

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2023**

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **001-34822**

ClearPoint Neuro, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

58-2394628
(IRS Employer
Identification Number)

120 S. Sierra Ave., Suite 100
Solana Beach, California
(Address of Principal Executive Offices)

92075
(Zip Code)

(888) 287-9109
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	CLPT	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

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

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

As of May 3, 2023, there were 24,582,251 shares of common stock outstanding.

CLEARPOINT NEURO, INC.

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Trademarks, Trade Names and Service Marks

ClearPoint Neuro[®], *ClearPoint*[®], *SmartFlow*[®], *SmartFrame*[®], *SmartGrid*[®], *Inflexion*[®], *SmartTwist*[®], *SmartTip*[®], *ClearPoint Maestro*[®], *ClearPoint Revolution*[™], *SmartFrame Array*[®], *ClearPoint Orchestra*[™], *ClearPoint Prism*[™], *SmartFlow Flex*[™], *ClearPointer*[™], *When Your Path is Unclear. We Point The Way*[®], and *MRI Interventions*[®] are all trademarks of ClearPoint Neuro, Inc. Any other trademarks, trade names or service marks referred to in this Quarterly Report on Form 10-Q (this “Quarterly Report”) are the property of their respective owners.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains “forward-looking statements” as defined under the United States federal securities laws. The forward-looking statements relate to our expectations for performance, revenues and costs, and the adequacy of cash and cash equivalent balances and short-term investments to support operations and meet future obligations. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would,” and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain.

In evaluating forward-looking statements, you should refer to (i) the section titled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which we filed with the United States Securities and Exchange Commission (“SEC”) on March 1, 2023 (the “2022 Form 10-K”), (ii) Item 2 of this Quarterly Report, under the heading “Management's Discussion and Analysis of Financial Condition and Results of Operations -- Factors Which May Influence Future Results of Operations” and (iii) Part II, Item 1.A of this Quarterly Report. As a result of these risk factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake to update any of the forward-looking statements after the date of this Quarterly Report, except to the extent required by applicable securities laws.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CLEARPOINT NEURO, INC.
Condensed Consolidated Balance Sheets
(Dollars in thousands, except for per share data)

	March 31, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,792	\$ 27,615
Short-term investments, at amortized cost	9,943	9,874
Accounts receivable, net	2,678	2,665
Inventory, net	9,808	9,303
Prepaid expenses and other current assets	1,764	1,723
Total current assets	45,985	51,180
Property and equipment, net	949	806
Operating lease, right-of-use assets	1,762	1,895
Software license inventory	450	450
Licensing rights	970	1,028
Other assets	131	131
Total assets	<u>\$ 50,247</u>	<u>\$ 55,490</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,352	\$ 272
Accrued compensation	1,454	2,824
Other accrued liabilities	1,396	2,065
Operating lease liabilities, current portion	571	561
Deferred product and service revenue, current portion	1,281	1,066
Total current liabilities	6,054	6,788
Operating lease liabilities, net of current portion	1,386	1,532
Deferred product and service revenue, net of current portion	320	390
2020 senior secured convertible note payable, net	9,907	9,893
Total liabilities	17,667	18,603
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.01 par value; 200,000,000 shares authorized; 24,582,251 shares issued and outstanding at March 31, 2023; and 24,578,983 issued and outstanding at December 31, 2022	246	246
Additional paid-in capital	188,310	187,008
Accumulated deficit	(155,976)	(150,367)
Total stockholders' equity	32,580	36,887
Total liabilities and stockholders' equity	<u>\$ 50,247</u>	<u>\$ 55,490</u>

See accompanying notes to Condensed Consolidated Financial Statements.

CLEARPOINT NEURO, INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except for per share data)

	For The Three Months Ended March 31,	
	2023	2022
Revenue:		
Product revenue	\$ 2,630	\$ 3,163
Service and other revenue	2,803	1,868
Total revenue	5,433	5,031
Cost of revenue	2,231	1,800
Gross profit	3,202	3,231
Research and development costs	3,023	2,901
Sales and marketing expenses	2,933	2,018
General and administrative expenses	2,958	2,176
Operating loss	(5,712)	(3,864)
Other expense:		
Other (expense) income, net	(11)	11
Interest income (expense), net	114	(106)
Net loss	\$ (5,609)	\$ (3,959)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (0.23)	\$ (0.17)
Weighted average shares used in computing net loss per share:		
Basic and diluted	24,583,163	23,682,442

See accompanying notes to Condensed Consolidated Financial Statements.

CLEARPOINT NEURO, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(Dollars in thousands)

For The Three Months Ended March 31, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balances, January 1, 2023	24,578,983	\$ 246	\$ 187,008	\$ (150,367)	\$ 36,887
Issuances of common stock:					
Share-based compensation	3,782	—	1,307	—	1,307
Payments for taxes related to net share settlement of equity awards	(514)	—	(5)	—	(5)
Net loss for the period	—	—	—	(5,609)	(5,609)
Balances, March 31, 2023	24,582,251	\$ 246	\$ 188,310	\$ (155,976)	\$ 32,580

For The Three Months Ended March 31, 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balances, January 1, 2022	23,665,991	\$ 237	\$ 182,482	\$ (133,932)	\$ 48,787
Issuances of common stock:					
Share-based compensation	29,916	—	899	—	899
Warrant and option exercises (cash and cashless)	12,211	—	3	—	3
Net loss for the period	—	—	—	(3,959)	(3,959)
Balances, March 31, 2022	23,708,118	\$ 237	\$ 183,384	\$ (137,891)	\$ 45,730

See accompanying notes to Condensed Consolidated Financial Statements.

CLEARPOINT NEURO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	For The Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (5,609)	\$ (3,959)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Allowance for credit losses (recoveries)	171	(61)
Depreciation and amortization	129	86
Share-based compensation	1,307	899
Amortization of debt issuance costs and original issue discounts	14	13
Amortization of lease right-of-use, net of accretion in lease liabilities	142	133
Accretion of discounts on short-term investments	(69)	—
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(184)	155
Inventory, net	(578)	(880)
Prepaid expenses and other current assets	(42)	128
Other assets	—	30
Accounts payable and accrued expenses	(959)	(692)
Lease liabilities	(146)	(128)
Deferred revenue	144	7
Net cash flows from operating activities	(5,680)	(4,269)
Cash flows from investing activities:		
Purchases of property and equipment	(138)	(69)
Acquisition of licensing rights	—	(116)
Net cash flows from investing activities	(138)	(185)
Cash flows from financing activities:		
Proceeds from stock option and warrant exercises	—	3
Payments for taxes related to net share settlement of equity awards	(5)	—
Net cash flows from financing activities	(5)	3
Net change in cash and cash equivalents	(5,823)	(4,451)
Cash and cash equivalents, beginning of period	27,615	54,109
Cash and cash equivalents, end of period	\$ 21,792	\$ 49,658

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for:

Income taxes	\$ —	\$ —
Interest	\$ 179	\$ 100

NON-CASH INVESTING AND FINANCING TRANSACTIONS:

- The Company had less than \$0.1 million in capital expenditures accrued but not yet paid at March 31, 2023.
- During the three months ended March 31, 2023 and 2022, the Company recorded net transfers of ClearPoint reusable components having an aggregate net book value of less than \$0.1 million, between loaned systems, which are included in property and equipment in the accompanying condensed consolidated balance sheets, and inventory.

See accompanying notes to Condensed Consolidated Financial Statements.

ClearPoint Neuro, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Description of the Business and Financial Condition

ClearPoint Neuro, Inc. (the “Company”) is a commercial-stage medical device company focused on the development and commercialization of innovative platforms for performing minimally invasive surgical procedures in the brain. From the Company’s inception in 1998, the Company has deployed significant resources to fund its efforts to develop the foundational capabilities for enabling MRI-guided interventions, building an intellectual property portfolio, and identifying and building out commercial applications for the technologies it develops. In 2021, the Company’s efforts expanded beyond the MRI suite to encompass development and commercialization of new neurosurgical device products for the operating room setting, as well as consulting services for pharmaceutical and biotech companies, academic institutions, and contract research organizations.

The Company’s initial product offering, the ClearPoint system, is an integrated system comprised of capital equipment and disposable products, designed to allow minimally invasive procedures in the brain to be performed in an MRI suite. The ClearPoint Array Neuro Navigation System and its principal disposable component, introduced in 2021, is designed to be deployed in an operating room setting while also being usable in an MRI suite. Both systems provide guidance for the placement and operation of instruments or devices during the planning and operation of neurosurgical procedures. The Company received 510(k) clearance from the U.S. Food and Drug Administration (“FDA”) in 2010 to market the ClearPoint system in the United States for general neurosurgical interventional procedures; in February 2011, the Company also obtained CE marking for its ClearPoint system. In 2011 and 2018, the Company received 510(k) clearance and CE marking, respectively, for its SmartFlow cannula which is being used, or is under evaluation, along with the Company’s services, by more than 50 pharmaceutical and biotech companies, academic institutions, or contract research organizations having a focus on biologics and drug delivery. In 2021, the Company received 510(k) clearance for the Array Neuro Navigation System. In September 2022 the ClearPoint Prism™ Neuro Laser Therapy System, for which the Company has exclusive global commercialization rights, received 510(k) clearance through the Company’s Swedish partner Clinical Laserthermia Systems (“CLS”). The Prism laser represents the first therapy product the Company will commercialize.

Macroeconomic Trends

The Company continues to monitor the impact of various macroeconomic trends, such as global economic and supply chain disruptions, geopolitical instability, labor shortages, instability of financial institutions and inflationary conditions. Changes in domestic and global economic conditions, supply chain disruptions, labor shortages, as well as other stimulus and spending programs, have led to higher inflation, which is likely to lead to increased costs and may cause changes in fiscal and monetary policy. Impacts from inflationary pressures, such as increasing costs for research and development of the Company’s products, administrative and other costs of doing business, the potential for instability of the financial institutions where we maintain our deposits or other assets, and the Company’s access to capital markets and other sources of funding in the future could adversely affect our business, financial condition and results of operations. Additionally, these trends could adversely affect the Company’s customers, which could impact their willingness to spend on the Company’s products and services. The rapid development and fluidity of these situations precludes any prediction as to the ultimate impact they will have on the Company’s business, financial condition, results of operation and cash flows, which will depend largely on future developments.

Liquidity

The Company has incurred net losses since its inception, which has resulted in a cumulative deficit at March 31, 2023 of \$56.0 million. In addition, the Company’s use of cash from operations amounted to \$5.7 million for the three months ended March 31, 2023, and \$16.2 million for the year ended December 31, 2022. Since its inception, the Company has financed its operations principally from the sale of equity securities and the issuance of notes payable, however, there is no assurance such sale of equity securities and/or issuance of notes payable will be at terms favorable to the Company or available at all in the future. As required by generally accepted accounting principles in the U.S. (“GAAP”), the Company has evaluated its ability to continue as a going concern and has determined that based on current forecasts, existing cash and cash equivalent balances and short-term investments at March 31, 2023 are sufficient to support the Company’s operations and meet its obligations for at least the next twelve months.

ClearPoint Neuro, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

In 2020, pursuant to the terms of a Securities Purchase Agreement (the "SPA"), the Company issued secured convertible notes to two investors which raised gross proceeds of \$25 million, of which \$15 million has been converted to common stock and \$10 million remains outstanding (the "Outstanding First Closing Note"). See Note 6 below for additional information with respect to the 2020 secured notes. In February 2021, the Company completed a public offering of 2,127,660 shares of its common stock from which the net proceeds totaled approximately \$46.8 million after deducting underwriting discounts and commissions, and other offering expenses paid by the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared on a basis consistent with the Company's December 31, 2022 audited consolidated financial statements, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. These condensed consolidated financial statements have been prepared in accordance with SEC rules for interim financial information, and, therefore, omit certain information and footnote disclosures necessary to present such statements in accordance with GAAP. The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2022 Form 10-K. The accompanying condensed consolidated balance sheet as of December 31, 2022 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by GAAP for a complete set of financial statements. The results of operations for the three months ended March 31, 2023, may not be indicative of the results to be expected for the entire year or any future periods.

Inventory

Inventory is carried at the lower of cost (first-in, first-out method) or net realizable value. Items in inventory relate predominantly to the Company's ClearPoint system and related disposables. Software license inventory related to ClearPoint systems undergoing on-site customer evaluation is included in inventory in the accompanying condensed consolidated balance sheets. All other software license inventory is classified as a non-current asset. The Company periodically reviews its inventory for excess and obsolete items and provides a reserve upon identification of potentially excess or obsolete items.

Intangible Assets

The Company is a party to a license agreement that provides rights to the Company for the development and commercialization of products. Under the term of the license agreement, the Company made payments to the licensor upon execution of the license agreement for access to the underlying technology and future payments will be based upon achievement of regulatory and commercialization milestones as defined in the license agreement. In 2022, the Company made a payment to the licensor for the achievement of a regulatory milestone, which acts as a prepayment for future royalties.

In conformity with Accounting Standards Codification Section 350, "Intangibles – Goodwill and Other," the Company amortizes its investment in the upfront license rights described above over an expected useful life of five years, or as commercial sales occur for the royalty prepayment. In addition, the Company periodically evaluates the recoverability of its investment in the license rights and records an impairment charge in the event such evaluation indicates that the Company's investment is not likely to be recovered.

Revenue Recognition

The Company's revenue is comprised primarily of: (1) product revenue resulting from the sale of functional neurosurgery, navigation, therapy, and biologics and drug delivery disposable products; (2) product revenue resulting

ClearPoint Neuro, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

from the sale of ClearPoint capital equipment and software; (3) revenue resulting from the service, installation, training, and shipping related to ClearPoint capital equipment and software; (4) consultation revenue and clinical case support revenue in connection with customer-sponsored pre-clinical and clinical trials; and (5) license revenue for the granting of licenses to develop and commercialize the Company's SmartFlow Cannula devices with our customers' proprietary biologics as a combination product. The Company recognizes revenue when control of the Company's products is transferred to its customers or services are provided to customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products and services, in a process that involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that is readily available to the customer and is separately identified in the contract. When a contract calls for the satisfaction of multiple performance obligations for a single contract price, the Company typically allocates the contract price among the performance obligations based on the relative stand-alone prices for each such performance obligation customarily charged by the Company. The Company considers a performance obligation satisfied once it has transferred control of a good or service to the customer, meaning the customer has the ability to use and obtain the benefit of the good or service. The Company recognizes revenue for satisfied performance obligations only when it determines there are no uncertainties regarding payment terms or transfer of control.

Lines of Business; Timing of Revenue Recognition

- *Functional neurosurgery navigation product, biologics and drug delivery systems product, and therapy product sales:* Revenue from the sale of functional neurosurgery navigation products (consisting of disposable products sold commercially and related to cases utilizing the Company's ClearPoint system), biologics and drug delivery systems (consisting primarily of disposable products related to customer-sponsored clinical trials utilizing the ClearPoint system), and therapy products (consisting primarily of disposable laser-related products used in non-neurosurgical procedures) is generally based on customer purchase orders, the predominance of which require delivery within one week of the order having been placed, and are generally recognized at the point in time of shipping to the customer, which is the point at which legal title, and risks and rewards of ownership, transfer to the customer. For certain customers, legal title and risks and rewards of ownership transfer upon delivery to the customer as stated in their respective contracts, in which case revenue is recognized upon delivery.
- *Capital equipment and software sales:*
 - *Capital equipment and software sales preceded by evaluation periods:* The predominance of capital equipment and software sales (consisting of integrated computer hardware and software that are integral components of the Company's ClearPoint system) are preceded by customer evaluation periods. During these evaluation periods, installation of, and training of customer personnel on, the systems have been completed and the systems have been in operation. Accordingly, revenue from capital equipment and software sales following such evaluation periods is recognized at the point in time that the Company is in receipt of an executed purchase agreement or purchase order.
 - *Capital equipment and software sales not preceded by evaluation periods:* Revenue from sales of capital equipment and software not having been preceded by an evaluation period is recognized upon delivery to the customer and installation. For capital equipment that does not require installation, revenue is recognized upon shipment, however, for those customers where legal title and risks and rewards of ownership transfer upon delivery, revenue is recognized at such time.

For both types of capital equipment and software sales described above, the determination of the point in time at which to recognize revenue represents that point at which the customer has legal title, physical possession, and the risks and rewards of ownership, and the Company has a present right to payment.

- *Functional neurosurgery navigation and therapy services:* The Company recognizes revenue for such services at the point in time that the performance obligation has been satisfied.
- *Biologics and drug delivery services and other revenue:*

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- *Consultation Services:* The Company recognizes consultation revenue over time as the services are delivered to the customer based on the extent of progress towards completion of the performance obligation.
 - *Clinical Service Access Fees:* For contracts in which the Company receives a periodic fixed fee, irrespective of the number of cases attended by the Company's personnel or hours incurred during such periods, revenue is recognized ratably over the period covered by such fees. A time-elapsed output method is used for such fees because the Company transfers control evenly by providing a stand-ready service.
 - *Clinical Service Procedure-Based Fees:* The Company recognizes revenue at the point in time a case is attended by Company personnel.
 - *License fees:* The Company has determined that license fees represent the use of functional intellectual property as it exists at the point in time at which the license is granted and does not require any significant development or customization. Therefore, the Company recognizes license revenue at the point in time in which the license becomes effective and the intellectual property is made available to the customer.
- *Capital equipment-related services:*
 - *Equipment service:* Revenue from service of ClearPoint capital equipment and software previously sold to customers is based on agreements with terms ranging from one to three years and is recognized ratably on a monthly basis over the term of the service agreement. A time-elapsed output method is used for service revenue because the Company transfers control evenly by providing a stand-ready service.
- The Company may also enter into contracts with customers who own ClearPoint capital equipment, which bundle maintenance and support services and access to software and hardware upgrades made commercially available over the term of the contract, for a single contract price, typically paid on an annual basis. The Company allocates the contract price among the performance obligations based on the relative stand-alone prices for each such performance obligation and recognizes the revenue ratably on a monthly basis. A time-elapsed output method is used as the Company is providing a stand-ready service for each of the performance obligations.
- *Installation, training and shipping:* Consistent with the Company's recognition of revenue for capital equipment and software sales as described above, fees for installation, training and shipping in connection with sales of capital equipment and software that have been preceded by customer evaluation periods are recognized as revenue at the point in time the Company is in receipt of an executed purchase order for the equipment and software. Installation, training and shipping fees related to capital equipment and software sales not having been preceded by an evaluation period are recognized as revenue concurrent with the recognition of revenue from sales of the related capital equipment.

The Company operates in one industry segment, and the predominance of its sales are to U.S.-based customers.

Payment terms under contracts with customers generally are in a range of 30-60 days after the customers' receipt of the Company's invoices.

The Company's terms and conditions do not provide for a right of return unless for: (a) product defects; or (b) other conditions subject to the Company's approval.

See Note 3 for additional information regarding revenue recognition.

Net Loss Per Share

The Company computes net loss per share using the weighted-average number of common shares outstanding during the period. Basic and diluted net loss per share are the same because the conversion, exercise or issuance of all potential common stock equivalents, which comprise the entire amount of the Company's outstanding common stock

ClearPoint Neuro, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

options and warrants, as described in Note 8, and the potential conversion of the Outstanding First Closing Note, as described in Note 6, would be anti-dilutive, due to the reporting of a net loss for each of the periods in the accompanying condensed consolidated statements of operations.

Concentration Risks and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company may at times invest its excess cash in interest bearing accounts and U.S. government debt securities. It classifies all highly liquid investments with original stated maturities of three months or less from the date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months but less than twelve months as short-term investments. The Company classifies the U.S. government debt securities as held-to-maturity in accordance with ASC 320, "Investments - Debt and Equity Securities." Held-to-maturity securities are those securities that the Company has the ability and intent to hold until maturity and are recorded at amortized cost on the accompanying condensed consolidated balance sheet, adjusted for the accretion of discounts using the effective interest method.

The Company holds the remainder of its cash and cash equivalents on deposit with financial institutions in the U.S. insured by the Federal Deposit Insurance Corporation. At March 31, 2023, the Company had approximately \$1.7 million in bank balances that were in excess of the insured limits.

At March 31, 2023, there was one customer whose accounts receivable balance represented 23% of accounts receivable at that date and two customers who each represented 10% of the balance. At December 31, 2022, one customer accounted for 19% of accounts receivable at that date.

One pharmaceutical customer, a related party who is a stockholder, a noteholder, and who has a representative on the Company's Board of Directors (see Note 6), for whom the Company provides hardware, software, clinical services and market development services in support of the customer's clinical trials, and from whom the Company earns a quarterly fee, accounted for 13% and 19% of total sales in the three-month periods ended March 31, 2023 and 2022, respectively.

Prior to granting credit to a customer, the Company performs credit evaluations of the customers' financial condition. In general, the Company does not require collateral from customers in connection with an extension of credit. The accounts receivable balance is reduced by an allowance for credit losses from the potential inability of the Company's customers to make required payments. The allowance for credit losses at March 31, 2023, and December 31, 2022, was \$0.3 million and \$0.1 million, respectively. The Company evaluates the historic loss experience on the accounts receivable balance and also considers separately customers with receivable balances that may be negatively impacted by current economic developments and market conditions. The estimate is a result of the Company's ongoing evaluation of collectability, customer creditworthiness, historical levels of credit losses and future expectations.

The Company is subject to risks common to emerging companies in the medical device industry, including, but not limited to: new technological innovations; acceptance and competitiveness of its products; dependence on key personnel; dependence on key suppliers; dependence on third-party collaboration, license and joint development partners; changes in general economic conditions and interest rates; protection of proprietary technology; compliance with changing government regulations; uncertainty of widespread market acceptance of products; access to credit for capital purchases by customers; and product liability claims. Certain components used in manufacturing have relatively few alternative sources of supply and establishing additional or replacement suppliers for such components cannot be accomplished quickly. The inability of any of these suppliers to fulfill the Company's supply requirements may negatively impact future operating results.

Adoption of New Accounting Standard

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)," which replaces the current incurred loss impairment methodology for most financial assets with the current expected credit loss, or CECL, methodology. The series of new guidance amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of

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financial instruments, including trade receivables. The Company adopted the new standard effective January 1, 2023, which did not have a material impact to the condensed consolidated financial statements.

Reclassifications

The accompanying condensed consolidated statement of operations for the three months ended March 31, 2023 classifies share-based compensation in the same income statement line items as the cash compensation paid to recipient employees, rather than in general and administrative expense, as had been the practice in previous years. The accompanying condensed consolidated statements of operations for the three months ended March 31, 2022 have been conformed to the 2023 presentation.

3. Revenue Recognition

Revenue by Service Line

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Functional neurosurgery navigation and therapy		
Disposable products	\$ 1,858	\$ 1,863
Services	503	375
Subtotal – Functional neurosurgery navigation and therapy	2,361	2,238
Biologics and drug delivery		
Disposable products	594	850
Services and license fees	2,082	1,304
Subtotal – Biologics and drug delivery revenue	2,676	2,154
Capital equipment and software		
Systems and software products	178	450
Services	218	189
Subtotal – Capital equipment and software revenue	396	639
Total revenue	\$ 5,433	\$ 5,031

Contract Balances

- *Contract assets* – Substantially all the Company's contracts with customers are based on customer-issued purchase orders for distinct products or services. Customers are billed generally upon shipment of such products or delivery of such services, and the related contract assets comprise the accounts receivable balances included in the accompanying condensed consolidated balance sheets. At March 31, 2023, the Company also had \$0.4 million in deferred contract costs related to up-front costs for direct materials incurred to fulfill a customer contract. These costs are classified as other current assets, and are expected to be recognized as cost of revenue in 2023.
- *Contract liabilities* – Contract liabilities consist of amounts that have been invoiced and for which the Company has the right to bill, but that have not been recognized as revenue as the related goods or services have not been transferred. The Company's contract liabilities are generally comprised of the following (1) capital equipment and software-related service fees which are typically billed and collected at the inception of the service agreements, which have terms ranging from one to three years, (2) annual fees for agreements with customers that bundle the capital equipment and software-related service fees with software and hardware upgrades that are made commercially available over the term of the contract, and (3) up-front payments from customers made in connection with consulting services. The unearned portion of all such fees is classified as deferred revenue. Additionally, at December 31, 2022, the Company had a \$0.5 million refund liability resulting from an up-front customer payment which was potentially refundable if the parties did not enter into the ensuing agreement. As of

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March 31, 2023, the uncertainties underlying this amount have been resolved and the amount has been recognized as revenue.

During the three months ended March 31, 2023, the Company recognized approximately \$0.3 million of revenue, which was previously included in deferred revenue in the accompanying condensed consolidated balance sheet at December 31, 2022.

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue that will be recognized as revenue in future periods. The majority of the remaining performance obligations relate to capital equipment and software-related service agreements and the upfront payments discussed under the heading "Contract Balances" above, which amounted to approximately \$1.5 million at March 31, 2023. The Company expects to recognize approximately 79% of this revenue over the next twelve months and the remainder thereafter.

4. Fair Value Measurement

Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value of cash and cash equivalents of \$21.8 million and \$27.6 million as of March 31, 2023, and December 31, 2022, respectively, is derived using Level 1 inputs. The cash equivalents are comprised of short-term bank deposits, money market funds, and U.S. Government debt securities with original maturities of three months or less, and the carrying value is a reasonable estimate of fair value.

The Company had \$9.9 million of short-term investments on March 31, 2023 and December 31, 2022, consisting of twelve-month U.S. Government debt securities, which are classified as held to maturity and carried at amortized cost, adjusted for the accretion of discounts using the effective interest method. The carrying value of the debt securities approximates fair value based on Level 1 inputs. The Company has the intent and ability to hold these investments to maturity in order to collect interest payments over the life of the investments.

5. Inventory

Inventory consists of the following as of March 31, 2023 and December 31, 2022:

<i>(in thousands)</i>	March 31, 2023	December 31, 2022
Raw materials and work in process	\$ 7,308	\$ 6,513
Software licenses	210	210
Finished goods	2,290	2,580
Inventory, net, included in current assets	9,808	9,303
Software licenses – non-current	450	450
Total	<u>\$ 10,258</u>	<u>\$ 9,753</u>

6. Note Payable

As a result of a note financing in 2020, the Outstanding First Closing Note in an aggregate principal amount of \$0 million was outstanding at March 31, 2023. At the option of the holder at any time prior to maturity on January 29, 2025, the principal amount may be convertible to the Company's common stock at a conversion price of \$6.00, subject to adjustments as set forth in the SPA and the note agreement.

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On January 29, 2020, the Company completed a financing transaction with two investors (the "2020 Convertible Noteholders"), whereby the Company issued an aggregate principal amount of \$17.5 million of secured convertible notes (the "First Closing Notes") pursuant to the SPA, which, unless earlier converted or redeemed, mature on the fifth anniversary of the issuance and bear interest at a rate equal to the sum of (i) the greater of (a) the three (3)-month London Interbank Offered Rate ("LIBOR") and (b) two percent (2%), plus (ii) a margin of 2% on the outstanding balance of the First Closing Notes, payable quarterly on the first business day of each calendar quarter. The First Closing Notes may be converted at a price of \$6.00 per share, subject to certain adjustments set forth in the SPA and the note agreement, and may not be pre-paid without the consent of the noteholder, provided that the Company must offer to pre-pay such other noteholder on the same terms and conditions.

In May 2021, one of the 2020 Convertible Noteholders (the "Converting Noteholder") converted the entire \$7.5 million principal amount of such Converting Noteholder's First Closing Note, and related accrued interest, amounting to approximately \$0.04 million, into 1,256,143 shares of the Company's common stock.

At the Closing Date, the SPA gave the Company the right, but not the obligation, to request at any time on or prior to January 11, 2022, that one of the 2020 Convertible Noteholders purchase an additional \$5.0 million in aggregate principal amount of Second Closing Note (as defined in the SPA) and an additional \$0.0 million in aggregate principal amount of Third Closing Note (as defined in the SPA; together, with the Second Closing Note, the "Additional Convertible Notes"), provided that such 2020 Convertible Noteholder has the right, but not the obligation, to purchase such notes. The Additional Convertible Notes would also mature on the fifth anniversary of the Closing Date.

On December 29, 2020, the Company and the 2020 Convertible Noteholders entered into the amendment to the SPA (the "Amendment"), the terms of which, among other provisions, provided for: (a) an increase in the principal amount of the Second Closing Note to \$7.5 million; (b) a revision of the interest rate to be borne by the Second Closing Note to consist of: (i) cash interest of 2% per annum, payable quarterly; and (ii) payment-in-kind interest of 5% per annum, accruable quarterly as an addition to the unpaid principal balance of the Second Closing Note; and (c) an increase in the conversion price of the Second Closing Notes to \$10.14 per share, subject to certain adjustments set forth in the SPA and the note agreement. Upon execution of the Amendment, the Company issued the Second Closing Note to one of the 2020 Convertible Noteholders.

On November 3, 2021, the holder of the Second Closing Note converted the entire \$7.5 million principal amount of such note, along with related accrued and payment in-kind interest aggregating \$0.3 million, into 773,446 shares of the Company's common stock.

The aggregate carrying amount of the Outstanding First Closing Note in the accompanying March 31, 2023 and December 31, 2022 condensed consolidated balance sheets is presented net of financing costs, comprised of commissions and legal expenses, having an unamortized balance of \$0.1 million at each of those respective dates.

The Outstanding First Closing Note is secured by all the assets of the Company.

The holder of the Outstanding First Closing Note is a significant customer of the Company, whose chief executive officer is a member of the Company's Board of Directors. See Note 2, *Concentration Risks and Other Risks and Uncertainties*.

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Scheduled Note Payable Maturity

Scheduled principal payment as of March 31, 2023 with respect to the remaining note payable is summarized as follows:

Year ending December 31,	<i>(in thousands)</i>
2025	\$ 10,000
Total scheduled principal payment	10,000
Less: Unamortized financing costs	(93)
Total	\$ 9,907

7. Leases

The Company subleases office space in Solana Beach, California, that serves as its corporate headquarters and houses certain management and research and development personnel. The sublease term commenced on December 15, 2020, is set to expire on December 31, 2026, and is renewable for an additional five-year period, at the Company's option, provided that the Company's landlord has entered into an extension of its prime lease for the office space that encompasses the Company's office space for at least five years.

In November 2022, the Company entered into a lease agreement to lease a 19,462 square foot industrial building in Carlsbad, California to use as an office and manufacturing facility. Under the agreement, the lease term commences on June 1, 2023 and ends on May 31, 2033. The base rent payable under the lease agreement is \$36,977.80 per month, which is subject to annual increases of 3.5% during the lease term. The Company has two options to extend the lease term for thirty-six or sixty months, at the fair market rental value. The total minimum lease payments related to this lease are \$5.1 million.

The Company leases space in Irvine, California, that houses office space and a manufacturing facility under a lease that commenced on October 1, 2018 and expires in September 2024.

Both the Solana Beach and Irvine leases are classified as operating leases in conformity with GAAP. No lease liability has been recorded for the Carlsbad lease, given that the lease term has not yet commenced. The aggregate lease costs, included in general and administrative expense, were \$0.3 million and \$0.1 million for the three months ended March 31, 2023 and 2022, respectively.

8. Stockholders' Equity

We maintain the Fourth Amended and Restated 2013 Incentive Compensation Plan which became effective in 2022. The plan permits the issuance of options, restricted stock, restricted stock units and other awards to selected

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employees, directors and consultants of the Company. The equity incentive plans are more fully described in Note 9 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2022.

Share-Based Compensation Expense

The Company records share-based compensation expense on a straight-line basis over the vesting periods of the related grants and recognizes forfeitures as they occur. The following table sets forth share-based compensation expense included in the condensed consolidated statements of operations:

	Three Months Ended March 31,	
	<i>(in thousands)</i>	
	2023	2022
Cost of revenue	21	10
Research and development	282	361
Sales and marketing	362	150
General and administrative	642	378
Share-based compensation expense	<u>\$ 1,307</u>	<u>\$ 899</u>

Share-based compensation expense by type of share-based award:

	Three Months Ended March 31,	
	<i>(in thousands)</i>	
	2023	2022
Stock options	248	318
RSAs and RSUs	992	525
ESPP	67	56
	<u>\$ 1,307</u>	<u>\$ 899</u>

Total unrecognized compensation expense by type of award and the weighted-average remaining requisite period over which such expense is expected to be recognized (in thousands, unless otherwise noted):

	March 31, 2023	
	Unrecognized Expense	Remaining Weighted-Average Recognition Period (in years)
Stock options	\$ 1,708	2.15
RSAs and RSUs	\$ 9,803	2.45

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Stock Option Activity

Stock option activity under all of the Company's plans during the three months ended March 31, 2023 is summarized below:

	Stock Options	Weighted-average Exercise price per share	Weighted-average Remaining Contractual Life (in years)	Intrinsic Value⁽¹⁾ (in thousands)
Outstanding at December 31, 2022	1,398,286	\$ 8.69		
Granted	111,107	\$ 8.10		
Outstanding at March 31, 2023	1,509,393	\$ 8.65	6.17	\$ 5,336
Exercisable at March 31, 2023	1,134,204	\$ 8.12	5.23	\$ 5,087
Vested and expected to vest at March 31, 2023	1,509,393	\$ 8.65	6.17	\$ 5,336

(1) Intrinsic value is calculated as the estimated fair value of the Company's stock at the end of the related period less the option exercise price of in-the-money options.

Restricted Stock Award Activity

Restricted stock award ("RSA") activity for the three months ended March 31, 2023 is summarized below:

	Restricted Stock Awards	Weighted - Average Grant Date Fair Value
Outstanding at December 31, 2022	684,389	\$ 11.10
Vested	(15,036)	\$ 14.17
Forfeited	(1,064)	\$ 9.40
Outstanding at March 31, 2023	668,289	\$ 11.04

Restricted Stock Unit Activity

Restricted stock unit ("RSU") activity for the three months ended March 31, 2023 is summarized below:

	Restricted Stock Units	Weighted - Average Grant Date Fair Value
Outstanding at December 31, 2022	13,146	\$ 11.41
Granted	630,922	\$ 8.17
Vested	(4,846)	\$ 8.32
Outstanding at March 31, 2023	639,222	\$ 8.24

ESPP

On June 3, 2021, the Company's stockholders adopted and approved the ClearPoint Neuro, Inc. Employee Stock Purchase Plan (the "ESPP"), which allows eligible employees to acquire shares of the Company's common stock through payroll deductions at a discount to market price. A total of 400,000 shares of the Company's common stock were made available for issuance pursuant to the terms of the ESPP. Each offering period is for six months, and the

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first offering period commenced on July 1, 2021. On March 31, 2023, 320,521 shares of common stock were available for issuance under the ESPP.

Warrants

Warrants to purchase shares of the Company's common stock were issued in connection with financing transactions in 2015 and 2017. These warrants contain net exercise provisions giving the holder the option of acquiring a number of shares having a value equal to the difference between the exercise price and the current stock price, in lieu of paying the exercise price to acquire the full number of stated shares.

There was no common stock warrant activity for the three months ended March 31, 2023. There were a total of 6,554 warrant shares outstanding at March 31, 2023 with a weighted-average exercise price of \$16.23. All of the warrants outstanding at March 31, 2023 will expire in 2023.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and the related notes thereto appearing in Part I, Item 1 of this Quarterly Report. This discussion and analysis contains forward-looking statements that are based upon current expectations and involve risks, assumptions and uncertainties. You should review the section titled "Risk Factors" appearing in our 2022 Form 10-K and in Part II, Item 1.A of this Quarterly Report for a discussion of important risk factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements described in the following discussion and analysis. In addition, historical results and trends that might appear in this Quarterly Report should not be interpreted as being indicative of future operations.

Overview

We are a commercial-stage medical device company that develops and commercializes innovative platforms for performing minimally invasive surgical procedures in the brain. We have deployed significant resources to fund our efforts to develop the foundational capabilities for enabling MRI-guided interventions, building an intellectual property portfolio, and identifying and building out commercial applications for the technologies developed by our company. Beginning in 2021, our efforts have expanded beyond the MRI suite to encompass development and commercialization of new neurosurgical device products for the operating room, as well as clinical and pre-clinical consulting services for pharmaceutical and biotech companies, academic institutions, and contract research organizations.

Since 2020, we have evolved to become a company comprised of two parts. The first foundational part is a medical device company providing medical devices for neurosurgery applications. The second part is focused on partnerships in the drug and delivery space. Currently, we have more than 50 partners who are pharmaceutical/biotech companies, academic institutions, and contract research organizations, who are evaluating or using our products and services in trials (or in a preclinical setting) to inject gene and cell therapies directly into the brain.

In 2022, we commenced the limited market commercialization of the ClearPoint Prism Neuro Laser Therapy System. The laser system was developed by CLS, and is indicated for use to necrotize or coagulate soft tissue through interstitial irradiation or thermal therapy under 3.0T magnetic resonance imaging ("MRI") guidance. We have exclusive global rights to commercialize the CLS magnetic resonance ("MR") guided laser interstitial thermal therapy ("MRgLITT") system for neuro applications.

Substantially all our product revenue for the three months ended March 31, 2023 and 2022 relates to sales of our ClearPoint system products and related services. We have financed our operations and internal growth primarily through the sale of equity securities and the issuance of convertible and other secured notes. We have incurred significant losses since our inception in 1998 as we have devoted substantial efforts to research and development. As of March 31, 2023, we had accumulated losses of \$156.0 million. We may continue to incur operating losses as we expand our ClearPoint system platform and our business generally.

Factors Which May Influence Future Results of Operations

The following is a description of factors that may influence our future results of operations, and that we believe are important to an understanding of our business and results of operations.

Macroeconomic Trends

We continue to monitor the impact of various macroeconomic trends, such as global economic and supply chain disruptions, geopolitical instability, labor shortages, instability of financial institutions and inflationary conditions. Changes in domestic and global economic conditions, supply chain disruptions, labor shortages, as well as other stimulus and spending programs, have led to higher inflation, which is likely to lead to increased costs and may cause changes in fiscal and monetary policy. Impacts from inflationary pressures, such as increasing costs for research and development of our products, administrative and other costs of doing business, the potential for instability of the financial institutions where we maintain our deposits or other assets, and our availability to access capital markets and other sources of funding in the future could adversely affect our business, financial condition and results of operations. Additionally, these trends could adversely affect our customers, which could impact their willingness to spend on our products and services. The rapid

development and fluidity of these situations precludes any prediction as to the ultimate impact they will have on our business, financial condition, results of operation and cash flows, which will depend largely on future developments.

Revenue

In 2010, we received 510(k) clearance from the FDA to market our ClearPoint system in the U.S. for general neurosurgery procedures; in February 2011 and May 2018, we also obtained CE marking for our ClearPoint system and SmartFlow cannula, respectively; and in June 2020 we obtained CE marking for version 2.0 of our ClearPoint software and our Inflexion head fixation frame. In January 2021, we received 510(k) clearance for the SmartFrame Array Neuro Navigation System. In September 2022 the ClearPoint Prism™ Neuro Laser Therapy System, for which we have exclusive global right to commercialize, received 510(k) clearance through CLS. The Prism laser represents the first therapy product we will commercialize. Future revenue from sales of our ClearPoint platform products and services is difficult to predict and may not be sufficient to offset our continuing research and development expenses and our increasing selling, general and administrative expenses.

Generating recurring revenue from the sale of products is an important part of our business model for our ClearPoint system. Our product revenue was approximately \$2.6 million for the three months ended March 31, 2023, and was almost entirely related to our ClearPoint system. Our service revenue was approximately \$2.8 million for the three months ended March 31, 2023, of which 74% related to the biologics and drug delivery service line.

Our revenue recognition policies are more fully described in Note 2 to the Condensed Consolidated Financial Statements included above in Part I, Item 1 in this Quarterly Report.

Underlying the revenue from sales of products and services to our biologics and drug delivery customers is the number of direct customers and end users of our products and/or services (“Partners”). Our Partners consist of pharmaceutical and biotech companies, academic institutions, or customer-sponsored contract research organizations that are developing methods to deliver a wide variety of molecules, genes or proteins to targeted brain tissue or structures that would need to bypass the blood-brain barrier for the treatment of a variety of disorders. This is a novel area in which commercialization must be preceded by FDA-mandated clinical trials, which are expensive and time consuming to conduct, and for which the commercial success is uncertain, pending, in part, on the outcome of those trials. While our revenue from sales of products and services to our biologics and drug delivery customers is indicative of growth, the number of Partner relationships is also of importance as we recognize the possibility that some Partners’ research will reach commercial success, and others may not. To the extent our Partners achieve commercial success, our expectation is that we will share in such success through our Partners’ use of our products and services in their delivery of therapies. At March 31, 2023, we had over 50 Partners, as compared with approximately 45 Partners as of the same date in 2022.

Cost of Revenue

Cost of revenue includes the direct costs associated with the assembly and purchase of components for functional neurosurgery navigation products, biologics and drug delivery products, non-neurosurgery therapy products, and ClearPoint capital equipment and software that we have sold, and for which we have recognized the revenue in accordance with our revenue recognition policy, as well as labor hours and materials for the cost of providing consulting and service revenue. Cost of revenue also includes the allocation of manufacturing overhead costs and depreciation of loaned systems installed under our ClearPoint placement program, as well as provisions for obsolete, impaired, or excess inventory.

Research and Development Costs

Our research and development costs consist primarily of costs associated with the conceptualization, design, testing, and prototyping of our ClearPoint system products and enhancements. Such costs include salaries, travel, and benefits for research and development personnel; materials and laboratory supplies in research and development activities; outside consultant costs; and licensing costs related to technology not yet commercialized. We anticipate that, over time, our research and development costs may increase as we: (i) continue to develop enhancements to our ClearPoint system and SmartFlow cannula; and (ii) seek to expand the application of our technological platforms. From our inception through March 31, 2023, we have incurred approximately \$84 million in research and development expenses.

Product development timelines, likelihood of success, and total costs can vary widely by product candidate. There are also risks inherent in the regulatory clearance and approval process. At this time, we are unable to estimate with any certainty the costs that we will incur in our efforts to expand the application of our technological platforms.

Sales and Marketing, and General and Administrative Expenses

Our sales and marketing, and general and administrative expenses consist primarily of salaries, incentive-based compensation, travel and benefits, including share-based compensation; marketing costs; professional fees, including fees or outside attorneys and accountants; occupancy costs; insurance; and other general and administrative expenses, which include, but are not limited to, corporate licenses, director fees, hiring costs, taxes, postage, office supplies, information technology and meeting costs. Our sales and marketing expenses are expected to increase due to costs associated with the continued commercialization of our ClearPoint system and the increased headcount necessary to support growth in operations.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2023, as compared to the critical accounting policies and estimates described in our 2022 Form 10-K.

Results of Operations

Three Months Ended March 31, 2023, Compared to the Three Months Ended March 31, 2022

<i>(Dollars in thousands)</i>	Three Months Ended March 31,		
	2023	2022	Percentage Change
Product revenue	\$ 2,630	\$ 3,163	(17) %
Service and other revenue	2,803	1,868	50 %
Total revenue	5,433	5,031	8 %
Cost of revenue	2,231	1,800	24 %
Gross profit	3,202	3,231	(1) %
Research and development costs	3,023	2,901	4 %
Sales and marketing expenses	2,933	2,018	45 %
General and administrative expenses	2,958	2,176	36 %
Other expense:			
Other (expense) income, net	(11)	11	NM%
Interest income (expense), net	114	(106)	(207) %
Net loss	<u>\$ (5,609)</u>	<u>\$ (3,959)</u>	42 %

NM – The percentage change is not meaningful.

Revenue. Total revenue was \$5.4 million for the three months ended March 31, 2023, and \$5.0 million for the three months ended March 31, 2022, which represents an increase of \$0.4 million, or 8%.

(Dollars in thousands)	Three Months Ended March 31,		
	2023	2022	Percentage Change
Functional neurosurgery navigation and therapy			
Disposable products	\$ 1,858	\$ 1,863	— %
Services	503	375	34 %
Subtotal – Functional neurosurgery navigation and therapy	2,361	2,238	5 %
Biologics and drug delivery			
Disposable products	594	850	(30) %
Services and license fees	2,082	1,304	60 %
Subtotal – Biologics and drug delivery revenue	2,676	2,154	24 %
Capital equipment and software			
Systems and software products	178	450	(60) %
Services	218	189	15 %
Subtotal – Capital equipment and software revenue	396	639	(38) %
Total revenue	\$ 5,433	\$ 5,031	8 %

Functional neurosurgery navigation and therapy revenue, which primarily consists of disposable product commercial sales related to cases utilizing the ClearPoint system, increased 5% to \$2.4 million for the three months ended March 31, 2023, from \$2.2 million for the same period in 2022. This increase reflects additional \$0.1 million in service revenue related to new pre-clinical services for brain computer interface during the three months ended March 31, 2023, compared to the same period in 2022.

Biologics and drug delivery revenue, which includes sales of disposable products and services related to customer-sponsored pre-clinical and clinical trials, increased 24% to \$2.7 million for the three months ended March 31, 2023, from \$2.2 million for the same period in 2022. This increase is attributable to a \$0.8 million increase in service revenue related to new pre-clinical trials entered into with our partners and the recognition of license fees during the three months ended March 31, 2023, compared to the same period in 2022, partially offset by a \$0.3 million decrease in product revenue.

Capital equipment and software revenue, consisting of sales of ClearPoint reusable hardware and software and related services, decreased 38% to \$0.4 million for the three months ended March 31, 2023, from \$0.6 million for the same period in 2022 due primarily to a decrease in the placements of ClearPoint capital and software.

Cost of Revenue and Gross Profit. Cost of revenue was \$2.2 million, resulting in gross profit of \$3.2 million and gross margin of 59%, for the three months ended March 31, 2023, and was \$1.8 million, resulting in gross profit of \$3.2 million and representing a gross margin of 64%, for the three months ended March 31, 2022. The decrease in gross margin was primarily due to changes in overhead costs and other inventory costs as well as higher costs for biologics and drug delivery services.

Research and Development Costs. Research and development costs were \$3.0 million for the three months ended March 31, 2023, compared to \$2.9 million for the same period in 2022, an increase of \$0.1 million, or 4%. The increase was due primarily to increases in personnel costs, including share-based compensation, of \$0.4 million, offset by lower product development costs of \$0.3 million as a result of reprioritization of certain research and development initiatives.

Sales and Marketing Expenses. Sales and marketing expenses were \$2.9 million for the three months ended March 31, 2023, compared to \$2.0 million for the same period in 2022, an increase of \$0.9 million, or 45%. This increase was due primarily to additional personnel costs, including share-based compensation, resulting from increases in headcount of \$0.8 million, as well as increases in travel costs of \$0.1 million.

General and Administrative Expenses. General and administrative expenses were \$3.0 million for the three months ended March 31, 2023, compared to \$2.2 million for the same period in 2022, an increase of \$0.8 million, or 36%. This increase was due primarily to increases in personnel costs, including share-based compensation of \$0.4 million, and an increase in the allowance for credit losses of \$0.2 million.

Interest Income (Expense). Net interest income for the three months ended March 31, 2023 was \$0.1 million, compared to \$0.1 million net interest expense for the same period in 2022. The increase in interest income was due to higher interest rates and the Company's investment in U.S. Government debt securities, offset partially by the interest paid on the 2020 Secured Convertible Note. Additional information with respect to the Secured Note is in Note 6 to the Condensed Consolidated Financial Statements included above in Part I, Item 1 in this Quarterly Report.

Liquidity and Capital Resources

We have incurred net losses since our inception, which has resulted in a cumulative deficit at March 31, 2023 of \$156.0 million. In addition, our use of cash from operations amounted to \$5.7 million for the three months ended March 31, 2023, and \$16.2 million for the year ended December 31, 2022.

Since inception, we have financed our operations principally from the sale of equity securities and the issuance of notes payable. In 2020, we issued secured convertible notes to two investors which raised gross proceeds of \$25 million, of which \$15 million has been converted to common stock and \$10 million remains outstanding.

See Note 6 to the Condensed Consolidation Financial Statements included above in Part I, Item 1 in this Quarterly Report for additional information with respect to the 2020 secured notes.

In February 2021, we completed a public offering of 2,127,660 shares of our common stock from which the net proceeds totaled approximately \$46.8 million after deducting underwriting discounts and commissions, and other offering expenses paid by us.

As a result of these transactions and our business operations, our cash, cash equivalents, and short-term investments totaled \$31.7 million at March 31, 2023. In management's opinion, based on our current forecasts for revenue, expense and cash flows, our existing cash and cash equivalent balances and short-term investments at March 31, 2023, are sufficient to support our operations and meet our obligations for at least the next twelve months.

Cash Flows

Cash activity for the three months ended March 31, 2023 and 2022 is summarized as follows:

(in thousands)	Three months ended March 31,	
	2023	2022
Cash used in operating activities	(5,680)	\$ (4,269)
Cash used in investing activities	(138)	(185)
Cash (used in) provided by financing activities	(5)	3
Net change in cash and cash equivalents	\$ (5,823)	\$ (4,451)

Net Cash Flows from Operating Activities. Net cash flows used in operating activities for the three months ended March 31, 2023, were \$5.7 million, an increase of \$1.4 million from the three months ended March 31, 2022. This increase consisted of a higher net loss of \$1.7 million and the effects of net changes of operating assets and liabilities of \$0.4 million, partially offset by a change in non-cash items of \$0.6 million. The change in operating assets and liabilities is primarily due to lower account receivable collections and the change in the non-cash items results primarily from increases in share-based compensation and allowance for credit losses.

Net Cash Flows from Investing Activities. Net cash flows used in investing activities for the three months ended March 31, 2023, were \$0.1 million and consisted of equipment acquisitions and investments related to our new manufacturing site in Carlsbad, CA.

Net cash flows used in investing activities for the three months ended March 31, 2022, were \$0.2 million and consisted of equipment acquisitions and licensing rights.

Net Cash Flows from Financing Activities. Net cash flows used in financing activities for the three months ended March 31, 2023, consisted of payments for taxes related to shares withheld in connection with the vesting of restricted stock awards.

Net cash flows from financing activities for the three months ended March 31, 2022, consisted of the proceeds from the exercise of common stock options.

Operating Capital and Capital Expenditure Requirements

To date, we have not achieved profitability. We could continue to incur net losses as we continue our efforts to expand the commercialization of our ClearPoint system products and pursue additional applications for our technology platforms. Our cash balances are primarily held in a variety of demand accounts with a view to liquidity and capital preservation.

Because of the numerous risks and uncertainties associated with the development and commercialization of medical devices, we are unable to estimate the exact amounts of capital outlays and operating expenditures necessary to successfully continue to commercialize our ClearPoint system products and pursue additional applications for our technology platforms. Our future capital requirements will depend on many factors, including, but not limited to, the following:

- the ultimate duration and impact of macroeconomic trends, including inflationary pressures, supply chain disruptions, geopolitical instability, and instability of financial institutions;
- the timing of broader market acceptance and adoption of our products;
- the scope, rate of progress and cost of our ongoing product development activities relating to our products;
- the ability of our Partners to achieve commercial success, including their use of our products and services in their clinical trials and delivery of therapies;
- the cost and timing of expanding our sales, clinical support, marketing and distribution capabilities, and other corporate infrastructure;
- the cost and timing of establishing inventories at levels sufficient to support our sales;
- the effect of competing technological and market developments;
- the cost of pursuing additional applications of our technology platforms under current collaborative arrangements, and the terms and timing of any future collaborative, licensing or other arrangements that we may establish;
- the cost and timing of any clinical trials;
- the cost and timing of regulatory filings, clearances and approvals; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

Our exposure to market risk is limited primarily to interest income and expense sensitivity, which is affected by changes in the general level of U.S. interest rates.

Our investments are in short-term bank deposits, three-to-twelve month U.S. Government debt securities, and institutional money market funds. The primary objective of our investment activities is to preserve principal while at the same time maximizing income we receive without significantly increasing risk. Due to the nature of our short-term investments and the Company's intent to hold such debt securities to maturity, we believe that we are not subject to any material market risk exposure.

At March 31, 2023, we had \$10 million of principal outstanding under the Outstanding First Closing Note, which is subject to interest rate fluctuations. The Outstanding First Closing Note bears interest at a rate equal to the sum of (i) the greater of (a) the three (3)-month LIBOR and (b) two percent (2%), plus (ii) a margin of 2% on the outstanding balance of the Outstanding First Closing Note. At March 31, 2023, the three-month LIBOR was greater than the 2% floor as a result of rising interest rates, and the rate paid on the Outstanding First Closing Note was 7.1%. If the LIBOR continues to increase, a one-percent to two-percent increase would result in additional annual interest expense of \$0.4 million to \$0.5 million above the floor, respectively. The reference to LIBOR will need to be replaced by June 30, 2023. Information with respect to the Outstanding First Closing Note may be found in Note 6 to the Condensed Consolidated Financial Statements included above in Part I, Item 1 in this Quarterly Report.

Foreign Currency Risk

To date, we have not recorded a significant amount of sales in currencies other than U.S. dollars, and have only limited business transactions in foreign currencies. We do not currently engage in hedging or similar transactions to reduce our foreign currency risks, which at present, are not material. We believe we have no material exposure to risk from changes in foreign currency exchange rates at this time. We will continue to monitor and evaluate our internal processes relating to foreign currency exchange, including the potential use of hedging strategies.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Our disclosure controls and procedures are designed to ensure that material information relating to us is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2023 to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved from time-to-time with various legal matters arising in the ordinary course of business. These claims and legal proceedings are of a nature we believe are normal and incidental to a medical device company, and may include product liability, intellectual property, employment matters, and other general claims.

We make provisions for liabilities when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such provisions are assessed at least quarterly and adjusted to reflect the impact of any settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. We are currently not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our consolidated results of operations, cash flows, or financial condition.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in our 2022 Form 10-K, except as set forth below:

We currently, and may in the future, have assets held at financial institutions that may exceed the insurance coverage offered by the Federal Deposit Insurance Corporation ("FDIC"), and the loss of such assets could have a negative effect on our operations and liquidity.

On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. On March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Similarly, on May 1, 2023, First Republic Bank was swept into receivership. A statement by the Department of the Treasury, the Federal Reserve and the FDIC stated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts. Although we do not have any funds deposited with SVB, Signature Bank, Silvergate Capital Corp., or First Republic Bank, we currently have our cash and cash equivalents held in deposit in accounts at certain FDIC-insured financial institutions, some of which include amounts in excess of the insurance coverage offered by the FDIC. In the future, we may maintain our cash assets at financial institutions in the United States in amounts that may be in excess of the FDIC insurance limit of \$250,000. In the event of a failure of any of these financial institutions where we maintain our deposits or other assets, we may incur a loss to the extent such deposits or assets exceeds the FDIC insurance limitation, which could have a material adverse effect upon our liquidity, financial condition and our results of operations.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The exhibits listed below are filed, furnished, or incorporated by reference as part of this Quarterly Report.

Exhibit Number	Exhibit Description
3.1	<u>Amended and Restated Certificate of Incorporation of MRI Interventions, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 11, 2012).</u>
3.2	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of MRI Interventions, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 8, 2015).</u>
3.3	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of MRI Interventions, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1, filed with the SEC on August 2, 2016).</u>
3.4	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation of ClearPoint Neuro, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 12, 2020).</u>
3.5	<u>Fourth Amended and Restated Bylaws of ClearPoint Neuro, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 14, 2022).</u>
10.1	<u>Amendment No. 1 to Employment Agreement, dated March 3, 2023 by and between the Company and Joseph M. Burnett, amending the Employment Agreement dated October 6, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 3, 2023).</u>
10.2	<u>Amendment No. 1 to Employment Agreement, dated March 3, 2023 by and between the Company and Danilo D'Alessandro, amending the Employment Agreement dated September 14, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 3, 2023).</u>
10.3	<u>Amendment No. 1 to Employment Agreement, dated March 3, 2023 by and between the Company and Mazin Sabra, amending the Employment Agreement dated September 20, 2022 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on March 3, 2023).</u>
10.4*	<u>Employment Agreement, dated May 31, 2022, by and between the Company and Jeremy Stigall.</u>
10.5*	<u>Amendment No. 1 to Employment Agreement, dated March 3, 2023 by and between the Company and Jeremy Stigall, amending the Employment Agreement dated May 31, 2022.</u>
31.1*	<u>Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934</u>
31.2*	<u>Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934</u>
32+	<u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 60 of Title 18 of the United States Code</u>
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

+ This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and it is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated

by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

Date: May 11, 2023

CLEARPOINT NEURO, INC.

By: /s/ Joseph M. Burnett
Joseph M. Burnett
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Danilo D'Alessandro
Danilo D'Alessandro
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT

THIS AGREEMENT (this “Agreement”) is entered into as of this 16th day of May, 2022 (the “Effective Date”), by and between **CLEARPOINT NEURO, INC.**, a Delaware corporation (the “Company”), and **JEREMY L. STIGALL** (the “Executive”).

WITNESSETH:

WHEREAS, the Company desires to employ the Executive to serve as the General Manager of Biologics and Drug Delivery of the Company on the terms and conditions set forth herein;

WHEREAS, the Company and the Executive each deem it necessary and desirable to execute a written document setting forth the terms and conditions of said relationship; and

WHEREAS, to the extent this Agreement provides for any “deferred compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), the Agreement will be administered in compliance with Section 409A of the Code and the regulations promulgated thereunder.

NOW, THEREFORE, in consideration of the premises and mutual obligations hereinafter set forth, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

“Accounting Firm” has the meaning set forth in Section 11(b) of this Agreement.

“Affiliate” has the same meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

“Agreement” has the meaning set forth in the preamble above.

“Annual Bonus” has the meaning set forth in Section 4(b) of this Agreement.

“Award Agreement” has the meaning set forth in Section 8(b) of this Agreement.

“Award Plans” has the meaning set forth in Section 4(e) of this Agreement.

“Base Salary” means the annual salary to be paid to the Executive as set forth in Section 4(a) of this Agreement.

“Benefit Plans” has the meaning set forth in Section 4(f) of this Agreement.

“Board” means the Board of Directors of the Company.

“Change of Control” means the occurrence with respect to the Company of any of the following events: (i) a change in the ownership of the Company; (ii) a change in the effective control of the Company; or (iii) a change in the ownership of a substantial portion of the assets of the Company.

For purposes of this definition, a change in the ownership of the Company occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair

market value or total voting power of the stock of the Company. A change in the effective control of the Company occurs on the date on which either (i) a person, or more than one person acting as a group, acquires ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board prior to the date of the appointment or election. A change in the ownership of a substantial portion of the assets of the Company occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Company, acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

The determination as to the occurrence of a Change of Control shall be based on objective facts and in accordance with the requirements of Section 409A of the Code.

“Change of Control Termination” means (i) a Termination Without Cause or (ii) a Termination for Good Reason, in either case within two (2) months prior to, on, or within one (1) year after, a Change of Control.

“Code” has the meaning set forth in the recitals above.

“Company” has the meaning set forth in the preamble above.

“Company Incentive Plan” means, collectively, the Company’s current equity incentive plan, as such may be amended from time to time, and any other equity incentive plan adopted by the Company from time to time.

“Company Shares” means shares of common stock of the Company or any securities of a successor company which shall have replaced such common stock.

“Compensation Committee” means the compensation committee of the Board.

“Confidentiality Agreement” means that certain Non-Disclosure and Proprietary Rights Agreement between the Company and the Executive entered into on May 6, 2021 attached hereto as Exhibit A.

“Effective Date” has the meaning set forth in the preamble above.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excise Tax” means the excise tax imposed by Section 4999 of the Code with respect to the Total Payments, together with any interest or penalties with respect to such excise tax.

“Executive” has the meaning set forth in the preamble above.

“Net After-Tax Benefit” means (i) the Total Payments, less (ii) the amount of all United States federal, state and local income and employment taxes payable with respect to the Total Payments (calculated at the maximum applicable marginal income tax rate for the Executive under the Code), and less (iii) the amount of the Excise Tax imposed (based upon the rate for such year as set forth in the Code at the time of the first payment of the foregoing).

“Non-Compete Agreement” means that certain Non-Compete Agreement between the Company and the Executive in substantially the form attached hereto as Exhibit B.

“Option(s)” means (i) any option issued to the Executive pursuant to a Company Incentive Plan, (ii) other than options described in the preceding clause (i), any option issued to the Executive by the Company to purchase Company Shares, or (iii) any option granted under the plan of any successor company that replaces or assumes the Company’s options.

“Permanent Disability” means the Executive: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees or directors of the Company. Medical determination of Permanent Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees or directors of the Company provided that the definition of “disability” applied under such disability insurance program complies with the requirements of the preceding sentence. Upon the request of the Company, the Executive must submit proof to the Company of the Social Security Administration’s or the provider’s determination.

“Restricted Stock” means (i) any restricted Company Shares issued to the Executive pursuant to a Company Incentive Plan, (ii) other than restricted Company Shares described in the preceding clause (i), any restricted Company Shares issued to the Executive by the Company, or (iii) any restricted stock granted under the plan of any successor company that replaces or assumes the Company’s restricted stock awards.

“Section 4999 Limit” has the meaning set forth in Section 11(a) of this Agreement.

“Specified Employee” means a key employee (as defined in Section 416(i) of the Code without regard to paragraph 5 thereof) of the Company if any stock of the Company is publicly traded on an established securities market or otherwise.

“Start Date” has the meaning set forth in Section 3(a) of this Agreement.

“Term” has the meaning assigned to it in Section 3(a) of this Agreement.

“Termination Date” means the date on which the employment of the Executive is terminated, which date shall be (i) in the case of the Executive’s death, the date of death, (ii) in the case of the Executive’s Permanent Disability, thirty (30) days after a Termination Notice is given, provided the Executive does not return to the full-time performance of his duties within such thirty (30) day period, (iii) in the case of a Termination Upon Expiration, the date upon which the Term expires, (iv) in the case of a Termination With Cause, the date specified in the Termination Notice, or (v) in all other instances, the date specified as the Termination Date in the Termination Notice, which date shall not be less than ten (10) days from the date the Termination Notice is given.

“Termination for Good Reason” means the termination of the Executive’s employment with the Company by the Executive based on any of the following circumstances, if, within the six (6) month period preceding the Executive’s termination, the Executive notified the Company in writing of such

circumstances within ninety (90) days of Executive's knowledge of the occurrence and the Company did not reverse or cure such circumstances within thirty (30) days after Termination Notice from Executive:

(i) a material demotion or diminution in the Executive's authority, duties or responsibilities without the Executive's written consent; or

(ii) a relocation of the company such that the Executive's commute is extended by more than an additional 50 miles;

(iii) the initiation of insolvency proceedings or the voluntary or involuntary filing of a petition for bankruptcy or similar reorganization of the Company;

(iv) any action or inaction that constitutes a material breach by the Company of this Agreement or any terms herein.

"Termination Notice" means a written notice of termination of employment by the Executive or the Company.

"Termination of Employment" means the termination of the Executive's employment with the Company for reasons other than death or Permanent Disability. Whether a Termination of Employment takes place is determined based on the facts and circumstances surrounding the termination of the Executive's employment and whether the Company and the Executive intended for the Executive to provide significant services for the Company following such termination. A change in the Executive's employment status will not be considered a Termination of Employment if the Executive continues to provide services as an employee of the Company or in any other capacity at an annual rate that is twenty percent (20%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period).

"Termination Upon Expiration" means the termination of the Executive's employment upon the full expiration of the Term, including the full expiration of any extension thereof, following: (i) the Company's notice to the Executive of the Company's election to not extend the Term; or (ii) the Executive's notice to the Company of the Executive's election to not extend the Term, in each case as provided in Section 3(a) of this Agreement.

"Termination With Cause" means the termination of the Executive's employment by the Company for any of the following reasons: (i) the Executive's gross negligence or willful misconduct in the performance of the Executive's duties where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to the Company; (ii) the material violation by the Executive of any federal or state law or regulation or the Company's compliance program in the performance of the Executive's duties; (iii) the Executive's breach of the Non-Compete Agreement; (iv) the Executive's material breach of the Confidentiality Agreement; (v) the Executive's commission of any act of fraud with respect to the Company; (vi) the Executive's conviction of, or the Executive's entry of a guilty plea or plea of nolo contendere with respect to, a felony; or (vii) the Executive's material failure to perform duties required by this Agreement or the Executive's position or to follow or comply with the reasonable directives of the Board or the Executive's supervisor(s) (to the extent not inconsistent with the terms of this Agreement or applicable law), provided that, for each of the foregoing, (A) the Executive shall have received written notice within ninety (90) days of the occurrence of such failure that specifically identifies the manner in which the Company believes that Executive has engaged in such failure and (B) the Executive shall not have cured such failure within thirty (30) days following receipt of such notice, provided further that such opportunity to cure a failure shall not apply if the Executive has received more



than one written notice with respect to the same or similar conduct pursuant to this clause (vii) during any twelve (12) consecutive month period.

“Termination Without Cause” means the termination of the Executive’s employment by the Company for any reason other than (i) Termination With Cause, (ii) termination by the Company due to the Executive’s death or Permanent Disability, or (iii) Termination Upon Expiration.

“Total Payments” means the total payments or other benefits that the Executive becomes entitled to receive from the Company or an Affiliate thereof in connection with a Change of Control that would constitute a “parachute payment” (within the meaning of Section 280G of the Code), whether payable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company or an Affiliate thereof.

“Voluntary Termination” means the Executive’s voluntary termination of his employment hereunder for any reason, other than a Termination for Good Reason. If the Executive gives a Termination Notice of Voluntary Termination and, prior to the Termination Date, the Executive voluntarily refuses or fails to provide substantially all the services described in Section 2 hereof, the Voluntary Termination shall be deemed to be effective as of the date on which the Executive so ceases to carry out his duties. Voluntary refusal to perform services shall not include (i) taking vacation otherwise permitted in accordance with Section 4(e) hereof, (ii) the Executive’s failure to perform services on account of his illness or the illness of a member of the Executive’s immediate family, provided such illness is adequately substantiated at the reasonable request of the Company, or (iii) any other absence from service permitted by applicable State or Federal law or with the written consent of the Board.

2. Employment; Services. Commencing on the Effective Date, the Executive shall assume the position of General Manager of Biologics and Drug Delivery of the Company and shall serve in such capacity through the Term as provided in Section 3(a) of this Agreement. In each case, the Executive shall assume and discharge such duties and responsibilities as are commensurate with the Executive’s position and shall report directly to the Chief Executive Officer and President of the Company. The Executive shall be a full-time employee of the Company and shall exert his best efforts and devote substantially all of his business time and attention to the Company’s affairs and the performance of his duties hereunder.

3. Term; Termination.

(a) The term of the Executive’s employment under this Agreement (the “Term”) shall be for three (3) years and shall commence as of May 16, 2022 (the “Start Date”). On the third anniversary of the Start Date and each successive anniversary of the Start Date, the Term shall be extended for an additional one (1) year period, unless one party gives written notice to the other of such party’s election to not extend the Term, which notice must be given no later than ninety (90) days prior to the end of the then-current Term. Notwithstanding the foregoing, employment during the Term shall be subject to earlier termination in accordance with the terms of this Agreement.

(b) Any purported termination of employment by the Executive or the Company, other than by reason of the Executive’s death, shall be communicated by a Termination Notice. The Termination Notice shall indicate the specific termination provision in this Agreement relied upon and, in the event of a Termination With Cause or a Termination for Good Reason, set forth the facts and circumstances claimed to provide a basis for termination.

4. Compensation.

(a) Base Salary. During the Term, the Company shall pay the Executive for his services a “Base Salary” of Two Hundred Sixty Thousand Dollars (\$260,000) per year, to be paid in accordance with customary Company policies. The Base Salary shall be subject to increase or decrease according to policies and practices adopted by the Compensation Committee or the Board, as the case may be; provided, however, that in no event (i) shall the Base Salary for any year be decreased by more than ten percent (10%) from the immediately preceding year’s Base Salary, and (ii) shall the Base Salary be less than Two Hundred Sixty Thousand Dollars (\$260,000).

(b) Annual Bonus. Starting with the Company’s fiscal year commencing on January 1, 2022, the Executive shall be eligible to receive an annual incentive bonus based on a target of thirty five percent (35%) of the Executive’s Base Salary (an “Annual Bonus”), subject to the terms and conditions established by the Compensation Committee in consultation with the Executive. The Compensation Committee shall determine in good faith the Executive’s entitlement to an Annual Bonus based on the achievement or satisfaction of such terms, conditions and goals as soon as reasonably practicable after the end of each calendar year. The Company shall pay the Annual Bonus, if any, to the Executive within ten (10) days after the Compensation Committee makes such determination and in any event not later than March 15 of the year following the calendar year in which the services upon which the Annual Bonus is based were performed; provided, however, that, notwithstanding any provision of this Agreement to the contrary, the Company shall not be obligated to pay, and the Executive shall not be entitled to receive, any such Annual Bonus unless the Executive remains employed by the Company on the date of payment.

(c) Award Plans. During the Term, the Executive shall generally be eligible to participate in Company Incentive Plans and any other incentive compensation, profit participation or extra compensation plan that is adopted by the Company and in which the Company’s executive officers generally participate (collectively, “Award Plans”), according to the policies and practices adopted by the Compensation Committee or the Board, as the case may be.

(d) Benefit Plans. During the Term, the Executive shall be entitled to participate in, and to all rights and benefits provided by, the health, life, medical, dental, disability, insurance and welfare plans that are maintained from time to time by the Company for the benefit of the Executive, the executives of the Company generally or for the Company’s employees generally, provided that the Executive is eligible to participate in such plan under the eligibility provisions thereof that are generally applicable to the participants thereof (collectively, “Benefit Plans”).

(e) Vacation. The Executive shall be entitled each year to vacation time, during which time his compensation shall be paid in full. The time allotted for such vacation shall be four (4) weeks, to be taken at such time or times as shall be mutually convenient and consistent with his duties and obligations to the Company. Vacation accrues based on the Executive’s anniversary Start Date. Any unused vacation shall be subject to the Company’s policies regarding same, as such may be amended from time to time.

(f) Overall Qualification. Nothing in this Agreement shall be construed as preventing the Company from modifying, suspending, discontinuing or terminating any of the Benefit Plans or Award Plans without notice or liability to the Executive so long as (i) the modification, suspension, discontinuation or termination of any such plan is authorized by and performed in accordance with the specific provisions of such plan and (ii) such modification, suspension, discontinuation or termination is taken generally with respect to all similarly situated employees of the Company and does not single out or discriminate against the Executive.

5. Expenses. The Company recognizes that the Executive will have to incur certain out-of-pocket expenses including but not limited to travel expenses related to his services and the Company’s

personal expenses, including but not limited to travel expenses, related to his services and the Company's

business and the Company agrees, to reimburse the Executive for all reasonable expenses necessarily incurred by him in the performance of his duties upon presentation of documentation indicating the amount and business purposes of any such expenses; provided, that the Executive complies with the Company's policies and procedures regarding business expenses.

6. Voluntary Termination; Termination With Cause. If the Executive shall cease being an employee of the Company on account of the Executive's Voluntary Termination or a Termination With Cause, the Executive shall have no further rights against the Company hereunder after the Termination Date, except for the right to receive (i) any Base Salary and bonus compensation earned but unpaid as of the Termination Date, (ii) accrued vacation and other vested benefits under the Company's Award and Benefit Plans; and (iii) reimbursement of business expenses to which the Executive is entitled as of the Termination Date pursuant to Section 5. In the event of a Voluntary Termination or a Termination With Cause, the Executive shall continue to be subject to the Confidentiality Agreement and the Non-Compete Agreement for the respective durations set forth therein.

7. Termination Upon Death or Permanent Disability.

(a) Death. The Executive's employment with the Company shall terminate automatically upon the Executive's death. Upon termination of employment due to the Executive's death, the Executive's estate shall have no further rights against the Company hereunder after the Termination Date, except for the right to receive (i) any Base Salary and bonus compensation earned but unpaid as of the Termination Date, plus (ii) any unreimbursed business expenses to which the Executive is entitled as of the Termination Date pursuant to Section 5, plus (iii) the lump sum amount of Eighteen Thousand Dollars (\$18,000). In addition, the Executive's estate shall be entitled to any vested benefits under the Company's Award Plans and Benefit Plans as of the Termination Date, in accordance with the terms of such plans.

(b) Permanent Disability. In the event of the Executive's Permanent Disability, the Company may terminate the Executive's employment with the Company if the Executive does not return to the full-time performance of his duties within thirty (30) days after a Termination Notice is given. Upon termination of employment due to the Executive's Permanent Disability, the Executive shall have no further rights against the Company hereunder after the Termination Date, except for the right to receive (i) any Base Salary and bonus compensation earned but unpaid as of the Termination Date, plus (ii) any unreimbursed business expenses to which the Executive is entitled as of the Termination Date pursuant to Section 5, plus (iii) the lump sum amount of Eighteen Thousand Dollars (\$18,000). In addition, the Executive shall be entitled to any vested benefits under the Company's Award Plans and Benefit Plans as of the Termination Date, in accordance with the terms of such plans. In the event of a termination of employment upon the Executive's Permanent Disability, the Executive shall continue to be subject to the Confidentiality Agreement and the Non-Compete Agreement for the respective durations set forth therein.

(c) Life Insurance. Upon the Company's request and at Company's sole expense, the Executive shall cooperate with the Company in obtaining "key man" life insurance on the life of the Executive with death benefits payable to the Company.

8. Termination Without Cause; Termination for Good Reason. The Company may terminate the Executive's employment for any reason, or no reason at all, at any time, and the Executive may effect a Termination for Good Reason at any time; provided, that upon a Termination for Good Reason or a Termination Without Cause, except as otherwise provided in Section 10 of this Agreement, the Company shall provide the compensation and benefits set forth in this Section 8. The Executive may effect a Termination for Good Reason notwithstanding any incapacity due to physical or mental illness. In the

event of a Termination Without Cause or a Termination for Good Reason, the Executive shall continue to be subject to the Confidentiality Agreement and the Non-Compete Agreement.

(a) Base Salary, Annual Bonus, Benefit Plans and Award Plans. The Company shall pay to the Executive, on the Termination Date, a lump sum amount which is equal to the sum of: (i) an amount equal to the Executive's Base Salary in effect on the Termination Date; plus (ii) an amount equal to the average annual cash bonus, if any, paid to the Executive for the two (2) years preceding the year in which the Termination Date occurs; plus (iii) Eighteen Thousand Dollars (\$18,000); plus (iv) any Base Salary and bonus compensation earned but unpaid as of the Termination Date; plus (v) any unreimbursed business expenses to which the Executive is entitled as of the Termination Date pursuant to Section 5. The Company shall also pay the Executive any amounts due to the Executive pursuant to the terms of any Award Plans and/or Benefit Plans in which the Executive was a participant, in accordance with the terms of such plans. Notwithstanding the foregoing, if the Executive is a Specified Employee and the total of the payments under this Section 8(a) exceeds the limit set forth in Treas. Reg. §1.409A-1(b)(9)(iii)(A) (related to separation pay), then the amount in excess of such limit shall be delayed for six (6) months following the Termination Date. The delayed amount shall be paid in a lump sum after the end of the six-month delay.

(b) Options; Restricted Stock. Notwithstanding the terms of any award agreement heretofore or hereafter granted to the Executive under any Award Plan, or any other agreement granting the Executive Options or Restricted Stock (in each case, an "Award Agreement"), upon a Termination Without Cause or Termination for Good Reason, (i) all Options and Restricted Stock granted to the Executive which do not constitute deferred compensation for Code Section 409A purposes granted to the Executive shall become fully vested on the Termination Date and immediately prior to the time of termination, and (ii) the Executive shall continue to have the right to exercise any such Options until the earlier to occur of (A) the three (3) year anniversary of the Termination Date or (B) the final expiration date for such Options as provided for in the applicable Award Agreement. In the event of any conflict between the terms of this Section 8(b) and the terms of any Award Agreement heretofore or hereafter granted to the Executive, the terms of this Section 8(b) shall control and govern.

9. Termination Upon Expiration. If the Executive shall cease being an employee of the Company on account of a Termination Upon Expiration, the Executive shall have no further rights against the Company hereunder after the Termination Date, except for the right to receive (i) any Base Salary and bonus compensation earned but unpaid as of the Termination Date, (ii) accrued vacation and other vested benefits; and (iii) reimbursement of business expenses to which the Executive is entitled as of the Termination Date under Section 5. In the event of any Termination Upon Expiration, the Executive shall continue to be subject to the Confidentiality Agreement for the duration set forth therein. In the event of a Termination Upon Expiration caused by the Company (i.e., the Company gave notice to the Executive of the Company's election to not extend the Term pursuant to Section 3(a)), then (a) solely for purposes of any Award Agreement granted to the Executive, the Termination Upon Expiration shall not constitute a voluntary termination of the Executive's employment by the Executive, and (b) the Executive shall not be subject to the Non-Compete Agreement following the Termination Date. In the event of a Termination Upon Expiration caused by the Executive (i.e., the Executive gave Termination Notice to the Company of the Executive's election to not extend the Term pursuant to Section 3(a)), then (x) solely for purposes of any Award Agreement granted to the Executive, the Termination Upon Expiration shall constitute a voluntary termination of employment by the Executive, and (y) the Executive shall continue to be subject to the Non-Compete Agreement following the Termination Date.

10. Change of Control.

(a) Accelerated Vesting. Notwithstanding the terms of any Award Agreement heretofore or hereafter granted to the Executive, in the event of a Change of Control, all Options and Restricted Stock granted to the Executive which do not constitute deferred compensation for Code Section 409A purposes shall become fully vested on the date of the Change of Control and immediately prior to the time of the Change of Control. In the event of any conflict between the terms of this Section 10(a) and the terms of any Award Agreement heretofore or hereafter granted to the Executive, the terms of this Section 10(a) shall control and govern.

(b) Change of Control Termination. Notwithstanding any other provision in this Agreement to the contrary, in the event of a Change of Control Termination, the Company shall, on the Termination Date, pay the Executive a lump sum amount which is equal to the sum of: (i) the product of (A) the Executive's Base Salary in effect as of the Termination Date multiplied by (B) two (2), plus (ii) the product of (A) the average of the two highest annual cash bonuses paid to the Executive for the three years preceding the year in which the Termination Date occurs, if any, multiplied by (B) two (2); plus (iii) Eighteen Thousand Dollars (\$18,000); plus (iv) any Base Salary and bonus compensation earned but unpaid as of the Termination Date, plus (v) any unreimbursed business expenses to which the Executive is entitled as of the Termination Date under Section 5. The Company shall also pay the Executive any amounts due to the Executive pursuant to the terms of any Award Plans and/or Benefit Plans in which the Executive was a participant, in accordance with the terms of such plans. Notwithstanding the foregoing, if the Executive is a Specified Employee and the total of the payments under this Section 10(b) exceeds the limit set forth in Treas. Reg. §1.409A-1(b)(9)(iii)(A) (related to separation pay), then the amount in excess of such limit shall be delayed for six (6) months following the Executive's Termination Date, and such delayed amount shall be paid in a lump sum after the end of the six-month delay. In the event of a Change of Control Termination, the Executive shall continue to be subject to the Confidentiality Agreement and the Non-Compete Agreement for the respective durations set forth therein.

(c) Options. Notwithstanding the terms of any Award Agreement heretofore or hereafter granted to the Executive, in the event of a Change of Control Termination, the Executive shall continue to have the right to exercise any Options granted to the Executive prior to the Change of Control until the earlier to occur of (A) the three (3) year anniversary of the Termination Date or (B) the final expiration date for such Options as provided for in the applicable Award Agreement. In the event of any conflict between the terms of this Section 10(c) and the terms of any Award Agreement heretofore or hereafter granted to the Executive, the terms of this Section 10(c) shall control and govern.

11. Maximum Net After-Tax Benefit.

(a) Potential Reduction in Total Payments. It is the parties' objective to maximize the Executive's Net After-Tax Benefit if any payments or benefits provided hereunder would be subject to the Excise Tax. Accordingly, in the event the Company or the Executive believes that the Total Payments to or for the benefit of the Executive, whether paid or payable or distributed or distributable or otherwise, including, by example and not by way of limitation, acceleration of the date of vesting or payment under any agreement, arrangement, plan or program, would be subject to the Excise Tax, calculations shall be made to determine (i) the maximum amount of payments and benefits that may be provided to the Executive so that no portion thereof will be subject to the Excise Tax (the "Section 4999 Limit"), (ii) the Executive's Net After-Tax Benefit assuming application of the Section 4999 Limit, and (iii) the Executive's Net After-Tax Benefit without the application of the Section 4999 Limit. Based on such calculations or otherwise, and notwithstanding anything contained in this Agreement to the contrary, the Executive may elect to reduce the amount of the Total Payments up to the Section 4999 Limit so that no portion of the Total Payments received by the Executive will be subject to the Excise Tax. Alternatively, the Executive may

elect to receive all Total Payments, in which case the Executive shall be solely liable for any and all Excise Tax related thereto.

(b) Manner of Determination. Unless otherwise agreed between the Company and the Executive, all calculations required to be made under this Section 11 shall be made, at the Company's expense, by the accounting firm which is the Company's accounting firm immediately prior to the Change of Control or another nationally recognized accounting firm designated by the Board (or a duly authorized committee thereof) prior to the Change of Control (the "Accounting Firm"). The Accounting Firm shall provide its calculations, together with supporting documentation, both to the Company and to the Executive at such time as reasonably requested by the Company or the Executive.

(c) Order of Reduction. If the Executive elects to reduce the Total Payments as contemplated in Section 11(a), the Executive may select the order of reduction; provided, however, that none of the selected payments may be "nonqualified deferred compensation" subject to Section 409A of the Code. In the event the Executive fails to select an order in which Total Payments are to be reduced, or does not select such an order without selecting payments that would be "nonqualified deferred compensation" subject to Section 409A of the Code, the Company shall (to the extent feasible) reduce the Total Payments in the following order: (i) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any Options or other equity or equity-type awards that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to the Executive on a pro rata basis or in such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any Options or other equity or equity-type awards that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of vesting or payments with respect to any Options or other equity or equity-type awards that are exempt from Section 409A of the Code; in each case beginning with payments that would otherwise be made last in time.

12. Exclusive Remedy. To the extent permitted by applicable law, the payments contemplated by Section 7, Section 8, Section 9 and Section 10 shall constitute the exclusive and sole remedy for any termination of the Executive's employment due to death or Permanent Disability, any Termination Without Cause, any Termination for Good Reason or any Termination Upon Expiration. The Executive agrees, for himself and any administrator, beneficiary, devisee, executor, heir, legatee or personal representative, (i) to not assert or pursue any remedies, other than an action to enforce the payments due to the Executive (or the Executive's estate) under this Agreement, at law or in equity, with respect to the termination of the Executive's employment under Section 7, Section 8, Section 9 or Section 10, as applicable, and (ii) to execute a release and waiver on such terms and conditions as the Company may reasonably require as a condition of entitlement to such payments.

13. Confidentiality and Noncompetition. The Executive has previously entered into the Confidentiality Agreement and shall enter into the Non-Compete Agreement. The Executive understands and agrees that the continuation of his obligations under the Confidentiality Agreement and his execution of the Non-Compete Agreement is a material inducement for the Company to enter into this Agreement. Therefore, this Agreement will be null and void unless the Executive enters into the Non-Compete Agreement.

14. Employment Status. The parties acknowledge and agree that the Executive is an employee of the Company, not an independent contractor. Any payments made to the Executive by the Company



pursuant to this Agreement shall be treated for federal and state payroll tax purposes as payments made to a Company employee, irrespective whether such payments are made subsequent to the Termination Date.

15. Notices. All notices or deliveries authorized or required pursuant to this Agreement shall be deemed to have been given when in writing and personally delivered or when deposited in the U.S. mail, certified, return receipt requested, postage prepaid, addressed to the parties at the following addresses or to such other addresses as either may designate in writing to the other party:

To the Company: ClearPoint Neuro, Inc.
120 S. Sierra Ave., Suite 100
Solana Beach, CA 92075

To the Executive: Jeremy L. Stigall
2737 Madison St, Carlsbad, CA 92008

16. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and shall not be modified in any manner except by instrument in writing signed, by or on behalf of, the parties hereto. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto. In the event of any inconsistencies between the terms of this Agreement and any Award Agreement, the terms of this Agreement shall govern.

17. Certain 409A Matters. Notwithstanding any provision herein to the contrary, for purposes of identifying Specified Employees or determining when a Termination of Employment has occurred or for any other purpose where Section 409A of the Code applies, references to the Company shall be deemed to include Affiliates of the Company which are required to be aggregated with the Company under Section 409A of the Code.

18. Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to conflict of laws principles thereof.

19. Assignment. The Executive acknowledges that his services are unique and personal. Accordingly, the Executive may not assign his rights or delegate his duties or obligations under this Agreement.

20. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

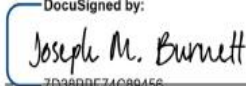
21. Successors; Binding Agreement. The Company will require any successor to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as Executive would be entitled to hereunder upon a Change of Control Termination. The Company's rights and obligations under this Agreement shall inure to the benefit of and shall be binding upon the Company's successors and assigns.

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IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

CLEARPOINT NEURO, INC.

DocuSigned by:

By: 7D98B8F74C89456...
Name: Joseph M. Burnett
Title: Chief Executive Officer and President

EXECUTIVE:

DocuSigned by:

5E48B8B831A2465...
Jeremy L. Stigall



Exhibit A

NON-DISCLOSURE AND PROPRIETARY RIGHTS AGREEMENT

CLEARPOINT NEURO, INC.
NON-DISCLOSURE AND PROPRIETARY RIGHTS AGREEMENT

In consideration and as a condition of my employment (or my continued employment) with ClearPoint Neuro, Inc., or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the "Company"), and in consideration of my receipt of Confidential Information (as defined in Section 2 below) and of the compensation now and hereafter paid to me by the Company, the undersigned (hereinafter referred to as "Employee") hereby acknowledges and agrees to the following:

1. Purpose of Agreement. Employee understands that the Company is engaged in a continuous program of research, development, production and marketing in connection with its business and that it is critical for the Company to preserve and protect its Confidential Information, its rights in Inventions (as defined in Section 7 below) and in all related intellectual property rights. Accordingly, Employee is entering into this Non-Disclosure and Proprietary Rights Agreement (this "Agreement") as a condition of his or her employment (or continued employment) with the Company, regardless of whether Employee is expected to create Inventions of value for the Company.

2. Non-Disclosure of Confidential Information. At all times during his or her employment with the Company and thereafter, Employee will hold the Confidential Information in strictest confidence and Employee will not, directly or indirectly, disclose, communicate, reproduce, copy, publish, license, distribute, modify, adapt, transmit, reverse engineer, decompile, disassemble or use any Confidential Information, except (a) as may be necessary for Employee to perform his or her duties as an employee of the Company for the exclusive benefit of the Company or (b) to the extent an officer of the Company expressly authorizes such in writing. Employee will take all appropriate action, whether by instruction, agreement or otherwise, to ensure the protection, confidentiality and security of the Confidential Information and to satisfy Employee's obligations under this Agreement. Employee agrees to comply with all of the Company's policies or regulations relating to the protection and confidentiality of Confidential Information, including policies governing IT resources and communications systems. Employee will notify the Company immediately upon discovery of any loss, misuse, misappropriation or disclosure of Confidential Information or any other breach of this Agreement by Employee, and Employee will cooperate with the Company in every reasonable way to help the Company regain possession of the Confidential Information and prevent its further unauthorized use or disclosure.

For purposes of this Agreement, the term "Confidential Information" means all information that is possessed by or developed for the Company and which relates to the Company's existing or potential business, which information is not reasonably knowable by the Company's competitors or by the general public through lawful means and has commercial value. Such Confidential Information includes, but is not limited to, information regarding the Company's operations, research and development efforts, plans for products or services, methods of doing business, business strategies, customers, suppliers, service providers, manufacturers, business relations, product prices and costs, markets, marketing plans, budgets and forecasts, financial information and/or Inventions, as well as information regarding the skills and compensation of other employees of the Company. Confidential Information may be oral, written, recorded magnetically or electronically or otherwise stored, and may be that which Employee originates as well as that which otherwise comes into the possession or knowledge of Employee. Confidential Information does not include information that is or becomes generally known to the public, other than through a wrongful act. For non-management employees only, Confidential Information does not include information lawfully acquired or created by a non-management employee of the Company about wages, hours or other terms and conditions of employment when used for purposes protected by §7 of the National Labor Relations Act.

3. Recognition of Company's Rights. Employee acknowledges and agrees that all Confidential Information will be the sole property of the Company and that the Company will be the sole owner of all patents, patent applications, design patents or registration, design patent applications, copyrights, mask works, trade secrets and all other intellectual property rights throughout the world (collectively, "Proprietary Rights") in

connection therewith. Accordingly, Employee hereby assigns to the Company any rights Employee may have or acquire in any Confidential Information.

4. Non-Disclosure of Third Party Information. Employee understands that the Company may from time to time receive from third parties confidential information ("Third Party Information"), subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. At all times during Employee's employment with the Company and thereafter, Employee will hold the Third Party Information in strictest confidence and Employee will not, directly or indirectly, disclose, communicate, reproduce, copy, publish, license, distribute, modify, adapt, transmit, reverse engineer, decompile, disassemble or use any Third Party Information, except (a) as may be necessary for Employee to perform his or her duties as an employee of the Company for the exclusive benefit of the Company or (b) to the extent an officer of the Company expressly authorizes such in writing. Employee will take all appropriate action, whether by instruction, agreement or otherwise, to ensure the protection, confidentiality and security of the Third Party Information and to satisfy Employee's obligations under this Agreement. Employee will notify the Company immediately upon discovery of any loss, misuse, misappropriation or disclosure of Third Party Information or any other breach of this Agreement by Employee, and Employee will cooperate with the Company in every reasonable way to help the Company prevent its further unauthorized use or disclosure.

5. Return of Information; Inspections. Employee will, at the Company's request, return all originals, copies, reproductions and summaries of any Confidential Information and all other tangible materials and devices provided to Employee as Confidential Information or containing Confidential Information, and/or, at the Company's option, certify destruction of the same. In addition, Employee will, at the Company's request, return all originals, copies, reproductions and summaries of any Third Party Information and all other tangible materials and devices provided to Employee as Third Party Information or containing Third Party Information, and/or, at the Company's option, certify destruction of the same. Upon termination of his or her employment with the Company, or upon the Company's request, Employee will promptly deliver to the Company all property in Employee's possession, custody or control that is owned by the Company. Employee agrees that any property situated on the Company's premises and owned by the Company, including, but not limited to, computers, disks and other storage media, is subject to inspection by Company personnel at any time without notice. Upon the Company's request, Employee will provide the Company with a written certification of Employee's compliance with Employee's obligations stated herein.

6. No Improper Use of Materials. During his or her employment with the Company, Employee will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom Employee has an obligation of confidentiality, and Employee will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom Employee has an obligation of confidentiality unless consented to in writing by that former employer or person.

7. Assignment of Inventions. Employee hereby irrevocably assigns to the Company all right, title and interest of Employee in and to any and all Inventions (and all Proprietary Rights with respect thereto), whether or not patentable, copyrightable or protectable as trade secrets, made, conceived, reduced to practice or created by Employee, either alone or jointly with others, during the period of his or her employment with the Company except as expressly excluded by Exhibit B hereto. Employee acknowledges that all original works of authorship which are made by Employee (alone or jointly with others) within the scope of his or her employment and which are copyrightable are "works made for hire," as that term is defined in the United States Copyright Act. In addition to the foregoing assignment of Inventions (and all Proprietary Rights with respect thereto) to the Company, Employee hereby irrevocably assigns to the Company any and all Moral Rights (as defined below) that Employee may have in or with respect to any Invention, and Employee forever waives and agrees not to assert any and all Moral Rights he or she may have in or with respect to any Invention, even after termination of employment with the Company.

For purposes of this Agreement, the term "Inventions" means inventions, discoveries, improvements, designs, techniques, ideas, processes, compositions of matter, formulas, data, software programs, databases, mask works, works of authorship, know-how and trade secrets.

For purposes of this Agreement, the term "Moral Rights" means any right to claim authorship of an Invention, to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country or under any treaty, regardless of whether such right is denominated or generally referred to as a "moral right."

If in the course of employment with the Company, Employee incorporates into a Company product or process a prior Invention owned by Employee or in which Employee has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, sub-licensable, transferable, worldwide license to make, have made, modify, use, market, sell, reproduce, create derivative works of, publicly perform, publicly display, and distribute such prior Invention as part of or in connection with such Company product or process.

8. Disclosure of Inventions. Employee will promptly disclose to the Company all Inventions that Employee makes, conceives, reduces to practice or creates, either alone or jointly with others, during the period of his or her employment with the Company. In addition, Employee will disclose to the Company all patent applications filed by Employee within one (1) years after termination of employment with the Company.

9. Assistance. Employee agrees to assist the Company in every proper way to obtain and, from time to time, enforce United States and foreign Proprietary Rights relating to Inventions assigned hereunder to the Company in any and all countries. To that end, Employee will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, Employee will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. Employee's obligation to assist the Company with respect to Proprietary Rights relating to Inventions in any and all countries will continue beyond the termination of Employee's employment, but the Company agrees to compensate Employee at a reasonable rate after Employee's termination for the time actually spent by Employee at the Company's request on such assistance. Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Employee's agent and attorney-in-fact to act for and on behalf of Employee (a) to execute, verify and file any document needed in connection with the actions specified in this section and (b) to do all other lawfully permitted acts to further the purposes of this section, in each case with the same legal force and effect as if executed or performed by Employee. Employee hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, which Employee now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

10. Prior Inventions. Inventions, if any, which Employee made prior to the commencement of his or her employment with the Company are excluded from the scope of this Agreement. To preclude any possible uncertainty, Employee has set forth on Exhibit A hereto a complete list of all Inventions that Employee, whether alone or jointly with others, has conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to commencement of his or her employment with the Company, that Employee considers to be his or her property or the property of third parties and that Employee wishes to have expressly excluded from the scope of this Agreement. If no list is attached as Exhibit "A" no such inventions or improvements at the time of signing this Agreement exist.

11. Efforts; Non-Competition. Employee acknowledges that his or her employment with the Company requires his or her full attention and effort during normal business hours, and Employee will give his or her best effort, skill and inventive ability to the business interests of the Company. During the term of his or her employment with the Company, Employee will not, directly or indirectly, participate in the management, operation, financing or control of, or be employed by or consult for or otherwise render services to, any person or entity that competes anywhere in the world with the Company in the conduct of the business of the Company as conducted or as proposed to be conducted, nor will Employee engage in any other activities that conflict with his or her obligations to the Company.

12. Non-Solicitation. During the term of his or her employment with the Company, Employee will not, directly or indirectly, solicit to hire from the Company any employee, consultant or independent

contractor of the Company, either for Employee or for any other individual or entity.

13. No Conflicting Obligation. Employee represents and agrees that his or her performance of the provisions of this Agreement does not, and will not, breach any agreement to keep in confidence information acquired by Employee in confidence or in trust prior to his or her employment by the Company. Employee agrees not to enter into any agreement, either written or oral, in conflict herewith.

14. Defend Trade Secrets Act Notice. Notwithstanding the foregoing obligations, pursuant to 18 U.S.C. § 1833(b), Employee shall not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. 1833(b).

15. Reasonableness of Restrictions. Employee agrees that the restrictions on Employee's activities outlined in this Agreement are reasonable and necessary to protect the Company's legitimate business interests, that the consideration provided by the Company is fair and reasonable, and that given the importance to the Company of its Confidential Information, the post-employment restrictions on Employee's activities are likewise fair and reasonable.

16. Injunctive Relief. Employee acknowledges and agrees that failure to adhere to the terms of this Agreement will cause the Company irreparable damage for which monetary damages alone would be inadequate compensation. Therefore, Employee agrees that the Company will be entitled to an injunction and other equitable relief, including *ex parte* injunctive relief, in the event of any breach or threatened breach (such threatened breach being determined in the sole judgment of the Company) of the provisions of this Agreement. Employee waives the making of a bond or showing actual damages as a condition for obtaining injunctive relief. Such remedy shall not be deemed the exclusive remedy for the breach of this Agreement by Employee, but will be in addition to all other remedies available at law or in equity to the Company. Additionally, in any action seeking to enforce this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees, costs and expenses, including any expert fees that were incurred by that party in connection with any such action to the extent allowed by law. Notwithstanding any judicial determination that any provision of this Agreement is not specifically enforceable, the Company will nonetheless be entitled to recover monetary damages as a result of any breach by Employee.

17. Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the state of California, without giving any effect to that state's conflict of laws principles.

18. Employment. Employee acknowledges and agrees that this Agreement does not create an employment contract with the Company for any term, nor does it in any way limit the Company's right to otherwise terminate Employee's employment. Any change or changes in Employee's duties, salary or compensation will not affect the validity or scope of this Agreement.

19. Severability. Whenever possible, each provision of this Agreement will be interpreted in a manner to be effective, valid and enforceable. If, however, any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or the remaining provisions of this Agreement. Furthermore, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and still have such similar provision be construed and enforced as legal, valid, and enforceable.

20. Amendments; Waivers. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged. No waiver by

the Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach.

21. Assignment. The Company may assign its rights under this Agreement. This Agreement, and the duties and obligations of Employee hereunder, may not be assigned or delegated by Employee.

22. Survival. The terms of this Agreement, and Employee's duties and obligations hereunder, will survive any termination of Employee's employment with the Company for any reason.

23. Headings. Headings in this Agreement are for informational purposes only and will not be used to construe the intent of this Agreement.

24. Effectiveness. This Agreement, if executed after the commencement of my employment, is hereby specifically made retroactive and effective as of the first day of my employment.

25. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and Employee concerning the matters addressed herein and supersedes any and all prior and/or contemporaneous agreements, representations, or understandings, written or oral. In the event of any inconsistency between the provisions of this Agreement and the employment offer letter, this Agreement shall control.

26. Further Assurances. Employee will cooperate reasonably with the Company in connection with any steps required to be taken as part of Employee's obligations under this Agreement, and Employee will (a) execute and deliver to the Company such other documents, and (b) do such other acts and things, in each case as the Company may reasonably request for the purpose of carrying out the provisions of this Agreement.

27. Acknowledgment. Employee acknowledges that he or she has received a copy of this Agreement, which he or she has read and understood, and Employee voluntarily agrees to abide by its terms. Employee authorizes the Company to notify any future employer(s) of Employee of the terms of this Agreement and Employee's obligations hereunder.

Nothing in this Agreement shall be construed to in any way terminate, supersede, undermine, or otherwise modify the at-will status of the employment relationship between the Company and the Employee, pursuant to which either the Company or the Employee may terminate the employment relationship at any time, with or without cause, with or without notice.

For Employees residing in California, Delaware, Illinois, Kansas, North Carolina, Minnesota, Utah, or Washington, please acknowledge the specific state restrictions on assignment of employee inventions by signing under the state of Employee's residence on Exhibit B.


Employee Signature

5-6-21
Date

Jerry Stigell
Employee Name

Accepted by:

ClearPoint Neuro, Inc.

By: 

Name: Danilo D'Alessandro

Title: CFO

Exhibit B

California

I understand that, as required by California Labor Code Section 2870, no provision in this Non-Disclosure and Proprietary Rights Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates at the time of conception or reduction to practice of the invention, (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.



Employee Signature

5-6-21

Date

Delaware, Illinois, Kansas and North Carolina

I understand that, as required by Delaware/Illinois/Kansas/North Carolina state law (delete as appropriate), no provision in this Non-Disclosure and Proprietary Rights Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me from the company.

Employee Signature

Date

Minnesota

I understand that, as required by Minnesota state law, no provision in this Non-Disclosure and Proprietary Rights Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, and (a) which does not relate (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by me for the company.

Employee Signature

Date

Utah

I understand that, as required by Utah state law, no provision in this Non-Disclosure and Proprietary Rights Agreement requires me to assign any of my rights to an invention which was created entirely on my own time, and which is not (a) conceived, developed, reduced to practice, or created by me (i) within the scope of my employment with the company, (ii) on the company's time, or (iii) with the aid, assistance or use of any of the company's property, equipment, facilities, supplies, resources, or patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks and services marks and any and all rights, applications, and registrations relating to them, (b) the results of any work, services, or duties performed by me for the company, (c) related to the industry or trade of the company, or (d) related to the current or demonstrably anticipated business, research, or development of the company.

Employee Signature

Date

Washington

I understand that, as required by Washington state law, no provision in this Non-Disclosure and Proprietary Rights Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.

Employee Signature

Date

Exhibit B
NON-COMPETITION AGREEMENT

See Attached

CLEARPOINT NEURO, INC.

NON-COMPETITION AGREEMENT

In consideration and as a condition of my employment (or my continued employment) with ClearPoint Neuro, Inc., or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the “Company”), and in consideration of my receipt of the compensation now and hereafter paid to me by the Company, the undersigned (hereinafter referred to as “Employee”) hereby acknowledges and agrees to the following:

1. Defined Terms. For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

(a) “Conflicting Organization” means any individual or entity that directly or indirectly, engages in, or is about to become engaged in, Conflicting Research or the development, design, production, manufacture, promotion, marketing, sale, support or service of a Conflicting Product.

(b) “Conflicting Product” means medical devices, goods, products, product lines or services, and each and every component thereof, developed, designed, produced, manufactured, marketed, promoted, sold, supported or serviced, or that are in development or the subject of research, by anyone other than the Company that are substantially the same or similar to, perform any of the substantially same or similar material functions as, may be substituted for, or are intended or used for any of the same purposes as, a Company Product.

(c) “Conflicting Research” means any research or development of any kind or nature conducted by anyone other than the Company, which is intended for, or may be useful in, any aspect of the development, design, production, manufacture, marketing, promotion, sale, support or service of a Conflicting Product.

(d) “Company Product” means any medical device, goods, products, product lines or services (i) that during the last one (1) year in which Employee was employed by the Company, Employee, or persons under Employee’s management, direction or supervision, performed research regarding, designed, developed, produced, manufactured, marketed, promoted, sold, solicited sales of, supported or serviced on behalf of the Company, or (ii) with respect to which Employee at any time received or otherwise obtained or learned Confidential Information.

(e) “Restricted Area” means the United States of America or in any other country in which the Company has received or applied for regulatory clearances or approvals for Company Products.

2. Efforts; Non-Competition. Employee acknowledges that his or her employment with the Company requires his or her full attention and effort during normal business hours, and Employee will give his or her best effort, skill and inventive ability to the business interests of the Company. During the term of his or her employment with the Company, Employee will not, without prior written consent of Company, directly or indirectly, participate in the management, operation, financing or control of, or be employed by or consult for or otherwise render services to, any individual or entity that competes with the Company in the Restricted Area in the conduct of the business of the Company as conducted or as proposed to be conducted, nor will Employee engage in any other activities that conflict with his or her obligations to the Company.

In addition, for a period of one (1) year after the date his or her employment with the Company ends for any reason, Employee will not, directly or indirectly, participate in the management, operation, financing or control of, or be employed by or consult for or otherwise render services to, any Conflicting Organization in the Restricted Area in connection with or relating to a Conflicting Product or Conflicting Research.

3. No Conflicting Obligation. Employee represents and agrees that his or her performance of the provisions of this Agreement does not, and will not, breach any agreement to keep in confidence information acquired by Employee in confidence or in trust prior to his or her employment by the Company. Employee agrees not to enter into any agreement, either written or oral, in conflict herewith.

4. Reasonableness of Restrictions. Employee agrees that the restrictions on Employee's activities outlined in this Agreement are reasonable and necessary to protect the Company's legitimate business interests, that the consideration provided by the Company is fair and reasonable, and that the post-employment restrictions on Employee's activities are fair and reasonable.

5. Injunctive Relief. Employee acknowledges and agrees that failure to adhere to the terms of this Agreement will cause the Company irreparable damage for which monetary damages alone would be inadequate compensation. Therefore, Employee agrees that in addition to monetary damages, the Company will be entitled to an injunction and other equitable relief, including *ex parte* injunctive relief, in the event of any breach or threatened breach (such threatened breach being determined in the sole judgment of the Company) of the provisions of this Agreement. Employee waives the making of a bond or showing actual damages as a condition for obtaining injunctive relief. Such remedy shall not be deemed the exclusive remedy for the breach of this Agreement by Employee, but will be in addition to all other remedies available at law or in equity to the Company. Notwithstanding any judicial determination that any provision of this Agreement is not specifically enforceable, the Company will nonetheless be entitled to recover monetary damages as a result of any breach by Employee.

6. Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the state of Delaware, without giving any effect to that state's conflict of laws principles.

7. Employment. Employee acknowledges and agrees that this Agreement does not create an employment contract with the Company for any term, nor does it in any way limit the Company's right to otherwise terminate Employee's employment. Any change or changes in Employee's duties, salary or compensation will not affect the validity or scope of this Agreement.

8. Severability. Whenever possible, each provision of this Agreement will be interpreted in a manner to be effective, valid and enforceable. If, however, any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or the remaining provisions of this Agreement. Furthermore, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and still have such similar provision be construed and enforced as legal, valid, and enforceable.

9. Amendments; Waivers. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged. No waiver by the Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach.

10. Assignment. The Company may assign its rights under this Agreement. This Agreement, and the duties and obligations of Employee hereunder, may not be assigned or delegated by Employee.

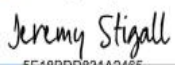
11. Survival. The terms of this Agreement, and Employee's duties and obligations hereunder, will survive any termination of Employee's employment with the Company for any reason.

12. Headings. Headings in this Agreement are for informational purposes only and will not be used to construe the intent of this Agreement.

13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and Employee concerning the matters addressed herein.

14. Further Assurances. Employee will cooperate reasonably with the Company in connection with any steps required to be taken as part of Employee's obligations under this Agreement, and Employee will (a) execute and deliver to the Company such other documents, and (b) do such other acts and things, in each case as the Company may reasonably request for the purpose of carrying out the provisions of this Agreement.

15. Acknowledgment. Employee acknowledges that he or she has received a copy of this Agreement, which he or she has read and understood, and Employee voluntarily agrees to abide by its terms. Employee authorizes the Company to notify any future employer(s) of Employee of the terms of this Agreement and Employee's obligations hereunder.

DocuSigned by:

5C16BDB831A2465...
Employee Signature

5/24/2022

Date

Jeremy Stigall

Employee Name

Accepted by:

ClearPoint Neuro, Inc.

DocuSigned by:

By: 7D38BBF74C89436...

Name: Joseph M. Burnett

Title: Chief Executive Officer and President



**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT**

THIS AMENDMENT NO. 1 (this "Amendment") to the Employment Agreement (the "Agreement"), dated as of May 16, 2022, by and between ClearPoint Neuro, Inc., a Delaware corporation (the "Company"), and Jeremy L. Stigall ("Executive"), is dated as of March 3, 2023 (the "Effective Date"), and is by and between the Company and Executive. Capitalized terms not otherwise defined in this Amendment shall have the meaning set forth in the Agreement.

WITNESSETH:

WHEREAS, the Company and Executive wish to amend the Agreement as hereinafter set forth in order to (a) extend certain severance benefits to the Executive upon a non-renewal of the Agreement by the Company at the end of the then-current Term, (b) adjust the portion of outstanding awards that will accelerate upon certain qualifying termination events and (c) provide for unlimited paid time off; and

WHEREAS, pursuant to Section 16 of the Agreement, the Agreement may only be modified or amended by an agreement in writing signed by the party to be charged.

NOW, THEREFORE, in consideration of the continued employment of Executive by the Company, the agreements made herein and in the Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, pursuant to Section 16 of the Agreement, the parties agree as follows:

1. Amendments.

(a) Section 1 of the Agreement shall be revised to replace the definitions of "Termination Upon Expiration," "Termination Without Cause" and "Voluntary Termination" as follows:

"Termination Upon Expiration" means the termination of the Executive's employment upon the full expiration of the Term, including the full expiration of any extension thereof, following the Company's notice to the Executive of the Company's election to not extend the Term as provided in Section 3(a) of the Agreement.

"Termination Without Cause" means the termination of the Executive's employment by the Company for any reason other than (i) Termination With Cause or (ii) termination by the Company due to the Executive's death or Permanent Disability.

"Voluntary Termination" means the Executive's voluntary termination of his employment hereunder for any reason, other than a Termination for Good Reason, including Executive's notice to the Company of the Executive's election to not extend the Term as provided in Section 3(a) of the Agreement. If the Executive gives a Termination Notice of Voluntary Termination and, prior to the Termination Date, the Executive voluntarily refuses or fails to provide substantially all the services described in Section 2 hereof, the Voluntary Termination shall be deemed to be effective as of the date on which the Executive so ceases to carry out his duties. Voluntary refusal to perform services shall not include (i) taking vacation otherwise permitted in accordance with Section 4(e) hereof, (ii) the Executive's failure to perform services on account of his illness or the illness of a member of the Executive's immediate family, provided such illness is adequately substantiated at the reasonable request of the Company, or (iii) any other absence from service permitted by applicable State or Federal law or with the written consent of the Board."

(b) Section 4(e) of the Agreement shall be deleted in its entirety and replaced with:

“Executive shall be entitled to unlimited paid time off subject to the demands of the Company’s business and Executive’s obligations as an employee of the Company with a substantial degree of responsibility and in accordance with the terms of Company’s Unlimited Paid Time Off Policy for Section 16 Officers, as in effect from time to time.”

(c) The first three sentences of Section 8 of the Agreement shall be deleted in their entirety and replaced with:

“8. Termination Without Cause; Termination for Good Reason; Termination Upon Expiration. The Company may terminate the Executive’s employment for any reason, or no reason at all, at any time, and the Executive may effect a Termination for Good Reason at any time; provided, that upon a Termination for Good Reason, Termination Without Cause or Termination Upon Expiration, except as otherwise provided in Section 10 of this Agreement, the Company shall provide the compensation and benefits set forth in this Section 8. The Executive may effect a Termination for Good Reason notwithstanding any incapacity due to physical or mental illness. In the event of a Termination Without Cause, a Termination for Good Reason or Termination Upon Expiration, the Executive shall continue to be subject to the Confidentiality Agreement and the Non-Compete Agreement.”

(d) The first sentence of Section 8(b) shall be deleted in its entirety and replaced with:

“(b) Options; Restricted Stock Granted Prior to the Effective Date. Notwithstanding the terms of any award agreement granted to the Executive under any Award Plan, or any other agreement granting the Executive Options or Restricted Stock (in each case, an “Award Agreement”) prior to the Effective Date, upon a Termination Without Cause, Termination for Good Reason or Termination Upon Expiration, (i) all outstanding Options and Restricted Stock subject to time-based vesting criteria granted to the Executive which do not constitute deferred compensation for Code Section 409A purposes shall become fully vested on the Termination Date and immediately prior to the time of termination, and (ii) the Executive shall continue to have the right to exercise any such Options until the earlier to occur of (A) the three (3) year anniversary of the Termination Date or (B) the final expiration date for such Options as provided for in the applicable Award Agreement. Executive understands that, to the extent any of Executive’s currently outstanding Options qualify as “incentive stock options” under Section 422 of the Code, the extending of the post-termination exercise periods thereof is a modification of such incentive stock options, and such modification may disqualify Executive’s Options as incentive stock options and may result in Executive having nonstatutory stock options. Executive represents that Executive has had the opportunity to consult with any tax advisors Executive deems advisable in connection with the execution of this Agreement and that Executive is not relying on the Company for any tax advice.”

(e) A new section 8(c) shall be added as follows:

“(c) Options; Restricted Stock Granted on or After the Effective Date. Notwithstanding the terms of any Award Agreement granted on or after the Effective Date, upon a Termination Without Cause, Termination for Good Reason or Termination Upon Expiration, (i) all outstanding Options and Restricted Stock subject to time-based vesting criteria granted to the Executive which do not constitute deferred compensation for Code Section 409A purposes scheduled to vest within the twelve (12) month period following the Termination Date shall become fully vested on the Termination Date and immediately prior to the time of termination, and (ii) the Executive shall continue to have the right to exercise any such Options until the earlier to occur of (A) the first anniversary of the Termination Date or (B) the final expiration date for such Options as provided for in the applicable Award Agreement. Executive understands that, to the extent any of Executive’s currently outstanding Options qualify as “incentive

understands that, to the extent any of Executive's currently outstanding Options qualify as incentive

stock options” under Section 422 of the Code, the extending of the post-termination exercise periods thereof is a modification of such incentive stock options, and such modification may disqualify Executive’s Options as incentive stock options and may result in Executive having nonstatutory stock options. Executive represents that Executive has had the opportunity to consult with any tax advisors Executive deems advisable in connection with the execution of this Agreement and that Executive is not relying on the Company for any tax advice.”

(f) Section 9 shall be deleted in its entirety and replaced with: “Reserved.”

2. Miscellaneous.

(a) This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware and may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute a complete document.


(b) Except as amended by this Amendment, the terms and provisions of the Agreement remain unchanged and in full force and effect as in effect on the date hereof.

[Signature page(s) follow(s)]

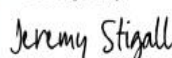


IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

CLEARPOINT NEURO, INC.

By: 
Name: Danilo D'Alessandro
Title: Chief Financial Officer

EXECUTIVE:


Jeremy L. Stigall

[Signature Page to Amendment No. 1 to Employment Agreement]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

I, Joseph M. Burnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2023, of ClearPoint Neuro, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023

/s/ Joseph M. Burnett

Joseph M. Burnett

Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

I, Danilo D'Alessandro, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2023, of ClearPoint Neuro, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023

/s/ Danilo D'Alessandro

Danilo D'Alessandro

Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER
THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF
CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

Each of the undersigned, Joseph M. Burnett and Danilo D'Alessandro, certifies pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this quarterly report on Form 10-Q for the quarter ended March 31, 2023, of ClearPoint Neuro, Inc. (the "Company") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (2) the information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2023

/s/ Joseph M. Burnett

Joseph M. Burnett
Chief Executive Officer

/s/ Danilo D'Alessandro

Danilo D'Alessandro
Chief Financial Officer