escrow Agent") dated 17 July 2015 ("Escrow Agreement"), the undersigned, on behalf of each of TELA Bio and Aroa instruct the Escrow Agent to release the amount of [***] from the Escrow Funds on the date of these instructions, in accordance with the Payment Schedule (as that term is defined in the Escrow Agreement), less any deductions permitted under the Escrow Agreement, into the bank account of Aroa as set out below.

The parties confirm that any conditions in the Payment Schedule for the payment of the amount instructed herein has been satisfied.

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

DATE: 26 November 2015

SIGNED BY:

TELA BIO, INC.

By: /s/ Antony Koblish

Name: Antony Koblish

Title: President & CEO

AROA BIOSURGERY LIMITED

By: /s/ Brian Ward

Name: Brian Ward

Title: CEO

Exhibit 10.21

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

ADDENDUM TO THE SECOND AMENDED AND RESTATED LICENSE, PRODUCT DEVELOPMENT AND SUPPLY UMBRELLA AGREEMENT

TELA Bio, Inc. ("TELA Bio") and Aroa Biosurgery Limited ("Aroa") entered into the Second Amended and Restated License, Product Development and Supply Umbrella Agreement (the "Umbrella Agreement") on 16 July 2015.

TELA Bio and Aroa are parties to (i) a Development Agreement, effective as of September 21, 2017 ("Contour Product Development Agreement"), that sets forth the terms and conditions relating to the development of the Endoform® Contoured Reconstructive Template ("Contour Product"), which was subsequently amended on June 1, 2018 ('Contour Product Amendment"), (ii) Product Exhibit 2, effective as of September 21, 2017 ("Contour Product Exhibit"), to the Second Amended and Restated License, Product Development and Supply Agreement dated July 16, 2015, as amended ("Umbrella Agreement") and (iii) Addendum to the Umbrella Agreement, dated as of September 21, 2017, with respect to the Endoform® Contour Reconstructive Template ("Contour Product Addendum").

The parties wish to replace the Contour Product with the Endoform® Restella Reconstructive Template ("Restella Product").

This addendum to the Umbrella Agreement ("Addendum"), is made as of the 3rd day of January 2019, and sets out the terms of the parties' agreements with respect to the Restella Product. This Addendum also cancels and replaces the Contour Product Addendum and the Contour Product Exhibit.

1. TELA Bio and Aroa will, effective as of the date of this Addendum, enter into a development agreement relating to the development of the Restella Product and each party's responsibilities in connection with the development of the Restella Product ("Restella Product Development Agreement"). Such development agreement and the Product Exhibit (set out in the development agreement) shall constitute the Product Exhibit for the Restella Product ("Restella Product Exhibit"), for the purposes of the Umbrella Agreement. The Restella Product Development Agreement and the Restella Product Exhibit shall cancel and replace the Contour Product Development Agreement, and the Contour Product Exhibit.

2. The Restella Product:

a. Will use Aroa's existing 510(k) clearances ([***]) as the predicate and ([***]) as the reference; and

b. Will have, based on TELA Bio's use of clearances described in a. above, the intended use for implantation to reinforce soft tissue where weakness exists in patients requiring soft tissue repair or reinforcement in plastic and reconstructive surgery; and

c. Will, based on TELA Bio's use of clearances described in a. above, be indicated for use as an extracellular matrix scaffold to reinforce or elevate soft tissue where weakness or a

void exists and for the surgical repair of damaged or ruptured tissue membranes which require the use of reinforcing material to obtain the desired surgical outcome.

(Clauses 2a. to 2c. together being the “Claims, Intended Use and Indications for Use of the Restella Product”.)

d. Will include a combination of Aroa Technology (forestomach tissue) and synthetic sutures which are indicated in the Restella Product Exhibit.

3. [***]

a. [***]

b. [***]

c. [***]

d. Aroa and its Affiliates shall not and shall not grant any other person or entity any rights to market, promote, sell or otherwise commercialize the Restella Product in any of the Indications in the Territory.

e. Aroa will be the sole and exclusive owner of any regulatory approvals/clearances with respect to the Restella Product.

4. The Restella Product can only be in the shapes, sizes and forms approved in writing by Aroa and all changes, variations or improvements to the Restella Product shall require the prior written approval of Aroa. [***].

5. The parties acknowledge and agree that the Goal for a breast reconstruction product in the North American Territory has been satisfied. For the avoidance of doubt, the development and commercial launch of the Restella Product will not satisfy, amend or vary the Goal or Goal Deadline relating to a breast reconstruction product for the European Territory under Section 8.12 of the Umbrella Agreement.

6. TELA Bio’s rights herein to use Aroa’s 510(k) regulatory clearance for the Restella Product and the Claims, Intended Use and Indications for Use of the Restella Product, as set out herein or in the 510(k) regulatory clearance for the Restella Product, shall terminate when:

a. [***]

b. [***].

Capitalised terms used but not defined in this Addendum have the meanings given to those terms in the Umbrella Agreement.

This Addendum shall cancel, replace and supersede the Contour Product Addendum and Restella Product Exhibit shall cancel, replace and supersede the Contour Product Exhibit. Accordingly, the Contour Product Addendum and the Contour Product Exhibit are hereby cancelled as at the date of this Addendum.

Except as agreed herein, the provisions of the Umbrella Agreement are not amended and continue to be in full force and effect.

This Addendum shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any conflict of law provisions.

This Addendum may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

Executed signature pages to this Addendum may be delivered by facsimile or electronic mail and any signature page so delivered shall be deemed to be an original.

IN WITNESS WHEREOF, each of the parties has caused this Addendum to be executed by its duly authorized representative as of the date first above written.

TELA BIO, INC.		**ARO BIOSURGERY LIMITED**	
By:	/s/ Antony Koblish	By:	/s/ Brian Ward
Name:	Antony Koblish	Name:	Brian Ward
Title:	President	Title:	CEO

APPENDIX

Modified Restella Shapes

(Section 4)

Exhibit 10.22

LEASE AGREEMENT

LIBERTY PROPERTY LIMITED PARTNERSHIP
Landlord

AND

TELA BIO, INC.
Tenant

AT

1 Great Valley Parkway
Great Valley Corporate Center
Malvern, PA 19355

LEASE AGREEMENT

INDEX

THIS LEASE AGREEMENT is made by and between **LIBERTY PROPERTY LIMITED PARTNERSHIP,** a Pennsylvania limited partnership ("Landlord") and **TELA BIO, INC.,** a corporation organized under the laws of Delaware ("Tenant"), and is dated as of the date on which this Lease has been fully executed by Landlord and Tenant.

1. **Basic Lease Terms and Definitions**.

(a) **Premises:** Suite 24, as shown on **Exhibit "A",** consisting of approximately 11,460 rentable square feet.

(b) **Building:** Approximate rentable square feet: 60,880
Address: 1 Great Valley Parkway, Great Valley Corporate Center, Malvern, PA 19355

(c) **Term:** Sixty-Three (63) full calendar months (plus any partial month from the Commencement Date until the first day of the next full calendar month during the Term, if the Commencement Date does not fall on the first day of a month).

(d) **Commencement Date:** The earlier to occur of (i) the date of Substantial Completion (as defined in Rider 2) of the Tenant Improvements and Landlord Work, and (ii) the date on which Tenant commences business operations in the Premises for the Use set forth below.

(e) **Expiration Date:** The last day of the Term.

(f) **Minimum Annual Rent:** Payable in monthly installments as follows:

Lease Year	$/RSF Rate	Annual Basis	Monthly Installment
Months 1-15*	$ 11.60	$ 132,936.00	$ 11,078.00
Months 16-27	$ 11.85	$ 135,801.00	$ 11,316.75
Months 28-39	$ 12.10	$ 138,666.00	$ 11,555.50
Months 40-51	$ 12.35	$ 141,531.00	$ 11,794.25
Months 52-63	$ 12.60	$ 144,396.00	$ 12,033.00

*The foregoing notwithstanding. Minimum Annual Rent, but not Operating Expenses and utility payments, shall be completely abated during the first three (3) full calendar months of the Term. During all other periods of the Term, Tenant shall make Minimum Annual Rent payments without any abatement (except as otherwise expressly set forth in the Lease) as provided in the Lease. Should the Lease or Tenant's right to possess the Premises be terminated on account of an Event of Default, Landlord shall be entitled to recover from Tenant (in addition to all other rights and remedies available to Landlord) all abated Minimum Annual Rent.

(g) **Annual Operating Expenses:** $51,226.20, payable in monthly installments of $4,268.85, subject to adjustment as provided in this Lease.

(h) **Tenant's Share:** 18.82% (also see Definitions)

(i) **Use:** Medical device development, combination device development, related laboratory and pilot scale manufacturing and clinical studies with appurtenant offices.

(j) **Security Deposit:** $116,000, subject to reduction in accordance with the Lease. See Rider 2 Section 33 for letter of credit requirement.

(k) **Addresses For Notices:**

Landlord: Liberty Property Limited Partnership
500 Chesterfield Parkway
Malvern, PA 19355
Attention: Vice President/City Manager

Tenant: Before the Commencement Date:
TELA Bio, Inc.
c/o Tony Koblish
1998 Rochambeau Drive, Malvern, PA 19355

On or after the Commencement Date: Premises

(l) **Guarantor**: N/A

(m) **Additional Defined Terms:** See Rider 1 for the definitions of other capitalized terms.

(n) **Contents:** The following are attached to and made a part of this Lease:

Rider 1 - Additional Definitions	Exhibits:	"A" - Plan showing Premises
Rider 2 - Sections 28-41		"B" - Building Rules
		"C" - Automatic Payment Authorization Form
		"D" - Estoppel Certificate
Form		
		"E" - ROFO Space
		"F" - Letter of Credit Requirements
		"G" - HVAC Service Contract Requirements
		"H" - Landlord Waiver

2. **Premises.** Landlord leases to Tenant and Tenant leases from Landlord the Premises, together with the right in common with others to use the Common Areas. Tenant accepts the Premises, Building and Common Areas "AS IS", without relying on any representation, covenant or warranty by Landlord other than as expressly set forth in this Lease. Landlord and Tenant (a) acknowledge that all square foot measurements are approximate and (b) stipulate and agree to the rentable square footages set forth in Sections 1(a) and (b) above for all purposes with respect to this Lease.

3. **Use.** Tenant shall occupy and use the Premises only for the Use specified in Section **1** above. Tenant shall not permit any conduct or condition which may endanger, disturb or interfere (whether through noise, odor, vibration or otherwise) with any other Building occupant's normal operations or with the management of the Building. Except for use of the generator as contemplated by Rider 2, Section 34, Tenant shall not use or permit the use of any portion of the Property for outdoor storage or installations outside of the Premises. Tenant may use all Common Areas only for their intended purposes. Landlord shall have exclusive control of all Common Areas at all times.

4. **Term; Possession.** The Term of this Lease shall commence on the Commencement Date (as defined in Section 1(d) above) and shall end at 11:59 p.m. on the Expiration Date (as defined in Section 1(e) above), without the necessity for notice from either party, unless sooner terminated in accordance with this Lease. Landlord shall not be liable for any loss or damage to Tenant resulting from any delay in delivering possession due to the holdover of any existing tenant or other circumstances outside of Landlord's reasonable control.

5. **Rent: Taxes.** Tenant agrees to pay to Landlord, without demand, deduction or offset (except as expressly set forth in this Lease), Minimum Annual Rent and Annual Operating Expenses for the Term. Tenant shall pay the Monthly Rent, in advance, on the first day of each calendar month during the Term, at Landlord's address designated in Section 1 above unless Landlord designates otherwise. In connection with the foregoing, Tenant shall have the option of paying the Monthly Rent electronically via the Authorization For Automatic Payments attached to this Lease as **Exhibit "C".** In addition, the Monthly Rent for the first full month shall be paid at the signing of this Lease. If the Commencement Date is not the first day of the month, the Monthly Rent for that partial month shall be apportioned on a per diem basis and shall be paid on or before the Commencement Date. Tenant shall pay Landlord a service and handling charge equal to 5% of any Rent not paid within 5 days after the date due. In addition, any Rent not paid within 5 days after the due date will bear interest at the Interest Rate from the date due to the date paid. Tenant shall pay before delinquent all taxes levied or assessed upon, measured by, or arising from: (a) the conduct of Tenant's business; (b) Tenant's leasehold estate; or (c) Tenant's property. Additionally, Tenant shall pay to Landlord all sales, use, transaction privilege, or other excise tax that may at any time be levied or imposed upon, or measured by, any amount payable by Tenant under this Lease.

6. **Operating Expenses.** The amount of the Annual Operating Expenses set forth in Section 1(g) above represents Tenant's Share of the estimated Operating Expenses for the calendar year in which the Term commences. Landlord may adjust such amount from time to time if the estimated Annual Operating Expenses increase or decrease; Landlord may also invoice Tenant separately from time to time for Tenant's Share of any extraordinary or unanticipated Operating Expenses. By April 30th of each year (and as soon as practical after the expiration or termination of this Lease or, at Landlord's option, after a sale of the Property), Landlord shall provide Tenant with a statement of Operating Expenses for the preceding calendar year or part thereof. Within 30 days after delivery of the statement to Tenant, Landlord or Tenant shall pay to the other the amount of any overpayment or deficiency then due from one to the other or, at Landlord's option, Landlord may credit Tenant's account for any overpayment. If Tenant does not give Landlord notice within ninety (90) days after receiving Landlord's statement that Tenant disagrees with the statement and specifying the items and amounts in dispute, Tenant shall be deemed to have waived the right to contest the statement. . Landlord's and Tenant's obligation to pay any overpayment or deficiency due the other pursuant to this Section shall survive the expiration or termination of this Lease. Notwithstanding any other provision of this Lease to the contrary, Landlord may, in its reasonable discretion, determine from time to time the method of computing and allocating Operating Expenses, including the method of allocating Operating Expenses to various types of space within the Building to

reflect any disparate levels of services provided to different types of space. If the Building is not fully occupied during any period, Landlord may make a reasonable adjustment based on occupancy in computing the Operating Expenses for such period so that Operating Expenses are computed as though the Building had been fully occupied. Within 90 days after Landlord furnishes to Tenant its statement of actual Operating Expenses for any calendar year, Tenant may elect by written notice to Landlord to audit Landlord's Operating Expenses for such calendar year, with such audit to be at Tenant's expense. Landlord shall make reasonable accommodations to permit Tenant's auditors access to Landlord's books and records concerning the Operating Expenses, and shall permit such auditors to make and take away copies of all relevant documentation of such Operating Expenses. Prior to commencing any audit, Tenant shall execute a confidentiality agreement provided to Tenant by Landlord. Tenant agrees that the results of any audit shall be kept strictly confidential by Tenant and shall not be disclosed to any other person or entity. Tenant agrees to deliver to Landlord within 15 days of its receipt by Tenant a copy of the results of such audit. Upon agreement by Tenant and Landlord as to the results of the audit, Landlord shall refund directly to Tenant any overpayment determined by the audit report within 30 days of determination; provided that if the parties do not agree as to the results of the audit, Tenant shall not be deemed to have waived any of its rights to bring a claim against Landlord pertaining to the results of the audit. If the audit shows that Landlord's calculation of Operating Expenses for the calendar year under inspection was overstated by more than five percent (5%), then Landlord shall pay upon demand Tenant's audit and inspection fees applicable to the review of said calendar year. Likewise, Tenant shall pay Landlord any underpayment determined by the audit report within 30 days of determination. The audit right referred to above shall be personal to Tenant and may not be exercised by any subtenant of Tenant. Notwithstanding the foregoing, Tenant hereby covenants and agrees that the auditors and any other consultants engaged by Tenant to conduct the audit shall be compensated on an hourly basis and shall not be compensated based upon a percentage of overcharges discovered.

7. **Utilities.** Tenant shall pay for water, sewer, gas, electricity, heat, power, telephone and other communication services and any other utilities supplied to the Premises. Except to the extent Landlord elects, or as a result of Tenant's inability to procure such service in its own name, is required, to provide any such services and invoice Tenant for the cost or include the cost in Operating Expenses, Tenant shall obtain service in its own name (where possible) and timely pay all charges directly to the provider. Landlord shall not be responsible or liable for any interruption in such services, nor shall such interruption affect the continuation or validity of this Lease. Landlord shall have the exclusive right to select, and to change, the companies providing such services to the Building or Premises. Any wiring, cabling or other equipment necessary to connect Tenant's telecommunications equipment shall be Tenant's responsibility, and shall be installed in a manner approved by Landlord. In the event Tenant's consumption of any utility or other service included in Operating Expenses is excessive when compared with other occupants of the Property, Landlord may invoice Tenant separately for, and Tenant shall pay on demand, the cost of Tenant's excessive consumption, as reasonably determined by Landlord.

8. **Insurance; Waivers; Indemnification**.

(a) Landlord shall maintain insurance against loss or damage to the Building or the Property with coverage for perils as set forth under the "Causes of Loss-Special Form" or equivalent property insurance policy in an amount equal to the full insurable replacement cost of the Building (excluding coverage of Tenant's personal property and any Alterations by Tenant), and such other insurance, including rent loss coverage, as Landlord may reasonably deem appropriate or as any Mortgagee may require.

(b) Tenant, at its expense, shall keep in effect commercial general liability insurance, including blanket contractual liability insurance, covering Tenant's use of the Property, with such coverages and limits of liability as Landlord may reasonably require, but not less than a $1,000,000 combined single limit with a $5,000,000 general aggregate limit (which general aggregate limit may be satisfied by an umbrella liability policy) for bodily injury or property damage; however, such limits shall not limit Tenant's liability hereunder. The policy shall name Landlord, Liberty Property Trust and any other associated or affiliated entity as their interests may appear and at Landlord's request, any Mortgagee(s), as additional insureds, shall be written on an "occurrence" basis and not on a "claims made" basis and shall be endorsed to provide that it is primary to and not contributory to any policies carried by Landlord and to provide that it shall not be cancelable or reduced without at least 30 days prior notice to Landlord. The insurer shall be authorized to issue such insurance, licensed to do business and admitted in the state in which the Property is located and rated at least A VII in the most current edition of *Best's Insurance Reports.* Tenant shall deliver to Landlord on or before the Commencement Date or any earlier date on which Tenant accesses the Premises, and at least 30 days prior to the date of each policy renewal, a certificate of insurance evidencing such coverage.

(c) Landlord and Tenant each waive, and release each other from and against, all claims for recovery against the other for any loss or damage to the property of such party arising out of fire or other casualty coverable by a standard "Causes of Loss-Special Form" property insurance policy with, in the case of Tenant, such endorsements and additional coverages as are considered good business practice in Tenant's business, even if such loss or damage shall be brought about by the fault or negligence of the other party or its Agents; provided, however, such waiver by Landlord shall not be effective with respect to

Tenant's liability described in Sections 9(b) and 10(d) below. This waiver and release is effective regardless of whether the releasing party actually maintains the insurance described above in this subsection and is not limited to the amount of insurance actually carried, or to the actual proceeds received after a loss. Each party shall have its insurance company that issues its property coverage waive any rights of subrogation, and shall have the insurance company include an endorsement acknowledging this waiver, if necessary. Tenant assumes all risk of damage to the property of (i) Tenant, or Tenant's Agents in or about the Premises or Property, and (ii) any other person whose property is used, leased or stored by Tenant in or about the Premises or Property, including in each case any loss or damage caused by water leakage, fire, windstorm, explosion, theft, act of any other tenant, or other cause.

(d) Tenant shall not be permitted to satisfy any of its insurance obligations set forth in this Lease through any self-insurance or self-insured retention in excess of $25,000.

(e) Subject to subsection (c) above, and except to the extent caused by the gross negligence or willful misconduct of Landlord or its Agents, Tenant will indemnify, defend, and hold harmless Landlord and its Agents from and against any and all claims, actions, damages, liability and expense (including fees of attorneys, investigators and experts) which may be asserted against, imposed upon, or incurred by Landlord or its Agents and arising out of or in connection with loss of life, personal injury or damage to property in or about the Premises or arising out of the occupancy or use of the Property by Tenant or its Agents or occasioned wholly or in part by any act or omission of Tenant or its Agents, whether prior to, during or after the Term. Tenant's obligations pursuant to this subsection shall survive the expiration or termination of this Lease.

9. Maintenance and Repairs.

(a) Landlord shall Maintain the: (i) Building footings, foundations, structural steel columns and girders at Landlord's sole expense; (ii) Building roof and exterior walls; (iii) Building Systems; and (iv) Common Areas. Costs incurred by Landlord under the foregoing subsections (ii), (iii) and (iv) may be included in Operating Expenses, provided that to the extent any heating, ventilation and air conditioning system, or other Building System, equipment or fixture exclusively serves the Premises, Landlord may elect either to Maintain the same at Tenant's sole expense and bill Tenant directly or by notice to Tenant require Tenant to Maintain the same at Tenant's expense. If Tenant becomes aware of any condition that is Landlord's responsibility to repair, Tenant shall promptly notify Landlord of the condition. Moreover, regardless of who bears responsibility for repair, Tenant shall immediately notify Landlord if Tenant becomes aware of any areas of water intrusion or mold growth in or about the Premises.

(b) Except as provided in subsection (a) above, Tenant at its sole expense shall Maintain the Premises and all fixtures and equipment in the Premises. All repairs and replacements by Tenant shall utilize materials and equipment which are comparable to those originally used in constructing the Building and Premises. Alterations, repairs and replacements to the Property, including the Premises, made necessary because of Tenant's Alterations or installations, any use or circumstances special or particular to Tenant, or any act or omission of Tenant or its Agents shall be made by Landlord or Tenant as set forth above, but at the sole expense of Tenant to the extent not covered by any applicable insurance proceeds paid to Landlord.

10. Compliance.

(a) (a) Tenant will, at its expense, promptly comply with all Laws now or subsequently pertaining to the Premises or Tenant's use or occupancy. Tenant will pay any taxes or other charges by any authority on Tenant's property or trade fixtures or relating to Tenant's use of the Premises. Neither Tenant nor its Agents shall use the Premises in any manner that under any Law would require Landlord to make any Alteration to or in the Building or Common Areas (without limiting the foregoing, Tenant shall not use the Premises in any manner that would cause the Premises or the Property to be deemed a "place of public accommodation" under the ADA if such use would require any such Alteration). Tenant shall be responsible for compliance with the ADA, and any other Laws regarding accessibility, with respect to the Premises.

(b) Tenant will comply, and will cause its Agents to comply, with the Building Rules. Landlord may adopt and Tenant shall comply with reasonable rules and regulations to promote energy efficiency, sustainability and environmental standards for the Property, as the same may be changed from time to time upon reasonable notice to Tenant (provided that such rules and regulations shall apply uniformly to all tenants of the Building and shall not materially adversely affect Tenant's rights under this Lease). In the event that any provision set forth in such rules and regulations conflicts with any provision herein, the provisions of this Lease shall govern.

(c) Tenant agrees not to do anything or fail to do anything which will increase the cost of Landlord's insurance or which will prevent Landlord from procuring policies (including public liability) from companies and in a form reasonably satisfactory to Landlord. If any breach of the preceding sentence by Tenant causes the rate of fire or other insurance to be increased, Tenant shall pay the amount of such increase as additional Rent within 30 days after being billed.

(d) Tenant agrees that (i) no activity will be conducted on the Premises that will use or produce any Hazardous Materials, except for activities which are part of the ordinary course of Tenant's business and are conducted in accordance with all Environmental Laws ("Permitted Activities"); (ii) the Premises will not be used for storage of any Hazardous Materials, except for materials used in the Permitted Activities which are properly stored in a manner and location complying with all Environmental Laws; (iii) no portion of the Premises or Property will be used by Tenant or Tenant's Agents for disposal of Hazardous Materials; (iv) Tenant will deliver to Landlord copies of all Material Safety Data Sheets and other written information prepared by manufacturers, importers or suppliers of any chemical; and (v) Tenant will immediately notify Landlord of any violation by Tenant or Tenant's Agents of any Environmental Laws or the release or suspected release of Hazardous Materials in, under or about the Premises, and Tenant shall immediately deliver to Landlord a copy of any notice, filing or permit sent or received by Tenant with respect to the foregoing. If at any time during or after the Term, any portion of the Property is found to be contaminated by Tenant or Tenant's Agents or subject to conditions prohibited in this Lease caused by Tenant or Tenant's Agents, Tenant will indemnify, defend and hold Landlord harmless from all claims, demands, actions, liabilities, costs, expenses, reasonable attorneys' fees, damages and obligations of any nature arising from or as a result thereof, and Landlord shall have the right to direct remediation activities, all of which shall be performed at Tenant's cost. If at any time during or after the Term, any portion of the Property, is found to be contaminated as a direct result of Landlord's acts or, with respect to any condition existing on the Property on the Commencement Date for which (i) Landlord had actual knowledge and (ii) failed to remediate though so required under Environmental laws, Landlord will indemnify, defend and hold Tenant harmless from all claims, demands, actions, liabilities, costs, expenses, attorneys' fees, damages and obligations of any nature arising from or as a result thereof, and Landlord will perform, or cause to be performed, remediation activities, all of which shall be performed at Landlord's cost. Tenant's and Landlord's obligations pursuant to this subsection shall survive the expiration or termination of this Lease.

(e) Landlord acknowledges that, prior to the Commencement Date, it granted Tenant's contractor, URS Corporation, access to the Property to perform, at Tenant's cost, a Phase I Environmental Assessment (the "Phase I") of the Property for purposes of determining the existing environmental condition of the Property. Tenant shall provide Landlord upon its request with a copy of the Phase I results and shall maintain the confidentiality of such report except as necessary under applicable law to demonstrate to appropriate government authorities the environmental condition of the Property prior to the Commencement Date in the event that the environmental condition of the Property is subject to governmental investigation.

(f) Landlord represents and warrants that as of the date of this Lease there is no current environmental remediation occurring at the Property as a result of a contamination event.

11. **Signs.** Landlord shall, at its sole cost and expense, furnish Tenant with Building standard signage on the monument sign for the Property and at the entrance and exit doors. Tenant shall not place any signs on the Property without the prior consent of Landlord, other than signs that are located wholly within the interior of the Premises and not visible from the exterior of the Premises. Tenant shall maintain all signs installed by Tenant in good condition. Tenant shall remove its signs at the termination of this Lease, shall repair any resulting damage, and shall restore the Property to its condition existing prior to the installation of Tenant's signs.

12. **Alterations.** Except for non-structural Alterations that (i) do not exceed $5,000 in the aggregate, (ii) are not visible from the exterior of the Premises, (iii) do not affect any Building System or the structural strength of the Building, (iv) do not require penetrations into the floor, ceiling or walls, and (v) do not require work within the walls, below the floor or above the ceiling, Tenant shall not make or permit any Alterations in or to the Premises without first obtaining Landlord's consent, which consent shall not be unreasonably withheld. With respect to any Alterations made by or on behalf of Tenant (whether or not the Alteration requires Landlord's consent): (i) not less than 10 days prior to commencing any Alteration, Tenant shall deliver to Landlord the plans, specifications and necessary permits for the Alteration, together with certificates evidencing that Tenant's contractors and subcontractors have adequate insurance coverage naming Landlord, Liberty Property Trust and any other associated or affiliated entity as their interests may appear as additional insureds, (ii) Tenant shall obtain Landlord's prior written approval (not to be unreasonably withheld) of any contractor or subcontractor, (iii) the Alteration shall be constructed with new materials, in a good and workmanlike manner, and in compliance with all Laws and the plans and specifications delivered to, and, if required above, approved by Landlord, (iv) the Alteration shall be performed in accordance with Landlord's reasonable requirements relating to sustainability and energy efficiency, (v) Tenant shall pay Landlord all reasonable costs and expenses in connection with Landlord's review of Tenant's plans and specifications, and of any supervision or inspection of the construction Landlord deems necessary, and (vi) upon Landlord's request Tenant shall, prior to commencing any Alteration, provide Landlord reasonable security against liens arising out of such construction. Any Alteration by Tenant shall be the property of Tenant until

the expiration or termination of this Lease; at that time without payment by Landlord the Alteration shall remain on the Property and become the property of Landlord unless Landlord gives notice to Tenant to remove it, in which event Tenant will remove it, will repair any resulting damage and will restore the Premises to the condition existing prior to Tenant's Alteration. At Tenant's request prior to Tenant making any Alterations, Landlord will notify Tenant whether Tenant is required to remove the Alterations at the expiration or termination of this Lease; provided that for the Tenant Improvements, Rider 2 shall govern. Tenant may install its trade fixtures, furniture and equipment in the Premises, provided that the installation and removal of them will not affect any structural portion of the Property, any Building System or any other equipment or facilities serving the Building or any occupant.

13. **Mechanics' Liens.** Tenant promptly shall pay for any labor, services, materials, supplies or equipment furnished to Tenant in or about the Premises. Tenant shall keep the Premises and the Property free from any liens arising out of any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to Tenant. Tenant shall take all steps permitted by law in order to avoid the imposition of any such lien. Should any such lien or notice of such lien be filed against the Premises or the Property, Tenant shall discharge the same by bonding or otherwise within 15 days after Tenant has notice that the lien or claim is filed regardless of the validity of such lien or claim.

14. **Landlord's Right of Entry.** Tenant shall permit Landlord and its Agents to enter the Premises at all reasonable times following reasonable notice (except in an emergency) to inspect, Maintain, or make Alterations to the Premises or Property, to exhibit the Premises for the purpose of sale or financing, and, during the last 9 months of the Term, to exhibit the Premises to any prospective tenant. Landlord will make reasonable efforts not to inconvenience Tenant in exercising such rights, but Landlord shall not be liable for any interference with Tenant's occupancy resulting from Landlord's entry.

15. **Damage by Fire or Other Casualty.** If the Premises or Common Areas shall be damaged or destroyed by fire or other casualty, Tenant shall promptly notify Landlord, and Landlord, subject to the conditions set forth in this Section, shall repair such damage and restore the Premises or Common Areas to substantially the same condition in which they were immediately prior to such damage or destruction, but not including the repair, restoration or replacement of the fixtures, equipment, or Alterations installed by or on behalf of Tenant. Landlord shall notify Tenant, within 30 days after the date of the casualty, if Landlord reasonably anticipates that the restoration will take more than 180 days from the date of the casualty to complete; in such event, either Landlord or Tenant (unless the damage was caused by Tenant) may terminate this Lease effective as of the date of casualty by giving notice to the other within 10 days after Landlord's notice. In addition, if Landlord has failed to substantially restore the damaged Premises within two hundred seventy (270) days after the date of the casualty (which period shall be automatically extended as a result of any delay caused in whole or in part by Tenant, it agents, contractors, employees or invitees, force majeure or any other thing beyond the control of Landlord) (the "Restoration Period"), Tenant shall have the right to terminate this Lease by written notice to Landlord within fifteen (15) days after the end of the Restoration Period and prior to notice from Landlord of the Substantial Completion of the repairs to the Premises. If a casualty occurs during the last 12 months of the Term, Landlord may terminate this Lease unless Tenant has the right to extend the Term for at least 3 more years and does so within 30 days after the date of the casualty. Moreover, Landlord may terminate this Lease if the loss is not covered by the insurance required to be maintained by Landlord under this Lease. Tenant will receive an abatement of Minimum Annual Rent and Annual Operating Expenses to the extent the Premises are rendered untenantable as a result of the casualty.

16. **Condemnation.** If (a) all of the Premises are Taken, (b) any part of the Premises is Taken and the remainder is insufficient in Landlord's opinion for the reasonable operation of Tenant's business, or (c) any of the Property is Taken, and, in Landlord's opinion, it would be impractical or the condemnation proceeds are insufficient to restore the remainder, then this Lease shall terminate as of the date the condemning authority takes possession. If this Lease is not terminated, Landlord shall restore the Building to a condition as near as reasonably possible to the condition prior to the Taking, the Minimum Annual Rent shall be abated for the period of time all or a part of the Premises is untenantable in proportion to the square foot area untenantable, and this Lease shall be amended appropriately. The compensation awarded for a Taking shall belong to Landlord. Except for any relocation benefits to which Tenant may be entitled, Tenant hereby assigns all claims against the condemning authority to Landlord, including, but not limited to, any claim relating to Tenant's leasehold estate.

17. **Quiet Enjoyment.** Landlord covenants that Tenant, upon performing all of its covenants, agreements and conditions of this Lease, shall have quiet and peaceful possession of the Premises as against anyone claiming by or through Landlord, subject, however, to the terms of this Lease.

18. **Assignment and Subletting**.

(a) Except as provided in Section (b) below, Tenant shall not enter into nor permit any Transfer voluntarily or by operation of law, without the prior consent of Landlord, which consent shall not be unreasonably withheld. Without limitation, Tenant agrees that Landlord's consent shall not be considered unreasonably withheld if (i) the proposed transferee is an existing

tenant of Landlord or an affiliate of Landlord, (ii) the business, business reputation or creditworthiness of the proposed transferee is unacceptable to Landlord, (iii) Landlord or an affiliate of Landlord has comparable space available for lease by the proposed transferee within the suburban Philadelphia office market or (iv) Tenant is in default under this Lease or any act or exists which would constitute a default with the giving of notice and/or the passage of time. A consent to one Transfer shall not be deemed to be a consent to any subsequent Transfer. In no event shall any Transfer relieve Tenant from any obligation under this Lease. Landlord's acceptance of Rent from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer. Any Transfer not in conformity with this Section 18 shall be void at the option of Landlord.

(b) Landlord's consent shall not be required in the event of any Transfer by Tenant to an Affiliate provided that (i) the Affiliate has a tangible net worth at least equal to that of Tenant as of the date of this Lease, (ii) Tenant provides Landlord notice of the Transfer at least 15 days prior to the effective date, together with current financial statements of the Affiliate certified by an executive officer of the Affiliate, and (iii) in the case of an assignment or sublease, Tenant delivers to Landlord an assumption or sublease agreement reasonably acceptable to Landlord executed by Tenant and the Affiliate, together with a certificate of insurance evidencing the Affiliate's compliance with the insurance requirements of Tenant under this Lease.

(c) The provisions of subsection (a) above notwithstanding, if Tenant proposes to Transfer all of the Premises (other than to an Affiliate), Landlord may terminate this Lease, either conditioned on execution of a new lease between Landlord and the proposed transferee or without that condition. If Tenant proposes to enter into a Transfer of less than all of the Premises (other than to an Affiliate), Landlord may amend this Lease to remove the portion of the Premises to be transferred, either conditioned on execution of a new lease between Landlord and the proposed transferee or without that condition. If this Lease is not so terminated or amended, Tenant shall pay to Landlord, immediately upon receipt, the excess of (i) all compensation received by Tenant for the Transfer of all or any portion of the Premises over (ii) the Rent allocable to the Premises transferred.

(d) If Tenant requests Landlord's consent to a Transfer, Tenant shall provide Landlord, at least 15 days prior to the proposed Transfer, current financial statements of the transferee certified by an executive officer of the transferee, a complete copy of the proposed Transfer documents, and any other information Landlord reasonably requests. Immediately following any approved assignment or sublease, Tenant shall deliver to Landlord an assumption agreement reasonably acceptable to Landlord executed by Tenant and the transferee, together with a certificate of insurance evidencing the transferee's compliance with the insurance requirements of Tenant under this Lease. Tenant agrees to reimburse Landlord for reasonable administrative and attorneys' fees in connection with the processing and documentation of any Transfer for which Landlord's consent is requested.

19. **Subordination; Mortgagee's Rights**.

(a) Tenant accepts this Lease subject and subordinate to any Mortgage now or in the future affecting the Premises, provided that Tenant's right of possession of the Premises shall not be disturbed by the Mortgagee so long as no Event of Default exists. This clause shall be self-operative, but within 10 business days after request, Tenant shall execute and deliver any further instruments confirming the subordination of this Lease and any further instruments of attornment that the Mortgagee may reasonably request. However, any Mortgagee may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by giving notice to Tenant, and this Lease shall then be deemed prior to such Mortgage without regard to their respective dates of execution and delivery; provided that such subordination shall not affect any Mortgagee's rights with respect to condemnation awards, casualty insurance proceeds, intervening liens or any right which shall arise between the recording of such Mortgage and the execution of this Lease.

(b) No Mortgagee shall be (i) liable for any act or omission of a prior landlord, (ii) subject to any rental offsets or defenses against a prior landlord, (iii) bound by any amendment of this Lease made without its written consent, or (iv) bound by payment of Monthly Rent more than one month in advance or liable for any other funds paid by Tenant to Landlord unless such funds actually have been transferred to the Mortgagee by Landlord.

(c) The provisions of Sections 15 and 16 above notwithstanding, Landlord's obligation to restore the Premises after a casualty or condemnation shall be subject to the consent and prior rights of any Mortgagee.

20. **Tenant's Certificate: Financial Information.** Within 10 business days after Landlord's request from time to time, (a) Tenant shall execute, acknowledge and deliver to Landlord, for the benefit of Landlord, Mortgagee, any prospective Mortgagee, and any prospective purchaser of Landlord's interest in the Property, an estoppel certificate in the form of attached **Exhibit "D"** (or other form reasonably requested by Landlord), modified as necessary to accurately state the facts represented, and (b) Tenant shall furnish to Landlord, Landlord's Mortgagee, prospective Mortgagee and/or prospective purchaser reasonably requested financial information. Landlord agrees to keep any private financial information provided to it by Tenant confidential (except for disclosure to the parties listed in this subsection (b)), and any Mortgagee, prospective Mortgagee and/or prospective purchaser

with which Landlord shares such information shall be informed by Landlord of the obligation to keep such information confidential.

21. Surrender.

(a) On the date on which this Lease expires or terminates, Tenant shall return possession of the Premises to Landlord in good condition, except for ordinary wear and tear, and except for casualty damage or other conditions that Tenant is not required to remedy under this Lease. Prior to the expiration or termination of this Lease, Tenant shall remove from the Property all furniture, trade fixtures, equipment, wiring and cabling (unless Landlord directs Tenant otherwise), and all other personal property installed by Tenant or its assignees or subtenants. Tenant shall repair any damage resulting from such removal and shall restore the Property to the order and condition required by the Lease. Any of Tenant's personal property not removed as required shall be deemed abandoned, and Landlord, at Tenant's expense, may remove, store, sell or otherwise dispose of such property in such manner as Landlord may see fit and/or Landlord may retain such property or sale proceeds as its property. If Tenant does not return possession of the Premises to Landlord in the condition required under this Lease, Tenant shall pay Landlord all resulting damages Landlord may suffer.

(b) If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant's occupancy of the Premises shall be that of a tenancy at will. Tenant's occupancy during any holdover period shall otherwise be subject to the provisions of this Lease (unless clearly inapplicable), except that the Monthly Rent shall be double the Monthly Rent payable for the last full month immediately preceding the holdover. No holdover or payment by Tenant after the expiration or termination of this Lease shall operate to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. Any provision in this Lease to the contrary notwithstanding, any holdover by Tenant shall constitute a default on the part of Tenant under this Lease entitling Landlord to exercise, without obligation to provide Tenant any notice or cure period, all of the remedies available to Landlord in the event of a Tenant default, and Tenant shall be liable for all damages, including consequential damages, that Landlord suffers as a result of the holdover.

22. Defaults - Remedies.

(a) It shall be an Event of Default:

(i) If Tenant does not pay in full when due any and all Rent and, except as provided in Section 22(d) below, Tenant fails to cure such default on or before the date that is 5 days after Landlord gives Tenant notice of default;

(ii) If Tenant enters into or permits any Transfer in violation of Section 18 above;

(iii) (iii) If Tenant fails to observe and perform or otherwise breaches any other provision of this Lease, and, except as provided in Section 22(d) below, Tenant fails to cure the default on or before the date that is 10 days after Landlord gives Tenant notice of default; provided, however, if the default cannot reasonably be cured within 10 days following landlord's giving of notice, Tenant shall be afforded additional reasonable time (not to exceed 30 days following Landlord's notice) to cure the default if Tenant begins to cure the default within 10 days following Landlord's notice and continues diligently in good faith to completely cure the default; or

(iv) If Tenant becomes insolvent or makes a general assignment for the benefit of creditors or offers a settlement to creditors, or if a petition in bankruptcy or for reorganization or for an arrangement with creditors under any federal or state law is filed by or against Tenant, or a bill in equity or other proceeding for the appointment of a receiver for any of Tenant's assets is commenced, or if any of the real or personal property of Tenant shall be levied upon; provided that any proceeding brought by anyone other than Landlord or Tenant under any bankruptcy, insolvency, receivership or similar law shall not constitute an Event of Default until such proceeding has continued unstayed for more than 60 consecutive days.

(b) If an Event of Default occurs, Landlord shall have the following rights and remedies:

(i) Landlord, without any obligation to do so, may elect to cure the default on behalf of Tenant, in which event Tenant shall reimburse Landlord upon demand for any sums paid or costs incurred by Landlord (together with an administrative fee of 15% thereof) in curing the default, plus interest at the Interest Rate from the respective dates of Landlord's incurring such costs, which sums and costs together with interest at the Interest Rate shall be deemed additional Rent;

(ii) To enter and repossess the Premises, by breaking open locked doors if necessary, and remove all persons and all or any property, by action at law or otherwise, without being liable for prosecution or damages. Landlord may, at Landlord's option, make Alterations and repairs in order to relet the Premises and relet all or any part(s) of the Premises for Tenant's account.

Tenant agrees to pay to Landlord on demand any deficiency (taking into account all costs reasonably incurred by Landlord) that may arise by reason of such reletting. In the event of reletting without termination of this Lease, Landlord may at any time thereafter elect to terminate this Lease for such previous breach;

(iii) To accelerate the whole or any part of the Rent for the balance of the Term, discounted to present value, and declare the same to be immediately due and payable; and

(iv) To terminate this Lease and the Term without any right on the part of Tenant to save the forfeiture by payment of any sum due or by other performance of any condition, term or covenant broken.

(c) In addition to the rights and remedies provided is subsection (a) above, if an Event of Default occurs relating to Tenant's non-payment of the Rent due hereunder, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and to confess judgment against Tenant, and in favor of Landlord, for all Rent due hereunder plus costs and an attorney's collection commission equal to the greater of 10% of all Rent or $1,000, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **TENANT UNDERSTANDS THAT THE FOREGOING PERMITS LANDLORD TO ENTER A JUDGMENT AGAINST TENANT WITHOUT PRIOR NOTICE OR HEARING. ONCE SUCH A JUDGMENT HAS BEEN ENTERED AGAINST TENANT, ONE OR MORE WRITS OF EXECUTION OR WRITS OF GARNISHMENT MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING, AND, PURSUANT TO SUCH WRITS, LANDLORD MAY CAUSE THE SHERIFF OF THE COUNTY IN WHICH ANY PROPERTY OF TENANT IS LOCATED TO SEIZE TENANT'S PROPERTY BY LEVY OR ATTACHMENT. IF THE JUDGMENT AGAINST TENANT REMAINS UNPAID AFTER SUCH LEVY OR ATTACHMENT, LANDLORD CAN CAUSE SUCH PROPERTY TO BE SOLD BY THE SHERIFF EXECUTING THE WRITS, OR, IF SUCH PROPERTY CONSISTS OF A DEBT OWED TO TENANT BY ANOTHER ENTITY, LANDLORD CAN CAUSE SUCH DEBT TO BE PAID DIRECTLY TO LANDLORD IN AN AMOUNT UP TO BUT NOT TO EXCEED THE AMOUNT OF THE JUDGMENT OBTAINED BY LANDLORD AGAINST TENANT, PLUS THE COSTS OF THE EXECUTION.** Such authority shall not be exhausted by one exercise thereof, but judgment may be confessed as aforesaid from time to time as often as any of the Rent and other sums shall fall due or be in arrears, and such powers may be exercised as well after the expiration of the initial term of this Lease and during any extended or renewal term of this Lease and after the expiration of any extended or renewal term of this Lease.

(d) Any provision to the contrary in this Section 22 notwithstanding, (i) Landlord shall not be required to give Tenant the notice and opportunity to cure provided in Section 22(a) above more than twice in any consecutive 12-month period, and thereafter Landlord may declare an Event of Default without affording Tenant any of the notice and cure rights provided under this Lease, and (ii) Landlord shall not be required to give such notice prior to exercising its rights if Tenant fails to comply with the provisions of Sections 13, 20 or 27 or in an emergency.

(e) No waiver by Landlord of any breach by Tenant shall be a waiver of any subsequent breach, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be a waiver by Landlord of any rights and remedies with respect to such or any subsequent breach. Efforts by Landlord to mitigate the damages caused by Tenant's default shall not constitute a waiver of Landlord's right to recover damages hereunder. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy provided herein or by law, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the total amount due Landlord under this Lease shall be deemed to be other than on account, nor shall any endorsement or statement on any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of Rent due, or Landlord's right to pursue any other available remedy.

(f) If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, costs of suit, investigation expenses and discovery costs, including costs of appeal.

(g) Landlord and Tenant waive the right to a trial by jury in any action or proceeding based upon or related to, the subject matter of this Lease.

(h) When this Lease and the Term or any extension thereof shall have been terminated on account of any Event of Default by Tenant, or when the Term or any extension thereof shall have expired, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and for anyone claiming by, through or under Tenant and to confess judgment against all such parties, and in favor of Landlord, in ejectment and for the recovery of possession of the Premises, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **AFTER THE ENTRY OF ANY SUCH**

JUDGMENT A WRIT OF POSSESSION MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING. If for any reason after such action shall have been commenced it shall be determined and possession of the Premises remain in or be restored to Tenant, Landlord shall have the right for the same Event of Default and upon any subsequent Event of Default or upon the termination of this Lease or Tenant's right of possession as herein set forth, to again confess judgment as herein provided, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant.

Initials on behalf of Tenant: AK

(i) The warrants to confess judgment set forth above shall continue in full force and effect and be unaffected by amendments to this Lease or other agreements between Landlord and Tenant even if any such amendments or other agreements increase Tenant's obligations or expand the size of the Premises.

(j) TENANT EXPRESSLY AND ABSOLUTELY KNOWINGLY AND EXPRESSLY WAIVES AND RELEASES (i) ANY RIGHT, INCLUDING, WITHOUT LIMITATION, UNDER ANY APPLICABLE STATUTE, WHICH TENANT MAY HAVE TO RECEIVE A NOTICE TO QUIT PRIOR TO LANDLORD COMMENCING AN ACTION FOR REPOSSESSION OF THE PREMISES AND (ii) ANY RIGHT WHICH TENANT MAY HAVE TO NOTICE AND TO HEARING PRIOR TO A LEVY UPON OR ATTACHMENT OF TENANT'S PROPERTY OR THEREAFTER AND (iii) ANY PROCEDURAL ERRORS IN CONNECTION WITH THE ENTRY OF ANY SUCH JUDGMENT OR IN THE ISSUANCE OF ANY ONE OR MORE WRITS OF POSSESSION OR EXECUTION OR GARNISHMENT THEREON.

Initials on behalf of Tenant AK

23. Authority. (a) Tenant represents and warrants to Landlord that: (i) Tenant is duly formed, validly existing and in good standing under the laws of the state under which Tenant is organized, and qualified to do business in the state in which the Property is located, and (ii) the person(s) signing this Lease are duly authorized to execute and deliver this Lease on behalf of Tenant.

(b) Landlord represents and warrants to Tenant that: (i) Landlord is duly formed, validly existing and in good standing under the laws of the state under which Landlord is organized, and qualified to do business in the state in which the Property is located, and (ii) the person(s) signing this Lease are duly authorized to execute and deliver this Lease on behalf of Landlord.

24. Liability of Landlord. The word **"Landlord"** in this Lease includes the Landlord executing this Lease as well as its successors and assigns, each of which shall have the same rights, remedies, powers, authorities and privileges as it would have had it originally signed this Lease as Landlord. Any such person or entity, whether or not named in this Lease, shall have no liability under this Lease after it ceases to hold title to the Premises except for obligations already accrued (and, as to any unapplied portion of Tenant's Security Deposit, Landlord shall be relieved of all liability upon transfer of such portion to its successor in interest). Tenant shall look solely to Landlord's successor in interest for the performance of the covenants and obligations of the Landlord hereunder which subsequently accrue. Landlord shall not be deemed to be in default under this Lease unless Tenant gives Landlord notice specifying the default and Landlord fails to cure the default within a reasonable period following Tenant's notice. In no event shall Landlord be liable to Tenant for any loss of business or profits of Tenant or for consequential, punitive or special damages of any kind. Neither Landlord nor any principal of Landlord nor any owner of the Property, whether disclosed or undisclosed, shall have any personal liability with respect to any of the provisions of this Lease or the Premises; Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of any claim by Tenant against Landlord.

25. Miscellaneous.

(a) The captions in this Lease are for convenience only, are not a part of this Lease and do not in any way define, limit, describe or amplify the terms of this Lease.

(b) This Lease (including all exhibits and riders attached hereto) represents the entire agreement between the parties hereto and there are no collateral or oral agreements or understandings between Landlord and Tenant with respect to the Premises or the Property. No rights, easements or licenses are acquired in the Property or any land adjacent to the Property by Tenant by implication or otherwise except as expressly set forth in this Lease. This Lease shall not be modified in any manner except by an instrument in writing executed by the parties. The masculine (or neuter) pronoun and the singular number shall include the masculine, feminine and neuter genders and the singular and plural number. The word "including" followed by any specific item(s) is deemed to refer to examples rather than to be words of limitation. The word "person" includes a natural person, a partnership, a corporation, a limited liability company, an association and any other form of business association or entity. Both

parties having participated fully and equally in the negotiation and preparation of this Lease, this Lease shall not be more strictly construed, nor any ambiguities in this Lease resolved, against either Landlord or Tenant.

(c) Each covenant, agreement, obligation, term, condition or other provision contained in this Lease shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making the same, not dependent on any other provision of this Lease unless otherwise expressly provided. All of the terms and conditions set forth in this Lease shall apply throughout the Term unless otherwise expressly set forth herein.

(d) If any provisions of this Lease shall be declared unenforceable in any respect, such unenforceability shall not affect any other provision of this Lease, and each such provision shall be deemed to be modified, if possible, in such a manner as to render it enforceable and to preserve to the extent possible the intent of the parties as set forth herein. This Lease shall be construed and enforced in accordance with the laws of the state in which the Property is located.

(e) This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives and permitted successors and assigns. All persons liable for the obligations of Tenant under this Lease shall be jointly and severally liable for such obligations.

(f) Tenant shall not record this Lease or any memorandum without Landlord's prior consent.

26. **Notices.** Any notice, consent or other communication under this Lease shall be in writing and addressed to Landlord or Tenant at their respective addresses specified in Section 1 above (or to such other address as either may designate by notice to the other) with a copy to any Mortgagee or other party designated by Landlord. Each notice or other communication shall be deemed given if sent by prepaid overnight delivery service or by certified mail, return receipt requested, postage prepaid or in any other manner, with delivery in any case evidenced by a receipt, and shall be deemed to have been given on the day of actual delivery to the intended recipient or on the business day delivery is refused. The giving of notice by Landlord's attorneys, representatives and agents under this Section shall be deemed to be the acts of Landlord.

27. **Security Deposit.** At the time of signing this Lease, Tenant shall deposit with Landlord the Security Deposit (subject to reduction in accordance with Rider 2, Section 33) to be retained by Landlord as security for the faithful performance and observance by Tenant of the provisions of this Lease. Tenant shall not be entitled to any interest on the Security Deposit. Landlord shall have the right to commingle the Security Deposit with its other funds. Landlord may use the whole or any part of the Security Deposit for the payment of any amount as to which Tenant is in default or to compensate Landlord for any loss or damage it may suffer by reason of Tenant's default under this Lease. If Landlord uses all or any portion of the Security Deposit as herein provided, within 10 days after demand, Tenant shall pay Landlord cash in an amount equal to that portion of the Security Deposit used by Landlord. If Tenant complies fully and faithfully with all of the provisions of this Lease, the Security Deposit shall be returned to Tenant after the Expiration Date and surrender of the Premises to Landlord.

[Remainder of page intentionally left blank]

Landlord and Tenant have executed this Lease on the respective date(s) set forth below.

Landlord:

LIBERTY PROPERTY LIMITED PARTNERSHIP

By: Liberty Property Trust, Sole General Partner

By: /s/ James J. Mazzarelli, Jr.
Name: James J. Mazzarelli, Jr.
Title: Sr. Vice President/Regional Director

Date Signed:

1/31/13

Date Signed:

1/31/13

Tenant:

Attest/Witness

TELA BIO, INC.

/s/ Francis M. Conway
Name: Francis M. Conway
Title: Vice President - Finance

By: /s/ Antony Koblish
Name: Antony Koblish
Title: President & CEO

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Rider 1 to Lease Agreement

(Multi-Tenant Industrial)

ADDITIONAL DEFINITIONS

"ADA" means the Americans With Disabilities Act of 1990 (42 U.S.C. § 1201 et seq.), as amended and supplemented from time to time.

"Affiliate" means (i) any entity controlling, controlled by, or under common control of, Tenant, (ii) any successor to Tenant by merger, consolidation or reorganization, and (iii) any purchaser of all or substantially all of the assets or equity interest of Tenant as a going concern.

"Agents" of a party means such party's employees, agents, representatives, contractors, licensees or invitees.

"Alteration" means any addition, alteration or improvement to the Premises or Property, as the case may be.

"Building Rules" means the rules and regulations attached to this Lease as **Exhibit "B"** as they may be amended from time to time (provided that such rules and regulations shall apply uniformly to all tenants of the Building and shall not materially adversely affect Tenant's rights under this Lease). In the event that any provision set forth in such rules and regulations conflicts with any provision herein, the provisions of this Lease shall govern.

"Building Systems" means any electrical, mechanical, structural, plumbing, heating, ventilating, air conditioning, sprinkler, life safety or security systems serving the Building.

"Common Areas" means all areas and facilities as provided by Landlord from time to time for the use or enjoyment of all tenants in the Building or Property, including, if applicable, driveways, sidewalks, parking, loading and landscaped areas.

"Environmental Laws" means all present or future federal, state or local laws, ordinances, rules or regulations (including the rules and regulations of the federal Environmental Protection Agency and comparable state agency) relating to the protection of human health or the environment.

"Event of Default" means a default described in Section 22(a) of this Lease.

"Hazardous Materials" means pollutants, contaminants, toxic or hazardous wastes or other materials the removal of which is required or the use, treatment, storage or disposal of which is regulated, restricted, or prohibited by any Environmental Law.

"Interest Rate" means interest at the rate of 1 ½% per month.

"Land" means the lot or plot of land on which the Building is situated or the portion thereof allocated by Landlord to the Building.

"Laws" means all laws, ordinances, rules, orders, regulations, guidelines and other requirements of federal, state or local governmental authorities or of any private association or contained in any restrictive covenants or other declarations or agreements, now or subsequently pertaining to the Property or the use and occupation of the Property.

"Lease Year" means the period from the Commencement Date through the succeeding 12 full calendar months (including for the first Lease Year any partial month from the Commencement Date until the first day of the first full calendar month) and each successive 12-month period thereafter during the Term.

"Maintain" means to provide such maintenance, repair and, to the extent necessary and appropriate, replacement, as may be needed to keep the subject property in good condition and repair. Maintenance also includes utilizing such Building or Building Systems-performance assessment tools or optimizing practices that Landlord in its discretion reasonably deems necessary or appropriate for planning, designing, installing, testing, operating and maintaining the Building, Building Systems and Common Areas in a sustainable, energy efficient manner and providing a safe and comfortable work environment, with a view toward achieving improved overall performance and minimizing impact on the environment.

“Monthly Rent” means the monthly installment of Minimum Annual Rent plus the monthly installment of estimated Annual Operating Expenses payable by Tenant under this Lease.

“Mortgage” means any mortgage, deed of trust or other lien or encumbrance on Landlord’s interest in the Property or any portion thereof, including without limitation any ground or master lease if Landlord’s interest is or becomes a leasehold estate.

“Mortgagee” means the holder of any Mortgage, including any ground or master lessor if Landlord’s interest is or becomes a leasehold estate.

“Operating Expenses” means all costs, fees, charges and expenses incurred or charged by Landlord in connection with the ownership, operation, maintenance and repair of, and services provided to, the Property, including, but not limited to, (i) the charges at standard retail rates for any utilities provided by Landlord pursuant to Section 7 of this Lease, (ii) the cost of insurance carried by Landlord pursuant to Section 8 of this Lease together with the cost of any deductible paid by Landlord in connection with an insured loss, (iii) Landlord’s cost to Maintain the Property, subject to the provisions of Section 9 of this Lease, (iv) the cost of trash and recyclables collection, (v) to the extent not otherwise payable by Tenant pursuant to Section 5 of this Lease, all levies, taxes (including real estate taxes, sales taxes and gross receipt taxes), assessments, liens, license and permit fees, together with the reasonable cost of contesting any of the foregoing, which are applicable to the Term, and which are imposed by any authority or under any Law, or pursuant to any recorded covenants or agreements, upon or with respect to the Property, or any improvements thereto, or directly upon this Lease or the Rent or upon amounts payable by any subtenants or other occupants of the Premises, or against Landlord because of Landlord’s estate or interest in the Property, (vi) the annual amortization (over their estimated economic useful life or payback period, whichever is shorter) of the costs (including reasonable financing charges) of capital improvements or replacements, (vii) a management and administrative fee, and (viii) costs to process the certification or re-certification of the Building pursuant to any applicable environmental or energy rating/bench marking system (such as Energy Star or LEED) including applying, reporting, and tracking costs and related reasonable consultant’s fees associated therewith. The foregoing notwithstanding, Operating Expenses will not include: (i) depreciation on the Building, (ii) financing and refinancing costs (except as provided above), interest on debt or amortization payments on any mortgage, or rental under any ground or underlying lease, (iii) leasing commissions, advertising expenses, tenant improvements or other costs directly related to the leasing of the Property, or (iv) income, excess profits or corporate capital stock tax imposed or assessed upon Landlord, unless such tax or any similar tax is levied or assessed in lieu of all or any part of any taxes includable in Operating Expenses above. If Landlord elects to prepay real estate taxes during any discount period, Landlord shall be entitled to the benefit of any such prepayment. Landlord shall have the right to directly perform (by itself or through an affiliate) any services provided under this Lease provided that the Landlord’s charges included in Operating Expenses for any such services shall not exceed competitive market rates for comparable services.

“Property” means the Land, the Building, the Common Areas, and all appurtenances to them.

“Rent” means the Minimum Annual Rent, Annual Operating Expenses and any other amounts payable by Tenant to Landlord under this Lease.

“Taken” or “Taking” means acquisition by a public authority having the power of eminent domain by condemnation or conveyance in lieu of condemnation.

“Tenant’s Share” means the percentage obtained by dividing the rentable square feet of the Premises by the rentable square feet of the Building, as set forth in Section 1 of this Lease.

“Transfer” means (i) any assignment, transfer, pledge or other encumbrance of all or a portion of Tenant’s interest in this Lease, (ii) any sublease, license or concession of all or a portion of Tenant’s interest in the Premises, or (iii) any transfer of a controlling interest in Tenant.

Rider 2 to Lease Agreement

28. Landlord's Work. The Premises is leased to Tenant in its "as is" condition, provided that Landlord, at Landlord's cost, will: (i) provide new 1-hour wall to deck to separate the Premises from the adjacent Suite 20; (ii) upgrade existing demising wall to one hour wall per code; (iii) infill doorway to separate tenant spaces from utility area; (iv) patch/repair grid and tile at demising wall separation; (v) paint walls affected only by separation of the Premises from Suite 20; and (vi) provide vinyl base at new construction of partitions (collectively, the "Landlord Work"). To the best of Landlord's knowledge, all state and local permits required for the Landlord Work have been obtained. Landlord will be fully responsible to assure that the Landlord Work is satisfactorily completed and approved by appropriate state and local government permitting authorities.

29. Tenant Improvements; Tenant Allowance.

(a) Construction of **Tenant Improvements.** Tenant intends to make improvements to the Premises (the "Tenant Improvements"). Tenant will have plans for improvements to the Premises designed and approved in accordance with Section 29(b) and constructed by Tenant in accordance with Section 29(c). Landlord shall advise Tenant during the planning and design process as to which Tenant Improvements, if any, must be removed at the expiration of the Term of this Lease.

(b) Tenant Improvement Plans. Specifications and Plans for the Tenant Improvements shall be prepared by Tenant's architect, which architect shall be subject to the approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed. The plans will be prepared in sufficient detail to permit Tenant or Landlord to construct the Tenant Improvements, and shall include Landlord's standard specifications and finishes to the extent supplied by Landlord to Tenant. The plans shall be prepared in accordance with applicable laws and code requirements. Landlord shall not unreasonably withhold, condition or delay its approval of the plans for the Tenant Improvements. Upon approval by Landlord, the plans for the Tenant Improvements shall become final and shall not be changed without Landlord's further approval, which shall not be unreasonably withheld, conditioned or delayed (as finally approved, the "Tenant Improvement Plans").

(c) Completion by **Tenant.** Tenant shall complete the Tenant Improvements to the Premises in accordance with the Tenant Improvement Plans and applicable provisions of the Lease, including but not limited to the provision of insurance, filing of mechanic lien waivers, and delivery of permits to Landlord. The contractors selected by Tenant for bidding on the Tenant Improvements shall be subject to the approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

(d) Construction Standards. All construction shall be done in a good and workmanlike manner and shall comply at the time of completion with all applicable laws and requirements of the governmental authorities having jurisdiction. As built plans shall be provided to Landlord at Substantial Completion of the work. Tenant shall provide a certificate of occupancy, when required by the governing municipality, to Landlord promptly upon Substantial Completion of the work. "Substantial Completion" means that a certificate of occupancy (if required by the applicable governmental agency) has been issued for the Premises and the work has been completed as set forth above, subject only to the completion of punch list items of work; provided, however, if the date of Substantial Completion is delayed by Tenant the Term shall commence as if the Premises were substantially complete on such' earlier date as reasonably determined by Landlord and correspond to the number of days of delay caused by Tenant.

(e) Tenant Allowance. Except as otherwise set forth in the Lease, Tenant shall pay the costs, expenses and fees incurred for the construction of the Tenant Improvements and preparing the Premises for Tenant's use and occupancy, including without limitation (i) architectural, engineering and design costs, (ii) the cost charged to Tenant by the general contractor and all subcontractors for performing such construction, (iii) project and construction management fees, (iv) construction permit fees, (v) costs of built-in furniture, (vi) mechanical and structural engineering fees, (vii) demolition costs, and (viii) wiring and cabling for telecommunications equipment (together, the "Tenant Improvement Costs"); provided, however, that Landlord agrees to provide Tenant with an allowance equal to the lesser of the Tenant's Improvement Costs or One Hundred Fourteen Thousand Six Hundred Dollars ($114,600) (the "Tenant Allowance"). Upon completion of the Tenant Improvements by Tenant, Tenant shall promptly pay all Tenant Improvement Costs, and shall submit a one-time group of invoices to Landlord for reimbursement of Tenant Improvement Costs, certified by the Tenant's architect (if applicable), along with lien waivers (if applicable), proof of payment, as-built plans and Tenant's certificate of occupancy, when required by the governing municipality.

30. **Space Planning Allowance.** Notwithstanding the foregoing Section 29, and separate and distinct from the Tenant Allowance, Landlord shall provide to Tenant a space planning allowance in the amount of up to Five Thousand Seven Hundred Thirty Dollars ($5,730.00) (the "Planning Allowance") for purposes of reimbursing Tenant for the cost of preparing the Tenant Improvement Plans. Upon Landlord's receipt from Tenant of the Tenant Improvement Plans in hard copy and CAD format and upon Landlord's receipt of an invoice from Tenant's planner for the preparation of the Tenant Improvement Plans, Landlord shall promptly pay to Tenant's planner the lesser of the sum of such invoice or the Planning Allowance. In the event that the planning invoice exceeds the Planning Allowance, Tenant shall be solely responsible for any additional payment due to the planner.

31. **Early Access.** Tenant and its authorized agents, employees and contractors shall, at all reasonable times on or after the execution date of this Lease and delivery to Landlord of evidence of insurance required pursuant to Section 8 of this Lease, prior to the Commencement Date have the right, at Tenant's own risk, expense and responsibility, to access the Premises for purposes of construction of the Tenant Improvements, installing Tenant's fiber, phone and data, and installing furniture and other equipment. If Tenant accesses the Premises prior to the Commencement Date, Tenant shall abide by the terms and conditions of this Lease including payment of all utility costs, as if the Term of this Lease had already commenced, except that Tenant shall have no obligation to pay the Rent or any portion thereof until the Commencement Date or such earlier date as Tenant commences business operations at the Premises.

Landlord's approval: **/s/ James J. Mazzarolli, Jr.**
Senior Vice President, Regional Director

32. **Extension Option.** Provided that Landlord has not given Tenant notice of a material non-monetary default or any monetary default more than two '(2) tin Vs in the 12-month period immediately preceding the Expiration Date, that there then exists no Event of Default by Tenant under this Lease nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and that Tenant and Tenant's Affiliates occupy all of the Premises, Tenant shall have the right and option ("Extension Option") to extend the Term for one (1) additional period of five (5) years (the "Extension Term"), exercisable in the following manner. If Tenant is desirous of exercising the extension option under this Section, Tenant shall give Landlord prior written notice, at least nine (9) months in advance of the scheduled Expiration Date, of Tenant's intention to extend the Term ("Tenant's Extension Notice"); it being agreed that time is of the essence and that the Extension Option is personal to Tenant and is non-transferable to any assignee or sublessee or other party other than an Affiliate of Tenant. Promptly after receipt of Tenant's renewal notice, Landlord shall advise Tenant in writing of Landlord's reasonable, good faith determination of the market rental rate for the Premises based upon comparable spaces and comparable buildings with comparable landlords in the Great Valley Corporate Center sub-market. If Tenant accepts such determination in writing within fifteen (15) business days of delivery of Landlord's market rent notice, and Landlord and Tenant enter into a lease amendment, in form and substance mutually acceptable to Landlord and Tenant, within fifteen (15) business days of accepting Landlord's determination of the market rental rate in form and substance reasonably satisfactory to Landlord and Tenant stating the terms of the Lease extension as provided in this Section, the Lease extension shall be effective. If Tenant does not accept Landlord's determination of market rent within fifteen (15) business days, or does not enter into a lease amendment with Landlord within such additional fifteen (15) business days, the Lease Extension Option shall terminate, and the Expiration Date shall remain unchanged. Such extension shall be under the same terms and conditions as provided in this Lease except as follows:

(a) the Extension Term shall begin on the day following the Expiration Date, as such date may have been extended (the "Option Commencement Date"), and thereafter the Expiration Date shall be deemed to be five (5) years following the Option Commencement Date;

(b) all references to the Term in this Lease shall be deemed to mean the Term as extended pursuant to this Section;

(c) Tenant shall have no further option to extend the Term; and

(d) the Minimum Annual Rent payable by Tenant shall be the greater of the then market rate as reasonably determined by Landlord and accepted by Tenant in accordance with this Section, or the Minimum Annual Rent for the immediately prior year.

33. **Right of First Offer.** The space in the Building adjacent to the Premises consisting of approximately 8,613 rentable square feet known as Suite 20, as more particularly shown on **Exhibit "E"** attached hereto (the "RFO Space"), is on the date of this Lease leased to another tenant (the "Current Tenant"). If, at the termination of the lease to the Current Tenant

(including option terms and any additional terms that may be negotiated between Landlord and the Current Tenant), Landlord intends to lease the RFO Space, and provided that Landlord has not given Tenant notice of a material non-monetary Event of Default or any monetary Event of Default more than two (2) times in the preceding 12-month period, that there then exists no Event of Default by Tenant under this Lease nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and that Tenant and Tenant's Affiliates occupy all of the Premises, Tenant shall have the one time right of first offer ("RFO Option") to lease all (but not less than all) of the RFO Space for a term of not less than three (3) years (subject to subsection (d) below) and coterminous with the Term of this Lease, in the following manner:

(a) Landlord shall notify Tenant when the RFO Space first becomes available for lease by any party other than the Current Tenant and Landlord intends to offer the RFO Space to lease, advising Tenant in writing of Landlord's determination of market rental rate and other terms to be applicable to the lease of the RFO Space, for a term coterminous with the Term of this Lease ("Landlord's Notice of RFO Terms"). Subject to the terms of the Current Tenant's lease, upon receipt of Landlord's Notice of RFO Term, Tenant may upon written request to Landlord and provided that Landlord accompanies Tenant, view the RFO Space. Within twenty (20) business days following Landlord's delivery to Tenant of Landlord's Notice of RFO Terms, Tenant shall notify Landlord in writing that Tenant either (1) accepts Landlord's determination of market rental rate for the RFO Space, or (2) disagrees with Landlord's determination and elects not to lease the RFO Space. If Tenant exercises the RFO Option, the RFO Space will be deemed a part of the Premises under this Lease whether or not a lease amendment is signed, but upon request of Landlord, each party shall execute an amendment to this Lease incorporating such terms within thirty (30) days of the other party's request.

(b) If Tenant does not issue the Tenant Response within such twenty (20) business days or issues the Tenant Response and elects not to lease the RFO Space, then this right of first offer to lease the RFO Space will lapse and be of no further force or effect and Landlord shall have the right to lease all or part of the RFO Space to any other party at any time on any terms and conditions acceptable to Landlord.

(c) The RFO Option is a one time right if and when any RFO Space becomes available, is personal to Tenant and is non-transferable to any assignee or sublessee or other party other than Tenant's Affiliates. This right of first offer shall terminate upon the first offer of any RFO Space to Tenant.

(d) Notwithstanding the foregoing, in the event that Tenant desires to exercise its RFO Option during the last three (3) years of the Term, Tenant must simultaneously exercise its Extension Option (as set forth in Section 32) whereby the Term of the Lease shall be extended as set forth in Section 32. Tenant's occupancy of the RFO Space shall be coterminous with the Term of the Lease, as extended pursuant to Section 32.

Landlord's Approval Required: **/s/ James J. Mazzarolli, Jr.**
Senior Vice President, Regional Director

34. **Security Deposit; Letter of Credit.** As security for the performance by Tenant of its obligations under this Lease, Tenant shall obtain and deliver to Landlord upon execution of this Lease a letter of credit with a surety and in a form acceptable to Landlord in the original face amount of $116,000. The letter of credit shall be considered the "Security Deposit" under the Lease for the Term; provided at any time during the Term Tenant may replace the letter of credit with cash in an amount then required to be on deposit hereunder. The amount so secured shall immediately become payable to Landlord upon the occurrence of an Event of Default and failure to cure same in the time and manner required by the Lease after written demand made thereon by Landlord. The letter of credit to be in form and substance reasonably satisfactory to Landlord and meeting the criteria of **Exhibit "F"** attached hereto and made a part hereof. The Security Deposit (whether in the form of a letter of credit or cash) shall initially be in the amount of $116,000, and then, provided that no Event of Default beyond any applicable cure period by Tenant under this Lease nor any event that with the giving of notice and/or the passage of time would constitute a default, the amount of the Security Deposit will be reduced by Tenant on the first day of the fifteenth (15th) full month of the Term to the amount of $58,000 and again, provided that no Event of Default beyond any applicable cure period by Tenant under this Lease nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default then exists, on the first day of the twenty-seventh (27th) full month of the Term to an amount equal to two (2) months of Monthly Rent (using the Minimum Annual Rent rate and Operating Expenses paid for the second year of the Lease to calculate such Monthly Rent amount). In the event the Security Deposit is in the form of cash on the applicable reduction date, and the conditions to reduction are satisfied, Landlord will return the reduction amount to Tenant within five (5) business days of Tenant's demand made on or after the applicable reduction date.

35. **Generator**.

(a) Without representation or warranty from Landlord as to the condition or functionality of the generator, Tenant shall be permitted to use, on an exclusive basis, an existing generator located adjacent to the Premises at no additional charge. The Generator to be provided is located behind Suite 18 at 1 Great Valley Parkway, Malvern Pa, 19355 and is identified as a MTU Onsite Energy Generation Model #60PJC6DT3. In the event that Tenant elects to use the existing generator, subject to Tenant's right to replace such generator at Tenant's expense in accordance with subsection (d), Tenant shall operate, maintain and repair the generator in substantially the same condition as delivered to Tenant and in accordance with applicable laws throughout the term of the Lease at Tenant's sole cost and expense. Tenant shall minimize the noise disturbance to other tenants of the Building, including, but not limited to, scheduling testing during non-business hours. The generator shall remain the property of Landlord and shall not be removed by Tenant.

(b) The costs associated with the relocation and installation of any conduit, wires, cables, switch panels or other appurtenances associated with the existing generator shall be borne exclusively by Tenant. Additionally, Tenant, at its sole cost and expense shall repair any damage to the Premises or the Property resulting from such relocation and installation.

(c) At Tenant's sole cost, Tenant will enter into a maintenance service contract for the generator on terms meeting reasonable specifications provided to Tenant by Landlord from time to time, and subject to Landlord's approval, such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall provide a copy of its then in effect maintenance contract to Landlord prior to Tenant's use of the generator.

(d) The costs associated with the maintenance, repair and replacement of the generator shall be borne exclusively by Tenant and shall not be considered part of Landlord's Operating Expenses. In the event that the generator is replaced by Tenant (at Tenant's sole cost and expense) during the Term, such new generator shall be the property of Tenant and may, at Tenant's option, be removed at the expiration or sooner termination of the Term or such other time as Tenant desires; provided that Tenant, at its sole cost and expense shall repair any damage to the Premises or the Property resulting from such removal and shall return the Premises and the Property to the condition as they existed prior to the installation of the generator.

36. **Access.** Tenant shall have access to the Premises, the Building and the parking facility, twenty-four (24) hours per day, seven (7) days per week and three hundred sixty-five days (365) days per year.

37. **Signs.** Landlord, at Landlord's sole cost and expense, shall provide Tenant with building standard signage on the Building's existing monument sign and at the entrance and exit doors to the Premises.

38. **Parking.** Tenant's Share of parking spaces available at the Building shall be based upon a ratio of 3.5 spaces per 1,000 square feet of rentable area of the Premises.

39. **HVAC.** Tenant shall, at its cost (subject to the HVAC Allowance as set forth in this Section) and upon receipt of Landlord's written consent (not to be unreasonably withheld), be permitted to replace existing HVAC units and upgrade and/or add additional HVAC units to the Building provided that such installation or replacement is done in conformance with all Laws, specifications and Landlord approved plans. With respect to all HVAC units that are added by Tenant, Tenant shall, at its cost, be solely responsible for all preventative maintenance contracts, repairs and replacement. Tenant shall enter into a maintenance service contract with such third party provider as Landlord reasonably approves, with respect to the HVAC system serving the Premises and Tenant shall provide a copy of such service contract to Landlord prior to the Commencement Date. The service contract shall be on terms approved by Landlord which shall include, but not be limited to, those terms set forth on **Exhibit "G"** attached hereto. Notwithstanding the foregoing, in the event that Tenant elects to repair, upgrade, add or replace any HVAC unit, Tenant shall pay the costs, expenses and fees incurred for such replacement (the "HVAC Replacement Costs"); provided, however, that Landlord agrees to provide Tenant with an allowance equal to the lesser of the HVAC Replacement Costs or Sixty Two Thousand One Hundred Thirteen and 20/100 Dollars ($62,113.20) (the "HVAC Allowance"). Upon completion of the HVAC replacement by Tenant, Tenant shall promptly pay all HVAC Replacement Costs, and shall submit a one-time group of invoices to Landlord for reimbursement of HVAC Replacement Costs, along with lien waivers (if applicable) and proof of payment.

40. **Broker.** The parties agree that they have dealt with no brokers in connection with this Lease, except for CBRE. whose commission shall be paid by Landlord pursuant to separate agreement. Landlord agrees to indemnify Tenant and hold Tenant harmless from the commission payable to CBRE and each party agrees to indemnify and hold the other harmless from

any and all claims for commissions or fees in connection with the Premises and this Lease from any other real estate brokers or agents with whom they may have dealt.

41. **Landlord Waiver.** Landlord acknowledges that Tenant may from time to time seek to grant to a secured party ("Secured Party") a security interest in Tenant's equipment, machinery, furniture, fixtures, books and records and other personal property, whether now owned or hereafter acquired by Tenant, and located at any time on the Premises. At Landlord's option, Landlord may grant such waiver to the Secured Party provided that the Secured Party executes Landlord's standard form of Landlord Waiver agreement, attached hereto as **Exhibit "H"**. Notwithstanding the foregoing. Landlord shall not unreasonably withhold its consent to grant the aforementioned standard form waiver.

EXHIBIT “A”

All personal property of Tenant located at the Premises, including without limitation, all inventory, machinery, equipment, furniture and fixtures of Tenant, whether now owned or hereafter acquired and all substitutions and replacements thereof; provided that such property shall not include: (i) plumbing and electrical fixtures, heating, ventilation and air conditioning, wall and floor coverings, walls or ceilings and other fixtures not constituting trade fixtures which may be located at the Premises, or (ii) any intangible assets of Tenant or other assets not physically located within the Premises.

EXHIBIT "A"

PLAN SHOWING PREMISES

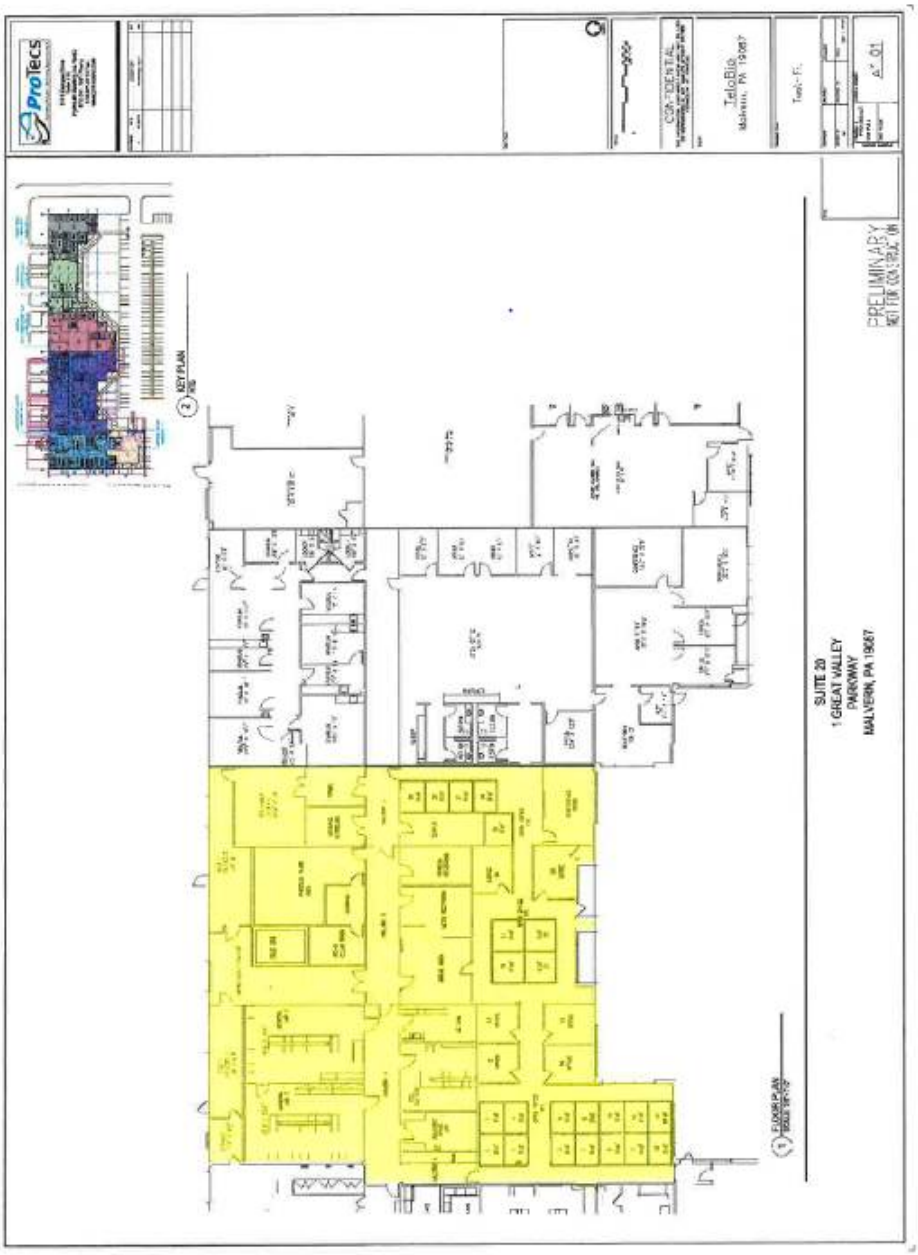

Exhibit 10.23

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made as of June 19, 2014, by and between **LIBERTY PROPERTY LIMITED PARTNERSHIP**, a Pennsylvania limited partnership ("Landlord") and **TELA BIO, INC,** a Delaware corporation ("Tenant").

BACKGROUND

A. Landlord and Tenant entered into a Lease Agreement dated January 31, 2013 (the "Lease"), for approximately 1 1,460 rentable square feet (the "Original Premises") in the Building located at 257-275 1 Great Valley Parkway, Great Valley Corporate Center, Malvern, Pennsylvania (the "Building"), as more fully described in the Lease.

B. The Expiration Date of the Lease is May 31, 2018.

C. Effective on August 1, 2014, Tenant desires to expand the area of the Original Premises by the addition of approximately 4,652 rentable square feet (the "Additional Premises"), being Suite 12 in the Building, as more particularly shown on **Exhibit "A"** attached hereto, and Landlord has agreed to the expansion and such other modifications as are set forth herein, subject to the provisions of this Amendment.

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and covenants contained herein and in the Lease, and intending to be legally bound hereby, agree that the Lease is amended as follows:

1. **Premises.** Effective on and after August 1, 2014 (the "Additional Premises Commencement Date"), Section 1(a) of the Lease defining **"Premises"** is amended to include the Additional Premises within the "Premises". As a result of such expansion, on the Additional Premises Commencement Date, the total square footage of the Premises shall be 16,112, and Tenant's Share as defined in Section 1(h) of the Lease shall be 26.47% (16,112 / 60,880).

2. **Additional Premises Term.** Tenant shall lease the Additional Premises from Landlord for a period of forty-six (46) months (the "Additional Premises Term") being coterminous with Tenant's occupancy of the Original Premises. The Additional Premises Term shall commence on the Additional Premises Commencement Date and terminate, subject to Tenant's Extension Option set forth in Section 32 of the Lease, on May 3 1, 2018, which date is the Expiration Date as set forth in the Lease.

3. **Minimum Annual Rent.** Effective on and after the Additional Premises Commencement Date, Tenant shall pay Minimum Annual Rent for the Additional Premises in accordance with the following chart:

Lease Period	RSF (4,652 rsf)	Annualized	Monthly
August 1, 2014-May 31, 2015	$ 10.60	$ 49,311.20	$ 4,109.27
June 1, 2015 - May 31, 2016	$ 10.85	$ 50,474.20	$ 4,206.18
June 1, 2016-May 31, 2017	$ 11.10	$ 51,637.20	$ 4,303.10
June 1, 2017-May 31, 2018	$ 11.35	$ 52,800.20	$ 4,400.02

4. **Annual Operating Expenses.** Tenant shall pay Annual Operating Expenses and monthly installments on account of estimated Annual Operating Expenses for the entire Premises (including the Additional Premises) based on Tenant's Share, as amended pursuant to Section 1 of this Amendment, which

shall be subject to reconciliation and adjustment as provided in Section 6 of the Lease. With respect to the Additional Premises only, Annual Operating Expenses for the Additional Premises for 2014 are estimated to be $22,283.08, payable in equal monthly installments of $1,856.92.

5. **Security Deposit.** Notwithstanding Section 34 of the Lease, prior to the Additional Premises Commencement Date, Tenant shall deposit the sum of Five Thousand Nine Hundred Sixty-Six and 19/100 ($5,966.19) (the "Additional Premises Security Deposit") to be held by Landlord as the security deposit for Tenant's occupancy of the Additional Premises. The Additional Premises Security Deposit shall be held by Landlord, together with the letter of credit as detailed in Section 34 of the Lease (the "Letter of Credit"), as security for Tenant's occupancy of the Premises. The Letter of Credit and the Additional Premises Security Deposit shall collectively be deemed the "Security Deposit" and shall be held under and subject to the terms of Section 27 of the Lease.

6. **Condition of Additional Premises.** Subject to Section 11 of this Amendment, the Additional Premises is leased to Tenant in its "AS IS" condition. Tenant may perform the Additional Premises Tenant Improvements as set forth in Section 7 below.

7. **Additional Premises Tenant Improvements.**

(a) **Construction of Tenant Improvements.** Tenant intends to make improvements to the Additional Premises. Tenant will have plans for improvements to the Additional Premises designed and approved in accordance with Section 7(b) of this Amendment (the "Additional Premises Tenant Improvements") and constructed in accordance with Section 7(c) of this Amendment.

(b) **Additional Premises Tenant Improvement Plans.** Tenant's improvement specifications and plans for the Additional Premises shall be prepared by Tenant's architect and finally approved by Landlord. The tenant improvement plans will be prepared in sufficient detail to permit Tenant or Landlord to construct the Additional Premises Tenant Improvements. The tenant improvement plans shall be prepared in accordance with applicable laws and code requirements. Landlord shall not unreasonably withhold, condition or delay its approval of the tenant improvement plans. Upon approval by Landlord, the tenant improvement plans shall become final and shall not be changed without Landlord's further approval, which shall not be unreasonably withheld, conditioned or delayed (as finally approved, the "Additional Premises Tenant Improvement Plans").

(c) **Completion by Tenant.** Tenant shall complete the Additional Premises Tenant Improvements to the Additional Premises in accordance with the Additional Premises Tenant Improvement Plans and applicable provisions of the Lease, including but not limited to the provision of insurance, filing of mechanic lien waivers, and delivery of permits to Landlord. The contractors selected by Tenant for bidding on the Additional Premises Tenant Improvements shall be subject to the approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

(d) **Construction Standards.** All construction shall be done in a good and workmanlike manner and shall comply at the time of completion with all applicable laws and requirements of the governmental authorities having jurisdiction. Tenant shall provide a certificate of occupancy to Landlord upon substantial completion of the work required by the Additional Premises Tenant Improvement Plans.

(e) **Additional Premises Tenant Improvement Costs.** Tenant shall, subject to Section 7(f) of this Amendment, pay the costs, expenses and fees incurred for the construction of the Additional Premises Tenant Improvements, including without limitation (i) the cost charged by the general contractor and all subcontractors for performing such construction, (ii) the cost to Landlord of performing directly any portion of such construction requested to be so performed by Tenant in writing, (iii) construction permit fees, (iv) costs of built-in furniture, and (v) other hard costs of construction including built-in shelving, ceiling tiles, sheetrock

ceilings, lighting replacement, installation of accent lighting and/or wall sconces, demolition of existing sheetrock partitions, painting, carpet and VCT tile, wallcovering, and replacement or modification of flooring (together, the "Additional Premises Tenant Improvement Costs"). Notwithstanding the foregoing, only at the written request of Tenant, Landlord shall manage the construction of the Additional Premises Tenant Improvements, in which case Landlord shall charge Tenant a construction management fee equal to 5% of the hard costs of construction with said amount being part of the "Additional Premises Tenant Improvement Costs."

(f) **Additional Premises Tenant Allowance.** Landlord shall provide an allowance to Tenant equal to the lesser of the Additional Premises Tenant Improvement Costs or $46,520.00 (the "Additional Premises Tenant Allowance"). After completion of the Additional Premises Tenant Improvements, Tenant shall promptly pay all Additional Premises Tenant Improvement Costs, and submit to Landlord the certificate of occupancy (if required), proof of payment of all vendors and lien releases satisfactory to Landlord, and an invoice for reimbursement of the Additional Premises Tenant Improvement Costs up to the limit of the Additional Premises Tenant Allowance.

8. **Space Planning Allowance.** Notwithstanding the foregoing Section 7, and separate and distinct from the Additional Premises Tenant Allowance, Landlord shall provide to Tenant a space planning allowance in the amount of up to $2,326.00 (the "Additional Premises Planning Allowance") for purposes of reimbursing Tenant for the actual cost of preparing the Additional Premises Tenant Improvement Plans (the "Additional Premises Design Costs"). Tenant shall promptly pay all Additional Premises Design Costs, and after completion of the Additional Premises Tenant Improvement Plans, shall submit to Landlord invoices satisfactory to Landlord for reimbursement of the Additional Premises Design Costs up to the limit of the Additional Premises Planning Allowance. In the event that the planning invoice exceeds the Additional Premises Planning Allowance, Tenant shall be solely responsible for any additional payment due to Tenant's consultants.

9. **Extension Option.** Effective on and after the Additional Premises Commencement Date, the Extension Option set forth in Section 32 of the Lease shall be applicable to the entire Premises (including both the Original Premises and the Additional Premises). Any exercise of the Extension Option by Tenant may be for either the Original Premises only, the Additional Premises only, or for the entire Premises, at Tenant's election.

10. **Relocation Expansion.**

(a) In the event Tenant requires at least 150% of the space that is leased by Tenant (including both the Additional Premises and the Original Premises but excluding any additional space that may be leased by Tenant in the future) at the end of the twenty-third (23rd) month of the Additional Premises Term and Tenant desires to relocate into larger space to accommodate its needs, provided that Landlord has not given Tenant notice of default more than two (2) times during the immediately preceding twelve (12) months, that there then exists no Event of Default by Tenant under this Lease nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and that Tenant and/or Tenant's Affiliates occupy all of the Premises, Tenant shall have the right to provide Landlord with written notice (the "Relocation Notice") of Tenant's need to relocate into a larger facility and stating the required size of such larger facility ("Replacement Space"), Tenant's desired term (which must be not less than five (5) years), and Tenant's desired relocation date. Tenant's right to issue a Relocation Notice may be exercised no earlier than the first day of the twenty-fourth (24th) full calendar month of the Additional Premises Term, although Landlord will use reasonable efforts to honor an earlier Relocation Notice to accommodate accelerated growth by Tenant. The Relocation Notice must specify the square footage required by Tenant for the Replacement Space, which must be at least one hundred fifty percent (150%) of the size of the Original Premises and the Additional Premises.

(b) Within thirty (30) days after Landlord receives such Relocation Notice, Landlord will present to Tenant a list of such spaces, if any, as Landlord may have available that meet Tenant's size requirement ("Proposed Spaces"), together with Landlord's determination of market rental rate for such Proposed Spaces and other key lease terms such as use, term and square footage. All Proposed Spaces shall be located in the Great Valley Corporate Center or within the Horsham, King of Prussia, West Chester, Exton or Malvern, Pennsylvania markets. The Proposed Spaces may be as much as one hundred ten percent (110%) or as little as ninety percent (90%) of the size specified in the Relocation Notice. Tenant may upon written request to Landlord and provided that Landlord accompanies Tenant, view the Proposed Spaces. Any such request to view Proposed Spaces shall be made by Tenant within fifteen (15) days after receipt of Landlord's list of Proposed Spaces, and Landlord shall use reasonable efforts to promptly accommodate Tenant's viewing requests.

(c) If Tenant fails to give notice to Landlord of Tenant's selection of one of the Proposed Spaces as the Replacement Space on or before thirty (30) days after Landlord's delivery to Tenant of Landlord's list of Proposed Spaces, Tenant shall have no further rights under this Section 10 with respect to such Proposed Spaces. Landlord may not lease or agree to lease Proposed Spaces to any third party during this thirty (30) day period. If Tenant selects one of the Proposed Spaces as its Replacement Space within the aforesaid time period, within thirty (30) days after Landlord receives notice of Tenant's selection, Landlord and Tenant will enter into an amendment to this Lease or new lease providing for the substitution of the Replacement Space as the Premises and modifying the terms of this Lease to reflect the terms upon which the Replacement Space is to become the Premises under this Lease, during which thirty (30) day period Landlord shall not lease or agree to lease the selected Replacement Space as long as lease negotiations continue. Provided such amendment to this Lease or new lease has been executed by the parties, Landlord will deliver possession of the Replacement Space to Tenant not later than the last to occur of (i) six (6) months after execution of the amendment or new lease for the Replacement Space, or (ii) Tenant's desired relocation date (such date, the "Replacement Space Commencement Date"). Effective upon the Replacement Space Commencement Date and upon surrender of the existing Premises in accordance with the terms of the Lease, Tenant will be relieved of its obligation to pay rent and any other amounts under the Lease for the Premises (and additional RFO Space as defined in Section 17 that may become part of the Premises under the Lease and surrendered by Tenant in connection with the new lease for the Replacement Space) without any penalty or other fee for early termination. The Minimum Annual Rent for the Replacement Space shall be based upon fair market rents at that time, reflecting costs incurred by Landlord in connection with the improvement or alteration of the Replacement Space and the length of the term of this Lease that will apply to such Replacement Space, which shall be not less than five (5) years from occupancy.

(d) In the event Landlord is unable to provide Replacement Space which meets the parameters of this Section 10, (x) Landlord shall so notify Tenant within thirty (30) days after Landlord's receipt of Tenant's Relocation Notice, Tenant shall continue to occupy the Premises in accordance with this Lease, and Landlord shall notify Tenant as soon as practicable in writing if Replacement Space meeting the square footage and location parameters of this Section 10 becomes available or will become available within 12 months, in which case Section 10(c) shall apply with respect to such possible Replacement Space as "Proposed Space(s)" and (y) Tenant may issue additional Relocation Notices under this Section 10.

Landlord's Approval Required:	/s/ James J. Mazzarelli, Jr.	MC
	Senior Vice President, Regional Director	GN

11. **HVAC.**

(a) Notwithstanding Section 6 of this Amendment, prior to the Additional Premises Commencement Date, Landlord shall, at Landlord's sole cost and expense, replace the 5 ton HVAC unit (the "5 ton unit") located in the front office of the Additional Premises with a new similarly-sized and comparable unit. On the Additional Premises Commencement Date the 5 ton unit shall be in good, operating condition.

(b) Prior to the Additional Premises Commencement Date, Landlord shall supply and install 90 degree trunk duct separating supply and return, controls and any other necessary components for the 15 ton HVAC unit located in the warehouse area of the Additional Premises (the "15 ton unit") to cause the 15 ton unit to be in good, operating condition. Landlord shall use commercially reasonable efforts to allow Tenant to review the plans for such installation in advance so that Tenant may provide feedback. On the Additional Premises Commencement Date the 15 ton unit shall be in good, operating condition.

(c) Notwithstanding anything to the contrary contained in the Lease, Tenant shall not impose a heat load requirement greater than 20 tons of cooling capacity in the Additional Premises. Failure to comply with the foregoing requirement shall be considered a default pursuant to the terms of the Lease with respect to Tenant's occupancy of the Additional Premises. In addition, Tenant shall pay to Landlord, promptly upon billing, Landlord's costs of supplying such excess capacity, at such rates as Landlord shall reasonably establish therefor, and such other out-of-pocket costs incurred by Landlord as a result of such breach.

(d) Landlord shall provide preventative maintenance for the 5 ton unit and the 15 ton unit, the cost of which shall be included in Tenant's Annual Operating Expenses, as well as repairs and replacement for the 5 ton unit and the 15 ton unit at Landlord's cost, provided that in no event shall Landlord be obligated to repair or replace any such HVAC unit as a result of, or to the extent such damage or destruction is caused by the misconduct or negligent acts or omissions of Tenant, its employees, contractors or agents. In the event of any conflict between this Section 1 1 of this Amendment and Section 9(a) of the Lease with respect to the 5 ton unit and the 15 ton unit, the terms of this Section 11 shall prevail.

(e) Landlord shall provide preventative maintenance for the 5 ton unit and the 15 ton unit, the cost of which shall be included in Tenant's Annual Operating Expenses, provided that in no event shall Landlord be obligated to maintain, repair or replace any HVAC unit as a result of, or to the extent such damage or destruction is caused by the misconduct or negligent acts or omissions of Tenant, its employees, contractors or agents.

12. **Use.** The Additional Premises may be used in accordance with Section 3 of the Lease, and for no other purpose. The definition of "Use" as set forth in Section l(i) of the Lease is hereby amended and restated in its entirety to read as follows: "Medical device development, combination device development, related laboratory, manufacturing and clinical studies with appurtenant offices."

13. **Signage.** Landlord, at Landlord's sole cost and expense, shall furnish Tenant with Building standard signage at the entrance and exit doors of the Additional Premises.

14. **Broker.** The parties agree that they have dealt with no brokers in connection with this Lease, except for CBRE Inc. whose commission shall be paid by Landlord pursuant to separate agreement. Landlord agrees to indemnify Tenant and hold Tenant harmless from the commission payable to CBRE Inc. and each party agrees to indemnify and hold the other harmless from any and all claims for commissions or fees in connection with the Premises and this Lease from any other real estate brokers or agents with whom they may have dealt.

15. **Confession of Judgment.** Tenant hereby agrees to the Confession of Judgment provision as set forth in Section 22 of the Lease, restated as follows:

(a) If an Event of Default occurs relating to Tenant's non-payment of the Rent due hereunder, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and to confess judgment against Tenant, and in favor of Landlord, for all Rent due hereunder plus costs and an attorney's collection commission equal to the greater of 10% of all Rent or $1,000, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **TENANT UNDERSTANDS THAT THE FOREGOING PERMITS LANDLORD TO ENTER A JUDGMENT**

AGAINST TENANT WITHOUT PRIOR NOTICE OR HEARING. ONCE SUCH A JUDGMENT HAS BEEN ENTERED AGAINST TENANT, ONE OR MORE WRITS OF EXECUTION OR WRITS OF GARNISHMENT MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING, AND, PURSUANT TO SUCH WRITS, LANDLORD MAY CAUSE THE SHERIFF OF THE COUNTY IN WHICH ANY PROPERTY OF TENANT IS LOCATED TO SEIZE TENANT'S PROPERTY BY LEVY OR ATTACHMENT. IF THE JUDGMENT AGAINST TENANT REMAINS UNPAID AFTER SUCH LEVY OR ATTACHMENT, LANDLORD CAN CAUSE SUCH PROPERTY TO BE SOLD BY THE SHERIFF EXECUTING THE WRITS, OR, IF SUCH PROPERTY CONSISTS OF A DEBT OWED TO TENANT BY ANOTHER ENTITY, LANDLORD CAN CAUSE SUCH DEBT TO BE PAID DIRECTLY TO LANDLORD IN AN AMOUNT UP TO BUT NOT TO EXCEED THE AMOUNT OF THE JUDGMENT OBTAINED BY LANDLORD AGAINST TENANT, PLUS THE COSTS OF THE EXECUTION. Such authority shall not be exhausted by one exercise thereof, but judgment may be confessed as aforesaid from time to time as often as any of the Rent and other sums shall fall due or be in arrears, and such powers may be exercised as well after the expiration of the initial term of this Lease and during any extended or renewal term of this Lease and after the expiration of any extended or renewal term of this Lease.

(b) When this Lease and the Term or any extension thereof shall have been terminated on account of any Event of Default by Tenant, or when the Term or any extension thereof shall have expired, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and for anyone claiming by, through or under Tenant and to confess judgment against all such parties, and in favor of Landlord, in ejectment and for the recovery of possession of the Premises, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **AFTER THE ENTRY OF ANY SUCH JUDGMENT A WRIT OF POSSESSION MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING.** If for any reason after such action shall have been commenced it shall be determined and possession of the Premises remain in or be restored to Tenant, Landlord shall have the right for the same Event of Default and upon any subsequent Event of Default or upon the termination of this Lease or Tenant's right of possession as herein set forth, to again confess judgment as herein provided, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant.

(c) The warrants to confess judgment set forth above shall continue in full force and effect and be unaffected by amendments to this Lease or other agreements between Landlord and Tenant even if any such amendments or other agreements increase Tenant's obligations or expand the size of the Premises.

(d) **TENANT EXPRESSLY AND ABSOLUTELY KNOWINGLY AND EXPRESSLY WAIVES AND RELEASES (i) ANY RIGHT, INCLUDING, WITHOUT LIMITATION, UNDER ANY APPLICABLE STATUTE, WHICH TENANT MAY HAVE TO RECEIVE A NOTICE TO QUIT PRIOR TO LANDLORD COMMENCING AN ACTION FOR REPOSSESSION OF THE PREMISES AND (ii) ANY RIGHT WHICH TENANT MAY HAVE TO NOTICE AND TO HEARING PRIOR TO A LEVY UPON OR ATTACHMENT OF TENANT'S PROPERTY OR THEREAFTER AND (iii) ANY PROCEDURAL ERRORS IN CONNECTION WITH THE ENTRY OF ANY SUCH JUDGMENT OR IN THE ISSUANCE OF ANY ONE OR MORE WRITS OF POSSESSION OR EXECUTION OR GARNISHMENT THEREON.**

16. **Right of First Offer.**

(a) Each of the following spaces in the Building (known as Suites 30, 20, 18, 8, 4 and 2), as more particularly shown on **Exhibit "B"** attached hereto (each, an "RFO Space" and collectively, the "RFO Spaces"), is on the date of this Amendment leased to other tenants (each, a "Current Tenant" and collectively, the "Current Tenants"). If, at the termination of any lease to any Current Tenant (including option terms and any additional terms that may be negotiated between Landlord and the applicable Current Tenant), Landlord intends to lease the applicable RFO Space, and provided that Landlord has not given Tenant notice of a material

non-monetary Event of Default or any monetary Event of Default more than two (2) times in the preceding 12-month period, that there then exists no Event of Default by Tenant under the Lease nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and that Tenant and Tenant's Affiliates occupy all of the Original Premises, Tenant shall have the one time right of first offer ("RFO Option") with respect to each RFO Space to lease all (but not less than all) of the applicable RFO Space for a term of not less than three (3) years (subject to subsection (d) below) and coterminous with the Term of this Lease, in the following manner:

(b) Landlord shall notify Tenant when the applicable RFO Space first becomes available for lease by any party other than the applicable Current Tenant and Landlord intends to offer the RFO Space to lease, advising Tenant in writing of Landlord's determination of market rental rate and other terms to be applicable to the lease of the RFO Space (which shall be market terms), for a term coterminous with the Term of this Lease ("Landlord's Notice of RFO Terms"). Subject to the terms of the Current Tenant's lease, upon receipt of Landlord's Notice of RFO Terms, Tenant may upon written request to Landlord and provided that Landlord accompanies Tenant, view the RFO Space. Within twenty (20) business days following Landlord's delivery to Tenant of Landlord's Notice of RFO Terms. Tenant shall notify Landlord in writing that Tenant either (1) accepts Landlord's determination of market rental rate for the RFO Space and the other terms set forth in Landlord's Notice of RFO Terms, or (2) disagrees with Landlord's determination and elects not to lease the RFO Space (the "Tenant Response"). If Tenant exercises the RFO Option the RFO Space will be deemed a part of the Premises under this Lease on the terms set forth in the Landlord's Notice of RFO Terms whether or not a lease amendment is signed, but upon request of Landlord, each party shall execute an amendment to this Lease incorporating the terms in Landlord's Notice of RFO Terms and agreed upon by Tenant in the Tenant Response for the RFO Space, provided that Tenant's obligation to lease the RFO Space may be conditioned upon satisfactory completion of standard environmental and other diligence on the RFO Space.

(c) If Tenant does not issue the Tenant Response within such twenty (20) business days or issues the Tenant Response and elects not to lease the RFO Space, then the right of first offer to lease the applicable RFO Space will lapse and be of no further force or effect and Landlord shall have the right to lease all or part of the applicable RFO Space to any other party at any time on any terms and conditions acceptable to Landlord.

(d) The RFO Option is a one time right with respect to each RFO Space if and when any such RFO Space becomes available, is personal to Tenant and is non-transferable to any assignee or sublessee or other party other than Tenant's Affiliates. This right of first offer shall terminate upon the first offer to Tenant of the last of the RFO Spaces included in Exhibit B.

(e) Notwithstanding the foregoing, in the event that Tenant desires to exercise its RFO Option during the last three (3) years of the Term, Tenant must simultaneously exercise its Extension Option (as set forth in Section 32) whereby the Term of the Lease shall be extended as set forth in Section 32, subject to early termination in accordance with Section 10(c) of this Amendment. Tenant's occupancy of the RFO Space shall be coterminous with the Term of the Lease, as extended pursuant to Section 32, subject to early termination in accordance with Section 10(c) of this Amendment.

Landlord's Approval Required:	/s/ James J. Mazzarelli, Jr.	MC
	Senior Vice President, Regional Director	GN

17. **Default Specific to Additional Premises.** Notwithstanding anything to the contrary contained in this Amendment or the Lease, no breach or Event of Default that affects only the Additional Premises shall be deemed to be a breach or Event of Default with respect to the lease of the Original Premises, and any such breach or Event of Default shall not affect Tenant's right to occupy and enjoy the Original Premises in accordance with the terms of the Lease.

18. **Full Force and Effect.** Except as expressly modified herein, the terms and conditions of the Lease shall remain unchanged and in full force and effect.

19. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Executed copies of this Amendment may be delivered by facsimile or electronic transmission.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first above written.

LANDLORD:

LIBERTY PROPERTY LIMITED PARTNERSHIP

By: Liberty Property Trust, Sole General Partner

By: /s/ Anthony Nichols, Jr. MC
Name: Anthony Nichols, Jr.
Title: Vice-President & City Manager

TENANT:

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: President & CEO

Exhibit "A"

Additional Premises

LIBERTY PROPERTY TRUST

SUITE 12
1 GREAT VALLEY PARKWAY
MALVERN, PA 19355

Environetics

Exhibit “B”

RFO Spaces

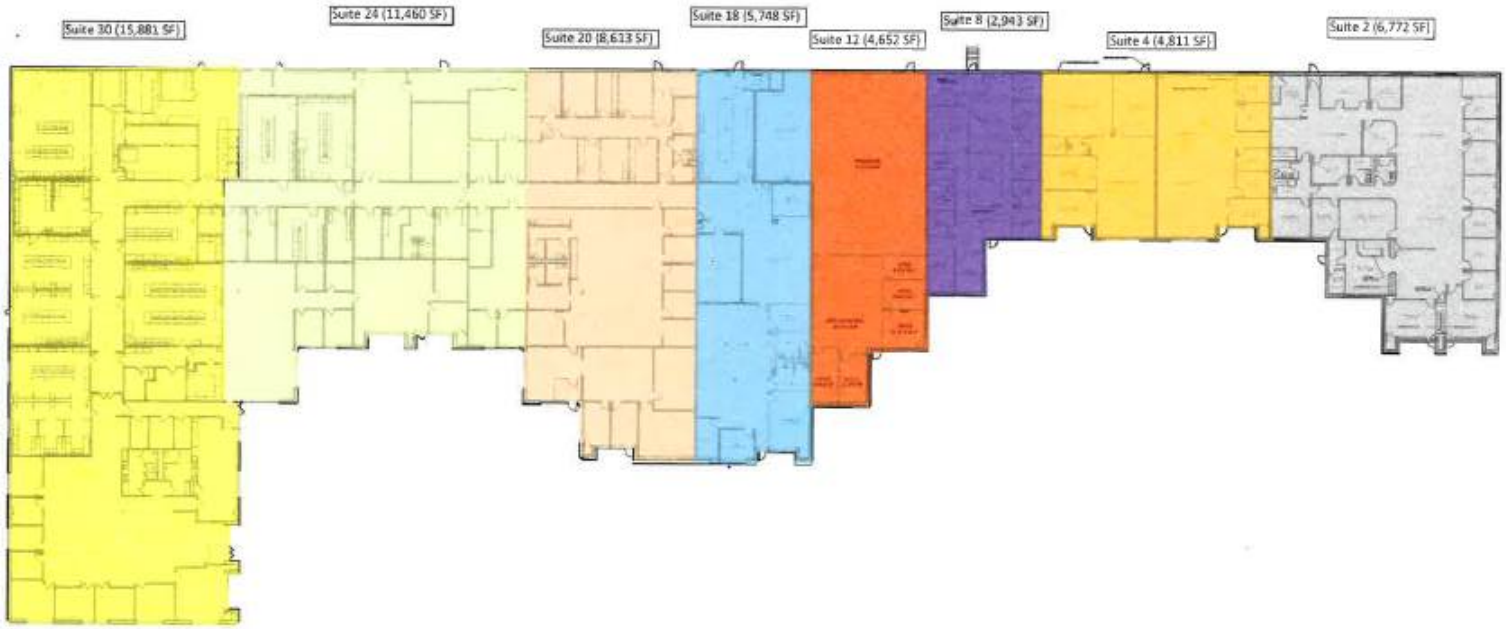
Suite 30 (15,881 SF)
Suite 24 (11,460 SF)
Suite 20 (8,633 SF)
Suite 18 (5,748 SF)
Suite 12 (4,652 SF)
Suite 8 (2,943 SF)
Suite 4 (4,811 SF)
Suite 2 (6,772 SF)

Exhibit 10.24

SECOND AMENDMENT TO AGREEMENT OF LEASE

THIS SECOND AMENDMENT TO LEASE AGREEMENT (this "**Second Amendment**") is made this 17 day of January 2018 (the "**Effective Date**"), by and between **WPT LAND 2 LP**, a Delaware limited partnership ("**Landlord**"), and **TELA BIO, INC**., a Delaware corporation ("**Tenant**").

BACKGROUND:

A. Liberty Property Limited Partnership ("**LPLP**") and Tenant entered into that certain Lease Agreement dated January 31, 2013 (the "**Original Lease**"), as amended by that certain First Amendment to Agreement of Lease dated June 25, 2014 (the "**First Amendment**" and together with the Original Lease, collectively, the "**Existing Lease**" and as amended by this Second Amendment, collectively, the "**Lease**"), covering certain premises now containing approximately 16,112 rentable square feet of space identified as Suites 12 and 24 (the "**Premises**"), located in Landlord's approximate 60,880 rentable square foot building identified as One Great Valley Parkway, Great Valley Corporate Center, Malvern, Pennsylvania 19355 (the "**Building**"), as more fully described in the Existing Lease.

B. In connection with Landlord's acquisition of the Building, by that certain Assignment and Assumption of Leases dated October 3, 2016, Landlord assumed all of LPLP's right, title and interest, in, to and under the Existing Lease.

C. Tenant desires to extend the Term and modify other sections of the Existing Lease, and Landlord has agreed to such extension and modifications, subject to the provisions of this Second Amendment. Accordingly, Landlord and Tenant desire to amend the Existing Lease.

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and covenants contained herein and in the Lease, and intending to be legally bound, hereby agree that the Lease is amended as follows:

1. **Incorporation**. The above Background is incorporated herein by reference.

2. **Defined Terms; Conflict**. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Existing Lease. In the event there is a conflict between the terms of the Existing Lease and this Second Amendment, this Second Amendment shall control.

3. **Term.** The Lease is hereby amended to extend the Term for one (1) additional period of thirty-six (36) months (the "**Extension Term**"), commencing on June 1, 2018, and expiring at 11:59 P.M. local time on May 31, 2021 (the "**Expiration Date**").

4. **Minimum Annual Rent**. Effective as of June 1,2018, and continuing through and including the Expiration Date, Tenant's Minimum Annual Rent obligation for the Premises shall be as follows:

Period	SRSF	Annual	Monthly
6/1/2018 -5/31/2019	$ 12.65	$ 203,816.80	$ 16,984.73

6/1/2019 -5/31/2020	$	13.15	$	211,872.80	$	17,656.07
6/1/2020 - 5/31/2021	$	13.65	$	219,928.80	$	18,327.40

5. **Annual Operating Expenses**. Tenant's Share of Annual Operating Expenses applicable to the Premises shall continue to be paid by Tenant, in addition to the Minimum Annual Rent, subject to adjustment and reconciliation and in accordance with the terms and conditions of the Lease. For the calendar year 2018, Landlord projects Annual Operating Expenses for the Premises to be $4.85 per rentable square foot.

6. **HVAC Management**. The references to the HVAC Allowance in Section 39 of the Original Lease are hereby deleted in their entirety and are no longer of any force or effect. Sections 11 (a) and (b) of the First Amendment are hereby deleted in their entirety and are no longer of any force or effect. The parties acknowledge that Tenant is currently maintaining certain of the HVAC systems exclusively serving the Premises in accordance with Section 9(a), Section 39 and Exhibit "G" of the Original Lease, and Landlord is currently maintaining certain of the HVAC systems exclusively servicing the Premises in accordance with Section 11 of the First Amendment. Notwithstanding anything in the Lease to the contrary, Tenant may, at any time after the date of this Amendment, notify Landlord that it desires Landlord to Maintain the HVAC systems exclusively serving the Premises (the "**HVAC Management**"), in which event Landlord shall, within thirty (30) days of receiving such notice, assume the HVAC Management, subject to Section 9(a) of the Original Lease; provided however, that Tenant may thereafter elect to reassume HVAC Management upon at least thirty (30) days' written notice to Landlord. Landlord's HVAC Management shall include quarterly inspections of the HVAC systems. Notwithstanding anything in the Lease to the contrary, and notwithstanding whether Landlord or Tenant is then performing the HVAC Management, in the event that any of the HVAC systems exclusively serving the Premises are to be replaced, as opposed to maintained or repaired, such replacement shall be performed by Landlord at its expense, except that Tenant shall pay to Landlord the annual amortization (over the shorter of either (i) its estimated economic useful life or (ii) the payback period) of the costs (including reasonable financing charges) of such replacement, such amortization to be paid by Tenant in the same manner as Operating Expenses (and to be prorated for any partial year). The decision to replace any HVAC systems as set forth in the preceding sentence shall be made in Landlord's sole discretion.

7. **Landlord's Work.** Tenant is currently occupying the Premises and accepts it in its "as is, where is" condition and Landlord shall have no obligations whatsoever to improve or pay for improvements to the Premises for Tenant's use and occupancy thereof, except that, prior to the commencement of the Extension Term, Landlord shall complete, at its sole cost and expense (and not as an Operating Expense), certain improvements to the Premises including the

removal and replacement of the 15 ton rooftop HVAC unit serving the Premises, in accordance with the plan of improvements shown on Exhibit "A" attached hereto and made a part hereof ("**Landlord's Work**"). All Landlord's Work shall be done in a good and workmanlike manner and shall comply with all applicable laws and requirements of governmental authorities having jurisdiction. Landlord shall take all actions necessary to ensure the prompt commencement of Landlord's Work.

8. **Insurance**. The second sentence of Section 8(b) of the Original Lease is hereby deleted in its entirety and the following is substituted therefore: "The policy shall name Landlord, Workspace Property Management, L.P., Workspace Property Trust, L.P., and each of their respective directors, officers, partners, shareholders, members, employees, associated and affiliated entities, ground lessors, mortgagees, and any other party as designated by Landlord ("**Landlord Additional Insureds**") as additional insureds, shall be written on an "occurrence" basis and not on a "claims made" basis and shall be endorsed to provide that it is primary to and not contributory to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and to further provide that it shall not be cancelable or reduced without at least 30 days prior written notice to Landlord, and shall be issued in form reasonably satisfactory to Landlord."

9. **Indemnification.** The first sentence of Section 8(e) of the Original Lease is hereby deleted in its entirety and the following is substituted therefore: "Subject to subsection 8(c) above, and except to the extent caused by the gross negligence or willful misconduct of Landlord or its Agents, Tenant will indemnify, defend, and hold harmless the Landlord Additional Insureds and their respective Agents from and against any and all claims, actions, damages, liability and expense (including fees of attorneys, investigators and experts) which may be asserted against, imposed upon, or incurred by the Landlord Additional Insureds and their respective Agents and arising out of or in connection with loss of life, personal injury or damage to property in or about the Premises or arising out of the occupancy or use of the Property by Tenant or its Agents or occasioned wholly or in part by any act or omission of Tenant or its Agents, whether prior to, during or after the Term."

10. **Hazardous Materials.** The second sentence of Section 10(d) of the Original Lease is hereby deleted in its entirety and the following is substituted therefore: "If at any time during or after the Term, any portion of the Property is found to be contaminated by Tenant or Tenant's Agents or subject to conditions prohibited in this Lease caused by Tenant or Tenant's Agents, Tenant will indemnify, defend and hold the Landlord Additional Insureds harmless from all claims, demands, actions, liabilities, costs, expenses, reasonable attorneys' fees, damages and obligations of any nature arising from or as a result thereof, and Landlord shall have the right to direct remediation activities, all of which shall be performed at Tenant's cost."

11. **Alterations**. Subsection (i) of the second sentence of Section 12 of the Original Lease is hereby deleted in its entirety and the following is substituted therefore: "(i) not less than

ten (10) days prior to commencing any Alteration, Tenant shall deliver to Landlord the plans, specifications and necessary permits for the Alteration, together with certificates evidencing that Tenant's contractors and subcontractors have adequate insurance coverage naming the Landlord Additional Insureds as additional insureds;"

12. **Extension Option**. The Extension Term granted by the terms of this Second Amendment constitutes Tenant's exercise of its Extension Option granted by Section 32 of the Original Lease. Accordingly, Section 32 of the Original Lease is hereby deleted in its entirety, is no longer of any force or effect, and there are no further options to extend or renew the Lease as amended hereby.

13. **Notices.** All notices to Landlord shall be sent in accordance with the terms of the Lease to Landlord at:

c/o Workspace Property Trust
700 Dresher Road
Suite 150
Horsham, PA 19044
Attention: Roger W. Thomas, President

With a copy to:

c/o Workspace Property Trust 5
Great Valley Parkway
Suite 209
Malvern, PA 19355
Attention: Catherine Bianco, Director of Leasing

14. **Brokers**. Each party covenants and represents to the other that it has dealt with no brokers in connection with this Second Amendment, other than CBRE, Inc. ("**Broker**"). Each party agrees to indemnify and hold the other harmless from any and all claims for commissions or fees in connection with this Second Amendment from any real estate brokers or agents, aside from those of Broker. Landlord shall pay Broker a market commission in accordance with a separate agreement.

15. **Survival; Confession Acknowledgement**. All references to the "**Lease**" shall refer to the Existing Lease as modified by this Second Amendment. Except as expressly modified herein, the terms and conditions of the Lease shall remain unchanged and in full force and effect in accordance with its terms. Specifically, without limitation, in the event of any default by Tenant of any of its obligations under the Lease, Landlord shall be entitled to pursue all remedies available under the Lease, or otherwise available at law or in equity. Accordingly, Tenant agrees to the following:

(a) If an Event of Default occurs relating to Tenant's non-payment of the Rent due under the Lease, provided that Landlord first provides to Tenant not less than ten (10) days' notice of its intent to confess judgment against Tenant, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and to confess judgment against Tenant, and in favor of Landlord, for all Rent due hereunder plus costs and an attorney's collection commission equal to the greater of 10% of all Rent or $1,000, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **TENANT UNDERSTANDS THAT THE FOREGOING PERMITS LANDLORD TO ENTER A JUDGMENT AGAINST TENANT WITHOUT PRIOR NOTICE OR HEARING. ONCE SUCH A JUDGMENT HAS BEEN ENTERED AGAINST TENANT, ONE OR MORE WRITS OF EXECUTION OR WRITS OF GARNISHMENT MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING, AND, PURSUANT TO SUCH WRITS, LANDLORD MAY CAUSE THE SHERIFF OF THE COUNTY IN WHICH ANY PROPERTY OF TENANT IS LOCATED TO SEIZE TENANT'S PROPERTY BY LEVY OR ATTACHMENT. IF THE JUDGMENT AGAINST TENANT REMAINS UNPAID AFTER SUCH LEVY OR ATTACHMENT, LANDLORD CAN CAUSE SUCH PROPERTY TO BE SOLD BY THE SHERIFF EXECUTING THE WRITS, OR, IF SUCH PROPERTY CONSISTS OF A DEBT OWED TO TENANT BY ANOTHER ENTITY, LANDLORD CAN CAUSE SUCH DEBT TO BE PAID DIRECTLY TO LANDLORD IN AN AMOUNT UP TO BUT NOT TO EXCEED THE AMOUNT OF THE JUDGMENT OBTAINED BY LANDLORD AGAINST TENANT, PLUS THE COSTS OF THE EXECUTION.** Such authority shall not be exhausted by one exercise thereof, but judgment may be confessed as aforesaid from time to

time as often as any of the Rent and other sums shall fall due or be in arrears, and such powers may be exercised as well after the expiration of the initial term of the Lease and during any extended or renewal term of the Lease and after the expiration of any extended or renewal term of the Lease.

(b) When the Lease and the Term or any extension thereof shall have been terminated on account of any Event of Default by Tenant, or when the Term or any extension thereof shall have expired, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and for anyone claiming by, through or under Tenant and to confess judgment against all such parties, and in favor of Landlord, in ejectment and for the recovery of possession of the Premises, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. **AFTER THE ENTRY OF ANY SUCH JUDGMENT A WRIT OF POSSESSION MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING.** If for any reason after such action shall have been commenced it shall be determined and possession of the Premises remain in or be restored to Tenant, Landlord shall have the right for the same Event of Default and upon any subsequent Event of Default or upon the termination of the Lease or Tenant's right of possession as the Lease, to again confess judgment as herein provided, for which the Lease or a true and correct copy thereof shall be good and sufficient warrant.

(c) The warrants to confess judgment set forth above shall continue in full force and effect and be unaffected by amendments to the Lease or other agreements between Landlord and Tenant even if any such amendments or other agreements increase Tenant's obligations or expand the size of the Premises.

(d) **TENANT ABSOLUTELY KNOWINGLY AND EXPRESSLY WAIVES AND RELEASES (i) ANY RIGHT, INCLUDING, WITHOUT LIMITATION, UNDER ANY APPLICABLE STATUTE, WHICH TENANT MAY HAVE TO RECEIVE A NOTICE TO QUIT PRIOR TO LANDLORD COMMENCING AN ACTION FOR REPOSSESSION OF THE PREMISES AND (ii) ANY RIGHT WHICH TENANT MAY HAVE TO NOTICE AND TO HEARING PRIOR TO A LEVY UPON OR ATTACHMENT OF TENANT'S PROPERTY OR THEREAFTER AND (iii) ANY PROCEDURAL ERRORS IN CONNECTION WITH THE ENTRY OF ANY SUCH JUDGMENT OR IN THE ISSUANCE OF ANY ONE OR MORE WRITS OF POSSESSION OR EXECUTION OR GARNISHMENT THEREON AND (iv) TO THE FULLEST EXTENT PERMITTED BY LAW, ANY FIDUCIARY DUTIES OWED BY LANDLORD TO TENANT UNDER THE PROVISIONS OF 20 PA. C.S.A. § 5601 ET SEQ.**

16. **Lease Confirmation.** Tenant acknowledges and agrees that the Lease is in full force and effect and Tenant has no claims or offsets against Rent due or becoming due hereunder.

17. **Successors and Assigns**. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

18. **Ministerial Actions.** Each of Landlord and Tenant agrees that it will not raise or assert as a defense to any obligation under this Second Amendment, or make any claim that this Second Amendment or the Lease is invalid or unenforceable, due to any failure of this document or the Lease to comply with ministerial requirements, including requirements for corporate seals, attestations, witnesses, notarizations or other similar requirements, and each party hereby waives the right to assert any such defense or make any claim of invalidity or unenforceability due to any of the foregoing.

19. **Signatures; Multiple Counterparts**. This Second Amendment may be executed in multiple counterparts, each of which, when assembled to include an original signature for each party contemplated to sign this Second Amendment, will constitute a complete and fully executed original. All such fully executed counterparts will collectively constitute a single Second Amendment. The parties expressly agree that if the signature of Landlord and/or Tenant on this Second Amendment is not an original, but is a digital, mechanical or electronic reproduction (such as, but not limited to, a photocopy, fax, e-mail, PDF, Adobe image, JPEG, telegram, telex or telecopy), then such digital, mechanical or electronic reproduction shall be as enforceable, valid and binding as, and the legal equivalent to, an authentic and traditional ink-on-paper original wet signature penned manually by its signatory.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant, intending to be legally bound, have executed this Second Amendment as of the day and year first above written.

LANDLORD:

WPT LAND 2 LP

By: WPT Land 2 GP LLC, its general partner

By: /s/Tony Nichols

Name: Tony Nichols

Title: Sr. Vice President

TENANT:

TELA BIO, INC.

By: /s/Francis M. Conway

Name: Francis M. Conway

Title: Vice President - Finance

EXHIBIT A

Landlord's Work

10-16-17
Robert Leu
Workspace Property Trust

Re: TELA Bio

Robert,

I am pleased to offer my proposal on the HVAC work for TELA Bio. My scope includes the following:

1) Demo and remove 1 existing rooftop unit per EPA regulations.
2) Furnish and install 1 new adapter curb.
3) Furnish and install 1 new gas/electric rooftop unit.
4) Furnish and install 1 Rawal Valve to allow low load operation of the unit.
5) Furnish and install 1 new programmable thermostat.
6) Reconnect the power to the unit.
7) Reconnect the gas piping to the unit.
8) Provide start up and safety checks.

The total cost for this work comes to $29,750.00. All work to be performed between Friday night and Sunday night so that the unit is running by Monday morning.

Sincerely,
Bill Luskin

Exhibit 10.25

TELA BIO, INC.

STOCK RESTRICTION AGREEMENT

THIS STOCK RESTRICTION AGREEMENT (this **"Agreement")** is made as of December 3, 2012 by and between TELA BIO, INC., a Delaware corporation (the **"Company"),** and Antony Koblish (the **"Executive").**

RECITALS

The Executive is the record owner of 1,342,946 shares of the Company's Common Stock, par value $0,001 per share (the **"Common Stock").** Pursuant to a Series A Preferred Stock Purchase Agreement (the **"Purchase Agreement")** of even date herewith between the Company and the parties named therein, the Company has agreed to sell shares of the Company's Series A Preferred Stock, par value $0,001 per share, to the Purchasers (as defined in the Purchase Agreement). It is a condition to the Purchasers' obligations under the Purchase Agreement that the Company and the Executive enter into this Agreement and subject a portion of the shares of Common Stock held of record by the Executive (the **"Restricted Shares")** to the restrictions set forth herein.

AGREEMENT

The parties hereto, intending to be legally bound, hereby agree as follows:

1. Company's Lapsing Repurchase Right.

(a) Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) **"Cause"** shall have the meaning set forth in the Employment Agreement.

(ii) **"Disability"** shall have the meaning set forth in the Employment Agreement.

(iii) **"Employment Agreement"** shall mean that certain Employment Agreement dated the date of this Agreement between the Company and the Executive.

(iv) **"Good Reason"** shall have the meaning set forth in the Employment Agreement.

(v) **"Liquidity Event"** shall have the meaning set forth in the Company's Amended and Restated Certificate of Incorporation in effect as of the date hereof.

(b) Lapsing Repurchase Right.

(i) Subject to the further provisions of this Agreement, if, prior to the third (3rd) anniversary of the date hereof (the **"Forfeiture Termination Date"),** the Executive

ceases to be an employee of the Company as a result of (x) resignation by the Executive for any reason other than Good Reason or (y) a termination of the Executive's employment by the Company for Cause, then, in such event, the Company (or its designee, as the case may be) shall have the option, but not the obligation, exercisable at any time during the ninety (90) day period commencing with the date of the Executive's termination or resignation of employment, to purchase from the Executive (or the Executive's successor in interest, as the case may be) any or all of the shares of Common Stock held by the Executive on the date hereof (the **"Executive Shares")** that constitute Restricted Shares as of the date of such termination of employment, in the manner and upon the terms contained herein. The Company shall only have the right to exercise its Lapsing Repurchase Right upon the occurrence of the events described in clauses (x) or (y) of this Section l(b)(i).

(ii) Notwithstanding any provision herein to the contrary, if, prior to the Forfeiture Termination Date, (A) the Executive dies, (B) the Executive's employment with the Company is terminated as a result of the Executive's Disability, (C) the Executive resigns with Good Reason, (D) the Executive's employment with the Company is terminated by the Company without Cause, or (E) a Liquidity Event occurs, the Company's Lapsing Repurchase Right shall terminate concurrent with such termination or resignation of employment or the consummation of such Liquidity Event.

(c) Exercise of Lapsing Repurchase Right. In the event that the Company (or its designee, as the case may be) exercises the option to acquire any or all of the Restricted Shares as provided in subsection 2(b) above, the Executive (or the Executive's successor in interest, as the case may be) shall sell to the Company (or its designee, as the case may be), at a price per share equal to $0,001 per share, all of the then Restricted Shares for which the option was appropriately exercised (the **"Lapsing Repurchase Right").**

(d) Number of Restricted Shares Subject to Lapsing Repurchase Right. For purposes of this Agreement, the Executive Shares shall be deemed to be Restricted Shares as follows:

(i) As of the date hereof, 1,007,209 of the Executive Shares shall be deemed to be Restricted Shares. Such shares shall continue to be Restricted Shares until otherwise provided in this Section 2(d).

(ii) On the last day of each of the next thirty-five (35) calendar months immediately following the date hereof (starting with January 2013), an additional one thirty-sixth (1/36) of the Executive Shares shall cease to be Restricted Shares and on the third (3rd) anniversary of the date hereof the final one thirty-sixth (1/36) of the Executive Shares shall cease to be Restricted Shares, at which time none of the Executive Shares shall be deemed to be Restricted Shares.

(e) Closing. In the event that the Company exercises the Lapsing Repurchase Right, the Company shall notify the Executive in writing of its intent to repurchase Restricted Shares. Such notice may be delivered by the Company on or before the last day of the time period provided for above for exercise of the Lapsing Repurchase Right. The notice shall specify the time and date for payment of the repurchase price (the **"Closing")** and the number of Restricted Shares with respect to which the Company is exercising the Lapsing Repurchase

Right. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the repurchase price shall be delivered to the Executive or the Executive's successor in interest, as the case may be, and the Restricted Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Executive or the Executive's successor in interest.

(f) Escrow. To insure the availability for delivery of Restricted Shares upon repurchase by the Company pursuant to the Lapsing Repurchase Right hereunder, the Executive hereby appoints the secretary of the Company, or any other person designated by the Company, as escrow agent, as the Executive's attorney-in-fact to sell, assign and transfer unto the Company, such Restricted Shares, if any, repurchased by the Company pursuant to the Lapsing Repurchase Right and shall, upon execution of this Agreement, deliver and deposit with the secretary of the Company, or such other person designated by the Company, the share certificates representing the Restricted Shares, together with the stock assignment, duly endorsed in blank, attached hereto as Exhibit A-l. The Restricted Shares and stock assignment shall be held by the secretary or other designee in escrow, pursuant to the Joint Escrow Instructions of the Company and Executive attached hereto as Exhibit A-2, until the Company exercises its Lapsing Repurchase Right as provided hereunder, until such Restricted Shares are no longer Restricted Shares pursuant to the terms hereof, or until such time as this Agreement no longer is in effect. Upon lapsing of the restrictions associated with Restricted Shares, the escrow agent shall promptly upon written request, or periodically without written request, but in either case no more than once per calendar year, deliver to the Executive the certificate or certificates representing such Restricted Shares which are no longer subject to the Lapsing Repurchase Right in the escrow agent's possession belonging to the Executive, and the escrow agent shall be discharged of all further obligations hereunder with respect to those Restricted Shares; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as the escrow agent may be required pursuant to other restrictions imposed pursuant to this Agreement.

(g) No Liability. Neither the Company nor its designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Restricted Shares in escrow hereunder and while acting in good faith and in the exercise of its judgment.

(h) Prohibition on Transfer. The Executive recognizes and agrees that the Restricted Shares which are subject to the Lapsing Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). The Company shall not be required to transfer any Restricted Shares on its books which shall have been sold, assigned or otherwise transferred in violation of this Section 2(h), or to treat as the owner of such Restricted Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Restricted Shares shall have been so sold, assigned or otherwise transferred, in violation of this Section 2(h). Notwithstanding anything in this Agreement to the contrary, the Executive may transfer any or all of his Restricted Shares (i) during his lifetime to any one or more of (A) his spouse, (B) any of his children, grandchildren or more remote descendants, (C) the spouse of any of his children, grandchildren or more remote descendants, (D) one or more trusts for the primary benefit of any one or more of the Executive and any individual referred to in clauses (A), (B) or (C), and (E) a partnership, limited partnership, limited liability company or similar company of which more

than fifty percent (50%) of the equity and vote are owned by one or more of the Executive and any individual referred to in clauses (A), (B), (C) or (D), or (ii) upon the Executive's death pursuant to the Executive's will, provided that such Restricted Shares shall remain subject to this Agreement (including, without limitation, the restrictions on transfer set forth in this Section 2(h) and the Lapsing Repurchase Right) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(i) Failure to Deliver Granted Shares to be Repurchased. In the event that Restricted Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Subsection 2(f) above or otherwise and the Executive or the Executive's successor in interest fails to deliver such Restricted Shares to the Company (or its designee, as the case may be), the Company may elect (i) to establish a segregated account in the amount of the repurchase price, such account to be turned over to the Executive or the Executive's successor in interest upon delivery of such Restricted Shares, and (ii) immediately to take such action as is appropriate to transfer record title of such Restricted Shares from the Executive to the Company (or its designee, as the case may be) and to treat the Executive and such Restricted Shares in all respects as if delivery of such Restricted Shares had been made as required by this Agreement. The Executive hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

(j) Additional Securities. If the Company shall pay a stock dividend or declare a stock split on or with respect to any of its Common Stock, or otherwise distribute securities of the Company to the holders of its Common Stock, the number of shares of stock or other securities of the Company issued with respect to the Restricted Shares then subject to the restrictions contained in this Agreement shall be added to the Restricted Shares subject to the Lapsing Repurchase Right pursuant to this Agreement. If the Company shall distribute to its stockholders securities of another corporation, the securities of such other corporation, distributed with respect to the Restricted Shares then subject to the restrictions contained in this Agreement, shall be added to the Restricted Shares subject to the Lapsing Repurchase Right pursuant to this Agreement. The fair market value of such securities of another corporation will be determined as follows: (a) if traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three trading days prior to the Closing of such Lapsing Repurchase Right; (b) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three trading days prior to the Closing of such Lapsing Repurchase Right; and (c) if there is no active public market, the value shall be the fair market value thereof, as agreed upon by the Board and the Executive, or if the Board and the Executive cannot agree upon such fair market value, then such fair market value shall be determined in good faith by an independent appraiser mutually selected by the Board and the Executive. If the Board and the Executive cannot mutually agree upon an independent appraiser to determine the fair market value, then the Executive, on the one hand, and the Board, on the other hand, may each engage their own independent appraisers. The appraisers selected by the Executive, on the one hand, and the Board, on the other hand, will then select a mutually acceptable independent appraiser, and such appraiser will make a final determination as to the fair market value. Subject to Section l(b) (ii),

if the outstanding shares of the Company's Common Stock shall be subdivided into a greater number of shares or combined into a smaller number of shares, or in the event of a reclassification of the outstanding shares of the Company's Common Stock, or if the Company shall be a party to a merger, consolidation or capital reorganization, there shall be substituted for the Restricted Shares then subject to this Agreement such amount and kind of securities as are issued in such subdivision, combination, reclassification, merger, consolidation or capital reorganization in respect of the Restricted Shares subject immediately prior thereto to the Lapsing Repurchase Right pursuant to this Agreement.

2. Lock-Up. If requested by the Company at any time prior to the effective date of any registration statement filed with the Securities and Exchange Commission in connection with the Company's initial public offering (the **"IPO Effective Date"),** the Executive shall execute a lock-up agreement, in such form as the Company shall determine, precluding the Executive from selling, pledging, hypothecating, selling short or in any other manner transferring, during a period commencing on or about the IPO Effective Date and expiring on or about 180 days after the IPO Effective Date (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation) (the **"Lockup Period"),** any shares of the Company's capital stock owned by the Executive as of the IPO Effective Date or acquired by the Executive during such Lockup Period. Should the Executive fail to execute such agreement, the Executive shall be deemed to be restricted, in the same manner as the Directors of the Company shall be restricted, from selling, pledging, hypothecating, selling short or in any other manner transferring, during the Lockup Period, any shares of the Company's capital stock owned by the Executive as of the IPO Effective Date or acquired by the Executive during such Lockup Period.

3. Legend. All certificates representing the Restricted Shares subject to the Lapsing Repurchase Right shall have endorsed thereon a legend substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN A STOCK RESTRICTION AGREEMENT WITH THE COMPANY, AS AMENDED OR AMENDED AND RESTATED FROM TIME TO TIME, A COPY OF WHICH AGREEMENT IS AVAILABLE FOR INSPECTION AT THE OFFICES OF THE COMPANY OR WILL BE MADE AVAILABLE UPON REQUEST AND WITHOUT CHARGE."

4. Equitable Relief and Consent to Jurisdiction. The Executive specifically acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Agreement, including, without limitation, the attempted transfer of the Restricted Shares by the Executive in violation of this Agreement, monetary damages may not be adequate to compensate the Company, and, therefore, in the event of such a breach or threatened breach, in addition to any right to damages, the Company shall be entitled to seek equitable relief from any court having competent jurisdiction. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for any such breach or threatened breach.

5. Employment. The Company is not by this Agreement obligated to continue the Executive as an employee, consultant or director of the Company or any of its affiliates, and the

Company or any affiliate employing the Executive may terminate his employment or otherwise treat him without regard to the effect it may have upon him under this Agreement. The Company and the Executive hereto understand and agree that any references herein to employment of the Executive by the Company shall include the Executive's employment or service as an employee or consultant of the Company or any affiliate of the Company.

6. Notices. Any notice or other communication to be made, served or given under or pursuant to the terms hereof (a **"Notice"),** shall be in writing and shall be sent by personal delivery or by registered or certified mail, return receipt requested, postage prepaid, or by a nationally known overnight courier providing written proof of delivery, to the party at the addresses set forth on the signature pages hereto. Any party may direct a new address to which each such Notice shall be sent by giving written notice thereof to the other party hereunder. Any Notice sent in the manner set forth above shall be deemed to have been given and received three (3) days after it has been deposited in the United States mail. If a Notice is delivered otherwise than as set forth above, it shall be deemed to have been given when received. The substance of any Notice shall be deemed to have been fully acknowledged in the event of refusal of acceptance by the party to whom the notice is addressed.

7. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Executive and the Company and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Executive and may not be assigned by the Executive without the prior written consent of the Company. Any attempted assignment in violation of this Section 7 shall be null and void.

8. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of law principles thereof.

9. Jurisdiction. Each of the parties hereto irrevocably submits to the co-exclusive jurisdiction of the state and federal courts located in the State of Delaware, for the purposes of any suit, action or other proceeding arising out of or related to the terms of this Agreement or any of the transactions contemplated hereby. Each of the parties hereto further agrees that service of any process, summons, notice or documents by United States registered mail, return receipt requested, to such party's respective address set forth in the introduction of this Agreement, shall be effective service of process for any action, suit or proceeding in Delaware. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or related to the terms of this Agreement or any of the transactions contemplated hereby in the state and federal courts located in the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

10. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable

law, the parties waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

11. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Agreement.

12. Modifications and Amendments: Waivers and Consents. Except as set forth in Section 2, the terms and provisions of this Agreement may not be modified, amended, renewed, or terminated, nor may any term, condition or breach of any term or condition be waived, except by a writing signed by the Company and the Executive. Any waiver of any term, condition or breach hereof shall not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach.

13. Counterparts; Facsimile. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement by facsimile transmission shall constitute execution and delivery of this Agreement for all purposes, with the same force and effect as execution and delivery of an original manually signed copy hereof.

14. Headings and Captions. Subject headings and captions are included for convenience purposes only and shall not affect the interpretation of this Agreement.

No Strict Construction. Each of the parties hereto acknowledges that this Agreement has been prepared jointly by the parties hereto, and shall not be strictly construed against any party.

*****

IN WITNESS WHEREOF, the parties hereto have executed this Stock Restriction Agreement or caused their duly authorized officer to execute this Stock Restriction Agreement as of the day and year first above written.

TELA BIO, INC.

By: /s/ Maarten Persenaire
Name: Maarten Persenaire, M.D.
Title: Chief Medical Officer

Address:

EXECUTIVE:

/s/ Antony Koblish
Antony Koblish

Address:

[Signature Page to Stock Restriction Agreement]

EXHIBIT A-l

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, , hereby sell, assign and transfer unto TELA BIO, INC. (the **"Company")** ( ) ( ) Restricted Shares of the Company standing in my name on the books of said corporation represented by Certificate Nos.herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Stock Restriction Agreement by and between the Company and the undersigned dated December 3, 2012, as amended or amended and restated from time to time (the **"Agreement").**

Dated:

_____
(signature)

_____
(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Lapsing Repurchase Right", as set forth in the Agreement, without requiring additional signatures on the part of the Executive.

EXHIBIT A-2

JOINT ESCROW INSTRUCTIONS

December 3, 2012

To: Secretary, TELA BIO, INC.Dear Sir or Madam:

As Escrow Agent for both TELA BIO, INC. (the **"Company")** and the undersigned holder of stock of the Company (the "Executive"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Stock Restriction Agreement, as amended or amended and restated from time to time (the **"Agreement"),** between the Company and the undersigned, in accordance with the following instructions:

1. In the event that the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Lapsing Repurchase Right set forth in the Agreement, the Company shall give to the Executive and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the headquarters of the Company. The Executive and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares of stock being transferred, and (c) to deliver same, together with the certificate(s) evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, check, cancellation of indebtedness, if applicable, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Lapsing Repurchase Right.

3. The Executive irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. The Executive does hereby irrevocably constitute and appoint you as the Executive's attorney-in-fact and agent for the term of this escrow to execute with respect to such shares of stock all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated including, without limitation, the filing with any applicable state blue sky authority of any required applications for consent to, or notice of, transfer of the shares of stock. Subject to the provisions of this paragraph 3, the Executive shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of the Executive, but no more than once per calendar year, unless the Company's Lapsing Repurchase Right has been exercised, you will deliver to the Executive a certificate or certificates representing so many shares of stock as are not then subject to the Company's Lapsing Repurchase Right. Within 180 days after cessation of the Executive's

continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to the Executive a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's Lapsing Repurchase Right.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to the Executive, you shall deliver all of the same to the Executive and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely on and shall be protected in relying on or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as escrow agent or as attorney-in-fact for the Executive while acting in good faith, and any act done or omitted by you pursuant to the advice of your counsel (as described below) shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without j uri sdi cti on.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall be entitled to employ such legal counsel (which may be counsel to the Company) and other experts as you may deem necessary to properly advise you in connection with your obligations hereunder, you may rely upon the advice of such counsel, and you may cause the Company to pay such counsel reasonable compensation therefor.

11. Your responsibilities as escrow agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to the Company. In the event of any such termination, the Company shall have the right, in its sole discretion, to appoint a successor escrow agent.

12. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

13. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession or to deliver into court without liability to anyone all or any part of said shares of stock until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

14. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other address as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY:	At the address set forth in the Agreement Attn: Chief Executive Officer
EXECUTIVE:	At the address set forth in the Agreement
ESCROW AGENT:	At the address of the Company set forth in the Agreement Attn: Corporate Secretary

15. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of Said Joint Escrow Instructions; you do not become a party to the Agreement.

16. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

17. These Joint Escrow Instructions shall be governed by the internal substantive laws, but not the choice of law rules, of the State of Delaware.

TELA BIO, INC.

By: /s/ Maarten Persenaire
Maarten Persenaire, M.D., Chief Medical Officer

EXECUTIVE:

/s/ Antony Koblish
Antony Koblish:

ESCROW AGENT:

/s/ Antony Koblish
Anthony Koblish, Secretary of TELA Bio, Inc.

Exhibit 10.26

TELA BIO, INC.
STOCK RESTRICTION AGREEMENT

THIS STOCK RESTRICTION AGREEMENT (this **"Agreement")** is made as of December 3, 2012 by and between TELA BIO, INC., a Delaware corporation (the **"Company"),** and Maarten Persenaire, M.D. (the **"Executive").**

RECITALS

The Executive is the record owner of 723,125 shares of the Company's Common Stock, par value $0.001 per share (the **"Common Stock").** Pursuant to a Series A Preferred Stock Purchase Agreement (the **"Purchase Agreement")** of even date herewith between the Company and the parties named therein, the Company has agreed to sell shares of the Company's Series A Preferred Stock, par value $0.001 per share, to the Purchasers (as defined in the Purchase Agreement). It is a condition to the Purchasers' obligations under the Purchase Agreement that the Company and the Executive enter into this Agreement and subject a portion of the shares of Common Stock held of record by the Executive (the **"Restricted Shares")** to the restrictions set forth herein.

AGREEMENT

The parties hereto, intending to be legally bound, hereby agree as follows:

1. Company's Lapsing Repurchase Right.

(a) Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) **"Cause"** shall have the meaning set forth in the Employment Agreement.

(ii) **"Disability"** shall have the meaning set forth in the Employment Agreement.

(iii) **"Employment Agreement"** shall mean that certain Employment Agreement dated the date of this Agreement between the Company and the Executive.

(iv) **"Good Reason** "shall have the meaning set forth in the Employment Agreement.

(v) **"Liquidity Event** "shall have the meaning set forth in the Company's Amended and Restated Certificate of Incorporation in effect as of the date hereof.

(b) Lapsing Repurchase Right.

(i) Subject to the further provisions of this Agreement, if, prior to the third (3^{m}) anniversary of the date hereof (the **"Forfeiture Termination Date"),** the Executive

ceases to be an employee of the Company as a result of (x) resignation by the Executive for any reason other than Good Reason or (y) a termination of the Executive's employment by the Company for Cause, then, in such event, the Company (or its designee, as the case may be) shall have the option, but not the obligation, exercisable at any time during the ninety (90) day period commencing with the date of the Executive's termination or resignation of employment, to purchase from the Executive (or the Executive's successor in interest, as the case may be) any or all of the shares of Common Stock held by the Executive on the date hereof (the **"Executive Shares")** that constitute Restricted Shares as of the date of such termination of employment, in the manner and upon the terms contained herein. The Company shall only have the right to exercise its Lapsing Repurchase Right upon the occurrence of the events described in clauses (x) or (y) of this Section l(b)(i).

(ii) Notwithstanding any provision herein to the contrary, if, prior to the Forfeiture Termination Date, (A) the Executive dies, (B) the Executive's employment with the Company is terminated as a result of the Executive's Disability, (C) the Executive resigns with Good Reason, (D) the Executive's employment with the Company is terminated by the Company without Cause, or (E) a Liquidity Event occurs, the Company's Lapsing Repurchase Right shall terminate concurrent with such termination or resignation of employment or the consummation of such Liquidity Event.

(c) Exercise of Lapsing Repurchase Right. In the event that the Company (or its designee, as the case may be) exercises the option to acquire any or all of the Restricted Shares as provided in subsection 2(b) above, the Executive (or the Executive's successor in interest, as the case may be) shall sell to the Company (or its designee, as the case may be), at a price per share equal to $0.001 per share, all of the then Restricted Shares for which the option was appropriately exercised (the **"Lapsing Repurchase Right").**

(d) Number of Restricted Shares Subject to Lapsing Repurchase Right. For purposes of this Agreement, the Executive Shares shall be deemed to be Restricted Shares as follows:

(i) As of the date hereof, 542,343 of the Executive Shares shall be deemed to be Restricted Shares. Such shares shall continue to be Restricted Shares until otherwise provided in this Section 2(d).

(ii) On the last day of each of the next thirty-five (35) calendar months immediately following the date hereof (starting with January 2013), an additional one thirty-sixth (1/36) of the Executive Shares shall cease to be Restricted Shares and on the third (3rd) anniversary of the date hereof the final one thirty-sixth (1/36) of the Executive Shares shall cease to be Restricted Shares, at which time none of the Executive Shares shall be deemed to be Restricted Shares.

(e) Closing. In the event that the Company exercises the Lapsing Repurchase Right, the Company shall notify the Executive in writing of its intent to repurchase Restricted Shares. Such notice may be delivered by the Company on or before the last day of the time period provided for above for exercise of the Lapsing Repurchase Right. The notice shall specify the time and date for payment of the repurchase price (the "Closing") and the number of Restricted Shares with respect to which the Company is exercising the Lapsing Repurchase

Right. The Closing shall be held at the principal office of the Company not less than ten (10) days nor more than sixty (60) days from the date of mailing of the notice. At the Closing, the repurchase price shall be delivered to the Executive or the Executive's successor in interest, as the case may be, and the Restricted Shares being repurchased, duly endorsed for transfer, shall, to the extent that they are not then in the possession of the Company, be delivered to the Company by the Executive or the Executive's successor in interest.

(f) Escrow. To insure the availability for delivery of Restricted Shares upon repurchase by the Company pursuant to the Lapsing Repurchase Right hereunder, the Executive hereby appoints the secretary of the Company, or any other person designated by the Company, as escrow agent, as the Executive's attorney-in-fact to sell, assign and transfer unto the Company, such Restricted Shares, if any, repurchased by the Company pursuant to the Lapsing Repurchase Right and shall, upon execution of this Agreement, deliver and deposit with the secretary of the Company, or such other person designated by the Company, the share certificates representing the Restricted Shares, together with the stock assignment, duly endorsed in blank, attached hereto as Exhibit A-l. The Restricted Shares and stock assignment shall be held by the secretary or other designee in escrow, pursuant to the Joint Escrow Instructions of the Company and Executive attached hereto as Exhibit A-2, until the Company exercises its Lapsing Repurchase Right as provided hereunder, until such Restricted Shares are no longer Restricted Shares pursuant to the terms hereof, or until such time as this Agreement no longer is in effect. Upon lapsing of the restrictions associated with Restricted Shares, the escrow agent shall promptly upon written request, or periodically without written request, but in either case no more than once per calendar year, deliver to the Executive the certificate or certificates representing such Restricted Shares which are no longer subject to the Lapsing Repurchase Right in the escrow agent's possession belonging to the Executive, and the escrow agent shall be discharged of all further obligations hereunder with respect to those Restricted Shares; provided, however, that the escrow agent shall nevertheless retain such certificate or certificates as the escrow agent may be required pursuant to other restrictions imposed pursuant to this Agreement.

(g) No Liability. Neither the Company nor its designee, as the case may be, shall be liable for any act it may do or omit to do with respect to holding the Restricted Shares in escrow hereunder and while acting in good faith and in the exercise of its judgment.

(h) Prohibition on Transfer. The Executive recognizes and agrees that the Restricted Shares which are subject to the Lapsing Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee, as the case may be). The Company shall not be required to transfer any Restricted Shares on its books which shall have been sold, assigned or otherwise transferred in violation of this Section 2(h), or to treat as the owner of such Restricted Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Restricted Shares shall have been so sold, assigned or otherwise transferred, in violation of this Section 2(h). Notwithstanding anything in this Agreement to the contrary, the Executive may transfer any or all of his Restricted Shares (i) during his lifetime to any one or more of (A) his spouse, (B) any of his children, grandchildren or more remote descendants, (C) the spouse of any of his children, grandchildren or more remote descendants, (D) one or more trusts for the primary benefit of any one or more of the Executive and any individual referred to in clauses (A), (B) or (C), and (E) a partnership, limited partnership, limited liability company or similar company of which more

than fifty percent (50%) of the equity and vote are owned by one or more of the Executive and any individual referred to in clauses (A), (B), (C) or (D), or (ii) upon the Executive's death pursuant to the Executive's will, provided that such Restricted Shares shall remain subject to this Agreement (including, without limitation, the restrictions on transfer set forth in this Section 2(h) and the Lapsing Repurchase Right) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement.

(i) Failure to Deliver Granted Shares to be Repurchased. In the event that Restricted Shares to be repurchased by the Company under this Agreement are not in the Company's possession pursuant to Subsection 2(f) above or otherwise and the Executive or the Executive's successor in interest fails to deliver such Restricted Shares to the Company (or its designee, as the case may be), the Company may elect (i) to establish a segregated account in the amount of the repurchase price, such account to be turned over to the Executive or the Executive's successor in interest upon delivery of such Restricted Shares, and (ii) immediately to take such action as is appropriate to transfer record title of such Restricted Shares from the Executive to the Company (or its designee, as the case may be) and to treat the Executive and such Restricted Shares in all respects as if delivery of such Restricted Shares had been made as required by this Agreement. The Executive hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

(j) Additional Securities. If the Company shall pay a stock dividend or declare a stock split on or with respect to any of its Common Stock, or otherwise distribute securities of the Company to the holders of its Common Stock, the number of shares of stock or other securities of the Company issued with respect to the Restricted Shares then subject to the restrictions contained in this Agreement shall be added to the Restricted Shares subject to the Lapsing Repurchase Right pursuant to this Agreement. If the Company shall distribute to its stockholders securities of another corporation, the securities of such other corporation, distributed with respect to the Restricted Shares then subject to the restrictions contained in this Agreement, shall be added to the Restricted Shares subject to the Lapsing Repurchase Right pursuant to this Agreement. The fair market value of such securities of another corporation will be determined as follows: (a) if traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the twenty (20) trading-day period ending three trading days prior to the Closing of such Lapsing Repurchase Right; (b) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the twenty (20) trading-day period ending three trading days prior to the Closing of such Lapsing Repurchase Right; and (c) if there is no active public market, the value shall be the fair market value thereof, as agreed upon by the Board and the Executive, or if the Board and the Executive cannot agree upon such fair market value, then such fair market value shall be determined in good faith by an independent appraiser mutually selected by the Board and the Executive. If the Board and the Executive cannot mutually agree upon an independent appraiser to determine the fair market value, then the Executive, on the one hand, and the Board, on the other hand, may each engage their own independent appraisers. The appraisers selected by the Executive, on the one hand, and the Board, on the other hand, will then select a mutually acceptable independent appraiser, and such appraiser will make a final determination as to the fair market value. Subject to Section l(b) (ii),

if the outstanding shares of the Company's Common Stock shall be subdivided into a greater number of shares or combined into a smaller number of shares, or in the event of a reclassification of the outstanding shares of the Company's Common Stock, or if the Company shall be a party to a merger, consolidation or capital reorganization, there shall be substituted for the Restricted Shares then subject to this Agreement such amount and kind of securities as are issued in such subdivision, combination, reclassification, merger, consolidation or capital reorganization in respect of the Restricted Shares subject immediately prior thereto to the Lapsing Repurchase Right pursuant to this Agreement.

2. Lock-Up. If requested by the Company at any time prior to the effective date of any registration statement filed with the Securities and Exchange Commission in connection with the Company's initial public offering (the **"IPO Effective Date"**), the Executive shall execute a lock-up agreement, in such form as the Company shall determine, precluding the Executive from selling, pledging, hypothecating, selling short or in any other manner transferring, during a period commencing on or about the IPO Effective Date and expiring on or about 180 days after the IPO Effective Date (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation) (the **"Lockup Period"**), any shares of the Company's capital stock owned by the Executive as of the IPO Effective Date or acquired by the Executive during such Lockup Period. Should the Executive fail to execute such agreement, the Executive shall be deemed to be restricted, in the same manner as the Directors of the Company shall be restricted, from selling, pledging, hypothecating, selling short or in any other manner transferring, during the Lockup Period, any shares of the Company's capital stock owned by the Executive as of the IPO Effective Date or acquired by the Executive during such Lockup Period.

3. Legend. All certificates representing the Restricted Shares subject to the Lapsing Repurchase Right shall have endorsed thereon a legend substantially as follows:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN A STOCK RESTRICTION AGREEMENT WITH THE COMPANY, AS AMENDED OR AMENDED AND RESTATED FROM TIME TO TIME, A COPY OF WHICH AGREEMENT IS AVAILABLE FOR INSPECTION AT THE OFFICES OF THE COMPANY OR WILL BE MADE AVAILABLE UPON REQUEST AND WITHOUT CHARGE."

4. Equitable Relief and Consent to Jurisdiction. The Executive specifically acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Agreement, including, without limitation, the attempted transfer of the Restricted Shares by the Executive in violation of this Agreement, monetary damages may not be adequate to compensate the Company, and, therefore, in the event of such a breach or threatened breach, in addition to any right to damages, the Company shall be entitled to seek equitable relief from any court having competent jurisdiction. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for any such breach or threatened breach.

5. Employment. The Company is not by this Agreement obligated to continue the Executive as an employee, consultant or director of the Company or any of its affiliates, and the

Company or any affiliate employing the Executive may terminate his employment or otherwise treat him without regard to the effect it may have upon him under this Agreement. The Company and the Executive hereto understand and agree that any references herein to employment of the Executive by the Company shall include the Executive's employment or service as an employee or consultant of the Company or any affiliate of the Company.

6. Notices. Any notice or other communication to be made, served or given under or pursuant to the terms hereof (a "**Notice**"), shall be in writing and shall be sent by personal delivery or by registered or certified mail, return receipt requested, postage prepaid, or by a nationally known overnight courier providing written proof of delivery, to the party at the addresses set forth on the signature pages hereto. Any party may direct a new address to which each such Notice shall be sent by giving written notice thereof to the other party hereunder. Any Notice sent in the manner set forth above shall be deemed to have been given and received three (3) days after it has been deposited in the United States mail. If a Notice is delivered otherwise than as set forth above, it shall be deemed to have been given when received. The substance of any Notice shall be deemed to have been fully acknowledged in the event of refusal of acceptance by the party to whom the notice is addressed.

7. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Executive and the Company and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Executive and may not be assigned by the Executive without the prior written consent of the Company. Any attempted assignment in violation of this Section 7 shall be null and void.

8. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of law principles thereof.

9. Jurisdiction. Each of the parties hereto irrevocably submits to the co-exclusive jurisdiction of the state and federal courts located in the State of Delaware, for the purposes of any suit, action or other proceeding arising out of or related to the terms of this Agreement or any of the transactions contemplated hereby. Each of the parties hereto further agrees that service of any process, summons, notice or documents by United States registered mail, return receipt requested, to such party's respective address set forth in the introduction of this Agreement, shall be effective service of process for any action, suit or proceeding in Delaware. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or related to the terms of this Agreement or any of the transactions contemplated hereby in the state and federal courts located in the State of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

10. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable

law, the parties waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

11. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Agreement.

12. Modifications and Amendments: Waivers and Consents. Except as set forth in Section 2, the terms and provisions of this Agreement may not be modified, amended, renewed, or terminated, nor may any term, condition or breach of any term or condition be waived, except by a writing signed by the Company and the Executive. Any waiver of any term, condition or breach hereof shall not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach.

13. Counterparts; Facsimile. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement by facsimile transmission shall constitute execution and delivery of this Agreement for all purposes, with the same force and effect as execution and delivery of an original manually signed copy hereof.

14. Headings and Captions. Subject headings and captions are included for convenience purposes only and shall not affect the interpretation of this Agreement.

15. No Strict Construction. Each of the parties hereto acknowledges that this Agreement has been prepared jointly by the parties hereto, and shall not be strictly construed against any party.

*****

IN WITNESS WHEREOF, the parties hereto have executed this Stock Restriction Agreement or caused their duly authorized officer to execute this Stock Restriction Agreement as of the day and year first above written.

TELA BIO, INC.

By: /s/ Antony Koblish
Name: Antony Koblish
Title: Chief Executive Officer

Address:

EXECUTIVE:

/s/ Maarten Persenaire
Maarten Persenaire, M.D.

Address

[Signature Page to Stock Restriction Agreement]

EXHIBIT A-1
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED I, , hereby sell, assign and transfer unto TELA BIO, INC. (the **"Company**") ( ) Restricted Shares of the Company standing in my name on the books of said corporation represented by Certificate Nos. herewith and do hereby irrevocably constitute and appoint to transfer the said stock on the books of the Company with full power of substitution in the premises.

This Stock Assignment may be used only in accordance with the Stock Restriction Agreement by and between the Company and the undersigned dated December 3, 2012, as amended or amended and restated from time to time (the **"Agreement**").

Dated:

_____
(signature)

_____

_____
(print name)

INSTRUCTIONS: Please do not fill in any blanks other than the signature line. The purpose of this assignment is to enable the Company to exercise its "Lapsing Repurchase Right", as set forth in the Agreement, without requiring additional signatures on the part of the Executive.

EXHIBIT A-2

JOINT ESCROW INSTRUCTIONS

December 3, 2012

To: Secretary, TEL A BIO, INC.

Dear Sir or Madam:

As Escrow Agent for both TELA BIO, INC. (the **"Company**") and the undersigned holder of stock of the Company (the "Executive"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Stock Restriction Agreement, as amended or amended and restated from time to time (the **"Agreement**"), between the Company and the undersigned, in accordance with the following instructions:

1. In the event that the Company and/or any assignee of the Company (referred to collectively for convenience herein as the "Company") exercises the Company's Lapsing Repurchase Right set forth in the Agreement, the Company shall give to the Executive and you a written notice specifying the number of shares of stock to be purchased, the purchase price, and the time for a closing hereunder at the headquarters of the Company. The Executive and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing, you are directed (a) to date the stock assignments necessary for the transfer in question, (b) to fill in the number of shares of stock being transferred, and (c) to deliver same, together with the certificate(s) evidencing the shares of stock to be transferred, to the Company or its assignee, against the simultaneous delivery to you of the purchase price (by cash, check, cancellation of indebtedness, if applicable, or some combination thereof) for the number of shares of stock being purchased pursuant to the exercise of the Company's Lapsing Repurchase Right.

3. The Executive irrevocably authorizes the Company to deposit with you any certificates evidencing shares of stock to be held by you hereunder and any additions and substitutions to said shares as defined in the Agreement. The Executive does hereby irrevocably constitute and appoint you as the Executive's attorney-in-fact and agent for the term of this escrow to execute with respect to such shares of stock all documents necessary or appropriate to make such securities negotiable and to complete any transaction herein contemplated including, without limitation, the filing with any applicable state blue sky authority of any required applications for consent to, or notice of, transfer of the shares of stock. Subject to the provisions of this paragraph 3, the Executive shall exercise all rights and privileges of a stockholder of the Company while the stock is held by you.

4. Upon written request of the Executive, but no more than once per calendar year, unless the Company's Lapsing Repurchase Right has been exercised, you will deliver to the Executive a certificate or certificates representing so many shares of stock as are not then subject to the Company's Lapsing Repurchase Right. Within 180 days after cessation of the Executive's

continuous employment by or services to the Company, or any parent or subsidiary of the Company, you will deliver to the Executive a certificate or certificates representing the aggregate number of shares held or issued pursuant to the Agreement and not purchased by the Company or its assignees pursuant to exercise of the Company's Lapsing Repurchase Right.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to the Executive, you shall deliver all of the same to the Executive and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely on and shall be protected in relying on or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties. You shall not be personally liable for any act you may do or omit to do hereunder as escrow agent or as attorney-in-fact for the Executive while acting in good faith, and any act done or omitted by you pursuant to the advice of your counsel (as described below) shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authorities or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall be entitled to employ such legal counsel (which may be counsel to the Company) and other experts as you may deem necessary to properly advise you in connection with your obligations hereunder, you may rely upon the advice of such counsel, and you may cause the Company to pay such counsel reasonable compensation therefor.

11. Your responsibilities as escrow agent hereunder shall terminate if you shall cease to be an officer or agent of the Company or if you shall resign by written notice to the Company. In the event of any such termination, the Company shall have the right, in its sole discretion, to appoint a successor escrow agent.

12. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

13. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession or to deliver into court without liability to anyone all or any part of said shares of stock until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

14. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses or at such other address as a party may designate by ten days' advance written notice to each of the other parties hereto.

COMPANY: At the address set forth in the Agreement

Attn: Chief Executive Officer

EXECUTIVE: At the address set forth in the Agreement

ESCROW AGENT: At the address of the Company set forth in the Agreement

Attn: Corporate Secretary

15. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of Said Joint Escrow Instructions; you do not become a party to the Agreement.

16. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

17. These Joint Escrow Instructions shall be governed laws, but not the choice of law rules, of the State of Delaware.

TELA BIO, INC.

By: /s/ Antony Koblish
Antony Koblish, Title: Chief Executive Officer

EXECUTIVE:

/s/ Maarten Persenaire, M.D.
Maarten Persenaire, M.D.

ESCROW AGENT

/s/ Antony Koblish
Antony Koblish, Secretary of TELA Bio, Inc.

13. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities held by you hereunder, you are authorized and directed to retain in your possession or to deliver into court without liability to anyone all or any part of

said shares of stock until such disputes shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

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Attn: Corporate Secretary

15. By signing these Joint Escrow Instructions, you become a party hereto only for the purpose of Said Joint Escrow Instructions; you do not become a party to the Agreement.

16. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

17. These Joint Escrow Instructions shall be governed by the internal substantive laws, but not the choice of law rules, of the State of Delaware.

TELA BIO, INC.

By: _____
Antony Koblish, Title: Chief Executive Officer

EXECUTIVE:

/s/ Maarten Persenaire, M.D.
Maarten Persenaire, M.D.

ESCROW AGENT

_____
Antony Koblish, Secretary of TELA Bio, Inc.

Exhibit 21.1

LIST OF SUBSIDIARIES

Subsidiary	Ownership Percentage	Jurisdiction of Incorporation or Organization
TELA Bio, Limited	100%	England and Wales

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
TELA Bio, Inc.:

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus.

Our report dated August 16, 2019 contains an explanatory paragraph that states that the Company has incurred recurring losses and negative cash flows from operations, has limited resources available to fund current commercialization and research and development activities, and will require substantial additional financing to continue to fund its commercialization and research and development activities that raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

/s/ KPMG LLP

Philadelphia, Pennsylvania
October 15, 2019