UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2017

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: 001-37725

MIRAMAR LABS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**80-0884221**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2790 Walsh Avenue
Santa Clara, California 95051
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (408) 579-8700

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a small reporting company)	Small 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 15, 2017, the registrant had 9,334,857 shares of common stock, $0.001 par value per share, outstanding.

MIRAMAR LABS, INC.
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"Miramar Labs", "miraDry", "miraDry and Design", "Drop Design", "miraWave", "miraSmooth", "miraFresh", and "ML Stylized mark" are trademarks of our company. Our logo and our other trade names, trademarks and service marks appearing int his document are our property. Other trade names, trademarks and service marks appearing in this document are the property of their respective owners. Solely for convenience, our trademarks and trade names referred to in the document, appear without the TM or the (R) symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the rights of the applicable licensor to these trademarks and trade names.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or this Report, contains forward-looking statements, including, without limitation, in the sections captioned "Management's Discussion and Analysis of Financial Condition and Plan of Operations," and elsewhere. Any and all statements contained in this Report that are not statements of historical fact may be deemed forward-looking statements. Terms such as "may," "might," "would," "should," "could," "project," "estimate," "pro-forma," "predict," "potential," "strategy," "anticipate," "attempt," "develop," "plan," "help," "believe," "continue," "intend," "expect," "future" and terms of similar import (including the negative of any of the foregoing) may be intended to identify forward-looking statements. However, not all forward-looking statements may contain one or more of these identifying terms. Forward-looking statements in this Report may include, without limitation, statements regarding (i) the plans and objectives of management for future operations, including plans or objectives relating to the development of our miraDry System, (ii) a projection of income (including income/loss), earnings (including earnings/loss) per share, capital expenditures, dividends, capital structure or other financial items, (iii) our future financial performance, including any such statement contained in a discussion and analysis of financial condition by management or in the results of operations included pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC, and (iv) the assumptions underlying or relating to any statement described in points (i), (ii) or (iii) above.

The forward-looking statements are not meant to predict or guarantee actual results, performance, events or circumstances and may not be realized because they are based upon our current projections, plans, objectives, beliefs, expectations, estimates and assumptions and are subject to a number of risks and uncertainties and other influences, many of which we have no control over. Actual results and the timing of certain events and circumstances may differ materially from those described by the forward-looking statements as a result of these risks and uncertainties. Factors that may influence or contribute to the inaccuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation:

- market acceptance of the miraDry energy based treatment;
- the benefits of the miraDry treatment versus other solutions;
- our ability to successfully sell and market the miraDry System in our existing and expanded geographies;
- the performance of the miraDry System in clinical settings;
- competition from existing technologies or products or new technologies and products that may emerge;
- the implementation of our business model and strategic plans for our business and the miraDry System;
- the scope of protection we are able to establish and maintain for intellectual property rights covering the miraDry System;
- our ability to obtain regulatory approval in targeted markets for the miraDry System;
- our financial performance;
- developments relating to our competitors and the healthcare industry; and
- other risks and uncertainties, including those risk factors identified in "Risk Factors" of our registration statement on Form S-1 filed with the United States Securities and Exchange Commission, or the SEC**,** on October 14, 2016, as amended on November 23, 2016, January 9, 2017 and January 30, 2017.

Readers are cautioned not to place undue reliance on forward-looking statements because of the risks and uncertainties related to them and to the risk factors. We disclaim any obligation to update the forward-looking statements contained in this Report to reflect any new information or future events or circumstances or otherwise, except as required by law.

Readers should read this Report in conjunction with those risk factors identified in "Risk Factors" of our registration statement on Form S-1 filed with the SEC on October 14, 2016, as amended on November 23, 2016, January 9, 2017 and January 30, 2017, and the financial statements and notes thereto contained in that report, as well as the financial statements and the related notes thereto in this Report, and other documents which we may file from time to time with the SEC.

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

MIRAMAR LABS, INC.

Condensed Consolidated Balance Sheets

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,058,383	$ 2,203,639
Accounts receivable, net	2,948,241	3,159,423
Inventories	6,869,402	6,649,840
Prepaid expenses and other current assets	331,300	341,048
Total current assets	11,207,326	12,353,950
Property and equipment, net	628,884	714,797
Restricted cash	295,067	295,067
Other non-current assets	13,976	13,976
TOTAL ASSETS	$ 12,145,253	$ 13,377,790
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable, net of discount	$ 9,498,670	$ 9,916,626
Derivative liability	6,000,209	—
Accounts payable	1,638,216	1,582,145
Accrued and other current liabilities	4,815,482	4,567,076
Deferred revenue	138,480	182,160
Total current liabilities	22,091,057	16,248,007
Warrant liability	—	7,342
Deferred rent, non-current	67,607	77,309
TOTAL LIABILITIES	22,158,664	16,332,658
Commitments and contingencies (Note 6)		
Stockholders' deficit:		
Blank check preferred stock, $0.001 par value - 5,000,000 shares authorized. No shares issued and outstanding at March 31, 2017 and December 31, 2016	—	—
Common stock, $0.001 par value - 100,000,000 shares authorized and 9,334,857 shares issued and outstanding at March 31, 2017 and December 31, 2016	9,335	9,335
Additional paid-in capital	111,120,122	110,918,412
Accumulated deficit	(121,142,868)	(113,882,615)
TOTAL STOCKHOLDERS' DEFICIT	(10,013,411)	(2,954,868)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 12,145,253	$ 13,377,790

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

MIRAMAR LABS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Revenue	$ 3,814,867	$ 4,287,333
Cost of revenue	1,692,761	2,028,557
Gross margin	2,122,106	2,258,776
Operating expenses:		
Research and development	752,676	921,589
Selling and marketing	3,003,655	3,023,009
General and administrative	1,540,117	1,337,996
Total operating expenses	5,296,448	5,282,594
Loss from operations	(3,174,342)	(3,023,818)
Interest income	853	1,140
Interest expense	(3,940,855)	(315,748)
Other income, net	(143,434)	25,355
Net loss before provision for income taxes	(7,257,778)	(3,313,071)
Provision for income taxes	(2,475)	(1,525)
Net and comprehensive loss attributable to common stockholders	$ (7,260,253)	$ (3,314,596)
Weighted-average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	9,334,857	398,541
Net loss per share attributable to common stockholders, basic and diluted	$ (0.78)	$ (8.32)

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

MIRAMAR LABS, INC.

Condensed Consolidated Statements of Stockholders' Deficit

(Unaudited)

	Common Stock				
	Shares	**Amount**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Total Stockholders' Equity (Deficit)**
Balances at December 31, 2016	9,334,857	$ 9,335	$ 110,918,412	$ (113,882,615)	$ (2,954,868)
Conversion of convertible preferred stock warrants to common stock warrants	—	—	7,094	—	7,094
Offering costs for issuance of common stock	—	—	(47,388)	—	(47,388)
Stock-based compensation	—	—	242,004	—	242,004
Net loss	—	—	—	(7,260,253)	(7,260,253)
Balances at March 31, 2017	9,334,857	$ 9,335	$ 111,120,122	$ (121,142,868)	$ (10,013,411)

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

MIRAMAR LABS, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,260,253)	$ (3,314,596)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	118,212	147,448
Stock-based compensation	242,004	142,766
Change in warrant liability value	(248)	(23,878)
Amortization of debt discount and issuance costs	3,690,454	63,378
Revaluation of derivative liability	142,371	—
Changes in operating assets and liabilities		
Accounts receivable	211,182	(130,246)
Inventories	(219,562)	146,253
Prepaid expenses and other current assets	9,748	12,948
Other non-current assets	—	(7,700)
Accounts payable	56,071	(408,742)
Accrued and other current liabilities	243,729	60,021
Deferred revenue	(43,680)	(498,583)
Net cash used in operating activities	(2,809,972)	(3,810,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,299)	(48,581)
Net cash used in investing activities	(32,299)	(48,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Offering costs for issuance of common stock	(47,388)	—
Proceeds from issuance of notes payable	2,680,567	2,682,394
Principal payments on capital leases	(5,025)	(12,481)
Payments on notes payable	(931,139)	(25,925)
Net cash provided by financing activities	1,697,015	2,643,988
Net decrease in cash and cash equivalents	(1,145,256)	(1,215,524)
Cash and cash equivalents at beginning of period	2,203,639	2,642,509
Cash and cash equivalents at end of period	$ 1,058,383	$ 1,426,985
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 598,385	$ 195,881
Cash paid for taxes	$ 1,525	$ 1,525
DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Net transfer to inventory from leased equipment	$ —	$ (168,143)
Conversion of warrant liabilities to equity	$ 7,904	$ —
Bifurcation of embedded derivative liability from convertible notes payable	$ 5,857,838	$ —

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

MIRAMAR LABS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Background and Organization

On June 7, 2016 (the "**Closing Date**"), the Company, Acquisition Sub and Miramar entered into an Agreement and Plan of Merger and Reorganization (the "**Merger Agreement**"). Pursuant to the terms of the Merger Agreement, Acquisition Sub merged with and into Miramar, and Miramar became the surviving corporation and thus became the Company's wholly-owned subsidiary (the "**Merger**"). Prior to the Merger, the Company discontinued its prior business of distributing water filtration systems produced in China, and acquired the business of Miramar, which designs, manufactures and markets the miraDry System, which is designed to eliminate axillary, or underarm, sweat.

At the Closing Date, each of the shares of Miramar's common stock and preferred stock issued and outstanding immediately prior to the closing of the Merger was converted into shares of the Company's common stock at a ratio of 1:0.07393 (the "**Conversion Ratio**"). Additionally, warrants to purchase shares of Miramar's Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock issued and outstanding immediately prior to the closing of the Merger were converted into warrants to purchase shares of the Company's common stock at the Conversion Ratio.

The Merger was treated as a recapitalization and reverse acquisition of the Company for financial accounting purposes. Miramar is considered the acquirer for accounting purposes, and the Company's historical financial statements before the Merger will be replaced with the historical financial statements of Miramar before the Merger in future filings with the SEC. For more details on the Merger, please see Item 2.01 of our Current Report on Form 8-K filed with the SEC on June 13, 2016, as amended on June 14, 2016.

The Company and its wholly-owned subsidiary, Miramar, develop clinical systems to address hyperhidrosis. In January 2011, Miramar received approval from the U.S. Food and to Drug Administration (the "**FDA**"), to market the miraDry System to eliminate underarm sweat glands. The Company's principal markets are the United States, Asia-Pacific and Europe/Middle East. During 2012, Miramar Technologies, Inc. commercially launched its first product, the miraDry System, a clinical system to address hyperhidrosis.

Miramar has a wholly-owned subsidiary, Miramar Labs HK Limited, which was incorporated under the laws of Hong Kong in January 2013. Miramar Labs HK Limited commenced its operations during 2013 to oversee operations in Asia and is located in Hong Kong.

The accompanying unaudited condensed financial statements have been prepared in accordance with the rules and regulations of the SEC, for interim financial information and, accordingly, do not include all of the information and footnotes required by generally accepted accounting principles in the United States ("**GAAP**") for complete financial statements. These condensed consolidated financial statements are prepared on the same basis and should be read in conjunction with the audited financial statements and related notes included in the Company's financial statements for the year ended December 31, 2016. Interim results are not necessarily indicative of the results to be expected for the full year, and no representation is made thereto.

In the opinion of management, these financial statements include all adjustments necessary to state fairly the financial position and results of operations for each interim period shown. All such adjustments occur in the ordinary course of business and are of a normal, recurring nature.

The accompanying financial statements are prepared on a going concern basis which contemplates the realization of assets and discharge of liabilities in the normal course of business. Since inception, Miramar Labs, Inc. had incurred net losses and negative cash flows from operations. From April 4, 2006 (date of inception) to March 31, 2017, Miramar Labs, Inc. had an accumulated deficit of $121,142,868. The Company has not achieved positive cash flows from operations. To date, the Company has been funded primarily by preferred stock and debt financings. In order to continue its operations, the Company must raise additional equity or debt financing and achieve profitable operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. There can be no assurance that the Company will be able to obtain additional equity or debt financing on terms acceptable to the Company, or at all. The failure to obtain sufficient funds on acceptable terms, when needed, could have a material, adverse effect on the Company's business, results of operations, and future cash flows.

To achieve profitable operations, the Company must successfully continue to develop, enhance, manufacture, and market its products. There can be no assurance that any such products can continue to be developed or manufactured at an acceptable cost and with appropriate performance characteristics, or that such products will be successfully marketed. These factors could have a material adverse effect upon the Company's financial results, financial position and future cash flows.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. Intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant estimates relate to inventory valuation and reserves, warranty accruals, deferred tax asset valuation allowance, valuation of equity and equity-linked instruments (common stock, options and warrants) and the valuation of the derivative liability.

Our management believes that we consistently apply these judgments and estimates and the consolidated financial statements and accompanying notes fairly represent all periods presented. However, any differences between these judgments and estimates and actual results could have a material impact on our consolidated statements of income and financial position.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. The Company's cash and cash equivalents are deposited with one financial institution in the United States of America. Deposits in this institution may exceed the amount of insurance provided on such deposits. The Company has not experienced any losses on its deposits of cash and cash equivalents. At March 31, 2017, the Company's uninsured cash balances totaled $733,793.

The Company performs periodic credit evaluations of its customers' financial condition and generally requires deposits from its customers. The Company generally does not charge interest on past due accounts. The Company's customers representing greater than 10% of accounts receivable and revenue were as follows:

	Revenue		Accounts Receivable	
	Three Months Ended March 31,		March 31,	December 31,
	2017	2016	2017	2016
Customer A	*	15%	*	*
Customer B	12%	10%	*	*
Customer C	*	*	15%	20%
Customer D	*	*	*	16%

Sales in North America consisted of 54% and 41% of total revenue, in the three month periods ended in March 31, 2017 and 2016, respectively. The remainder of the Company's sales came primarily from Asia-Pacific and Europe/Middle East.

Amplifiers used in the production of the miraDry system are manufactured in the United States and consumables ("**bioTips**") are manufactured in China. These single source suppliers of these critical components may not be replaced without significant effort and could cause delay in production. If the operations of these manufacturers are interrupted or if they are unable to meet our delivery requirements due to capacity limitations or other constraints, the Company may be limited in its ability to fulfill customer orders or to repair equipment at current customer sites.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies during the three months ended March 31, 2017, as compared to the significant accounting policies described in the Company's financial statements for the year ended December 31, 2016, filed on Form 10-K on March 17, 2017.

Recent Accounting Pronouncements

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory". This update requires inventory that is recorded using the first-in, first-out (FIFO) or average cost method to be measured at the lower of cost or net realizable value (defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation), as opposed to the existing requirement to measure such inventory at the lower of cost or market value. This update is effective for annual periods beginning after December 15, 2016, and interim periods within that year, with early adoption permitted. Adoption of this standard in the quarter ended March 31, 2017 did not have any significant impact on the Company's financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". This update will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It will also allow an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. For public entities, the new standard is effective for annual periods beginning after December 15, 2016, and interim periods within that year, with early adoption permitted. Adoption of this standard in the quarter ended March 31, 2017 did not have any significant impact on the Company's financial statements.

There were no other changes to the new accounting pronouncements as described in the Company's financial statements for the year ended December 31, 2016, filed on Form 10-K on March 17, 2017.

3. Balance Sheet Components

Inventories

	March 31, 2017	December 31, 2016
	(Unaudited)	
Raw materials	$ 2,327,896	$ 2,554,853
Work in progress	2,481,557	2,343,898
Finished goods	2,059,949	1,751,089
	$ 6,869,402	$ 6,649,840

Purchase commitments for inventory as of March 31, 2017 were $870,711.

Property and Equipment, Net

	March 31, 2017	December 31, 2016
	(Unaudited)	
Leasehold Improvements	$ 844,360	$ 844,360
Machinery and equipment	1,592,473	1,560,174
Computer and office equipment	241,291	241,291
Software	326,992	326,992
Furniture and fixtures	114,564	114,564
	3,119,680	3,087,381
Less: Accumulated depreciation and amortization	(2,490,796)	(2,372,584)
	$ 628,884	$ 714,797

No capital leases were entered into during the year ended December 31, 2016 or the three month period ended March 31, 2017. Depreciation and amortization expense was $118,212 and $147,448 for the three-month periods ended March 31, 2017 and 2016, respectively.

At March 31, 2017 and December 31, 2016, substantially all of the property and equipment was located at the Company's corporate headquarters in the United States.

Accrued Liabilities

	March 31, 2017	December 31, 2016
	(Unaudited)	
Accrued payroll and related expenses	$ 1,592,457	$ 1,605,214
Accrued royalty	2,018,797	1,887,426
Accrued warranty	149,000	161,000
Accrued marketing	385,400	366,000
Accrued clinical expenses	13,500	9,500
Accrued legal	73,816	41,800
Capital lease payable, current	11,841	16,865
Deferred rent, current	38,806	34,756
Accrued other expenses	531,865	444,515
	$ 4,815,482	$ 4,567,076

Accrued Warranty

The Company regularly reviews the accrued warranty balance and updates as necessary based on sales and warranty trends. The warranty accrual as of March 31, 2017 and December 31, 2016 consisted of the following activity:

Warranty accrual, December 31, 2015	$ 217,000
Accruals for product warranty	342,474
Cost of warranty claims	(398,474)
Warranty accrual, December 31, 2016	$ 161,000
Accruals for product warranty	29,903
Cost of warranty claims	(41,903)
Warranty accrual, March 31, 2017	$ 149,000

4. Fair Value of Financial Instruments

Fair Value Measurements are determined under a three-level hierarchy for fair value measurements that prioritizes the inputs to valuation techniques used to measure fair value, distinguishing between market participant assumptions developed based on market data obtained from sources independent of the reporting entity (the observable inputs) and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (the unobservable inputs). Fair value is the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses prices and other relevant information generated by market transactions involving identical or comparable assets. The Company also considers the impact of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity to identify transactions that are not orderly.

The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The three hierarchy levels are defined as follows:

Level 1	Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities identical assets and liabilities;
Level 2	Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The fair value of the Company's financial assets and liabilities measured on a recurring basis, as of March 31, 2017 and December 31, 2016, were as follows:

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Liabilities				
Warrant liability	$ —	$ —	$ —	$ —
Derivative liability	$ —	$ —	$ 6,000,209	$ 6,000,209

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities				
Warrant liability	$ —	$ —	$ 7,342	$ 7,342

There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the three months ended March 31, 2017 and 2016.

Assumptions used in valuing the warrant liabilities are discussed in Note 9 below. The principal assumptions used, and their impact on valuations were as follows:

Stock Price - As a private company, there was no actively traded market for the Company's stock and the Company used commonly accepted valuation techniques such as the discounted cash flows, market comparables and recent actual stock sales to derive an estimate of the fair value of its stock. An increase in value of the stock will increase the value of the warrant liability. Upon closing of the Merger, the Company became a publicly traded company and began using its publicly traded stock price.

Risk-Free Interest Rate - This is the U.S. Treasury rate for the measurement date having a term equal to the weighted average expected remaining term of the instrument. An increase in the risk-free interest rate will increase the fair value of the warrant liability.

Expected Remaining Term - This is the period of time over which the instrument is expected to remain outstanding and is based on management's estimate, taking into consideration the remaining contractual life, historical experience and the possibility of liquidation. An increase in the expected remaining term will increase the fair value of the warrant liability.

Expected Volatility - This is a measure of the amount by which the Company's common stock price has fluctuated or is expected to fluctuate. The Company uses the historic volatility of a group of comparable peer publicly traded companies over the retrospective period corresponding to the expected remaining term of the instrument on the measurement date. An increase in the expected volatility will increase the fair value of the warrant liability. Since the Company is newly public, it does not have sufficient trading history to estimate it's own volatility.

Dividend Yield - The Company has not made any dividend payments and does not plan to pay dividends in the foreseeable future. An increase in the dividend yield will decrease the fair value of the warrant liability.

The changes in the warrant liability are summarized below:

Fair value at December 31, 2015	$	499,616
Fair value of warrants issued during the year		44,663
Conversion to common stock warrants		(80,703)
Change in fair value recorded in other income (expense), net		(456,234)
Fair value at December 31, 2016	$	7,342
Conversion to common stock warrants		(7,094)
Change in fair value recorded in other income (expense), net		(248)
Fair value at March 31, 2017	$	—

Assumptions used in valuing the derivative liabilities are discussed in Note 8 below. The principal assumptions used, and their impact on valuations were as follows:

Valuation method - the Company net present valued the probability weighted outcomes

Conversion date - Estimated date of the occurance of each identified possible outcomes

Probability - The percentage likelihood of each of the four identified possible outcomes discussed in Note 7 below

The changes in the derivative liability are summarized below:

Fair value at December 31, 2016	$	—
Fair value of derivative issued during the year		5,857,838
Change in fair value recorded in other income (expense), net		142,371
Fair value at March 31, 2017	$	6,000,209

5. Related Party Transactions

Miramar Technologies, Inc. was formed at an incubator, The Foundry, LLC, or The Foundry, a company which provides seed capital and management services to its investees. Certain employees of The Foundry serve as members of the Company's Board of Directors (the "**Board**") and own shares of our common stock. The total amount reimbursed to The Foundry for services provided as members of the Board was $0 and $16,191, for the three months ended March 31, 2017 and 2016, respectively.

In February 2008, Miramar Technologies, Inc. entered into a technology license and royalty agreement with The Foundry wherein Miramar Technologies, Inc. agreed to pay The Foundry a royalty of 1.5% of sales of the licensed products and 1.5% of the patented products, up to a maximum of $30 million. In March 2013, the total royalty percentage increased from 1.5% to 3.0% due to the issuance of a patent covering certain products of the Company. The total amount payable to The Foundry as of March 31, 2017 and December 31, 2016 was $2,020,888 and $1,887,426, respectively, which included interest accrued at the

annual interest rate of the prime rate quoted by the Wall Street Journal plus 1% beginning on the first day of the calendar quarter to which such payment relates. No royalties were paid during the three months ended March 31, 2017 or in the year ended December 31, 2016.

6. Commitments and Contingencies

Indemnification Agreements

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal.

The Company has entered into indemnification agreements with its directors and certain executive officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors and officers, other than liabilities arising from willful misconduct of the individual.

No liability associated with such indemnifications has been recorded at March 31, 2017 or December 31, 2016.

Legal Claims

On July 20, 2015, a lawsuit alleging product liability, breach of warranty and negligence was filed against the Company in the Orange County Superior Court. The plaintiff alleged, among other things, that the Company was liable to plaintiff for injuries suffered due to defects in a certain miraDry device. We believe that there is no merit to the claims against the Company and the Company intends to vigorously defend the lawsuit, but the outcome of any potential litigation matter is uncertain. Management does not believe that resolution of this matter will have a material negative effect on our operating results. As of March 31, 2017 or December 31, 2016, no amounts have been accrued related to the matters as we believe the risk of material loss to be remote.

In September 2016, the Company received a demand from an attorney in Japan who represents a terminated employee claiming wrongful termination. The Company is insured,with a deductible payment immaterial to our operating results, to cover such claims. The matter was settled in March 2017.

Occasionally, the Company may be involved in claims and legal proceedings arising from the ordinary course of its business. The Company records a provision for a liability when it believes that it is probable that a liability has been incurred, and when the amount can be reasonably estimated. If these estimates and assumptions change or prove to be incorrect, it could have a material impact on the Company's consolidated financial statements. Contingencies are inherently unpredictable and the assessments of the value can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions.

Other than the foregoing, we are currently not aware of any other pending legal proceedings to which we are a party or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by any governmental authority.

Operating and Capital Leases

Rent expense under the Company's operating leases was $142,305 and $143,273 for the three-month periods ended March 31, 2017 and 2016, respectively. The Company recognizes rent expense on a straight-line basis over the lease period. The difference between rent payable and rent expense on a straight-line basis is recorded as deferred rent and amortized over the period of the lease.

The aggregate future minimum lease payments under all leases are as follows:

	Operating Lease	Capital Leases
Nine months ending December 31, 2017	$ 405,042	$ 11,993
Year ending December 31, 2018	568,773	—
Year ending December 31, 2019	241,592	—
Total minimum lease payments	$ 1,215,407	11,993
Less: Amount representing interest		(152)
Present value of minimum lease payments		11,841
Less: current portion of capital leases		(11,841)
Long term portion of capital leases		$ —

7. Notes Payable

In August 2015, the Company refinanced the outstanding balance of the $10 million loan and security agreement entered into in June 2013 (the "**Loan and Security Agreement**"). The new agreement provided for the issuance of secured promissory notes in the aggregate principal amount of up to $20 million to be drawn down in two additional tranches of $5 million each, subject to certain milestones. The additional two tranches of $5 million expired in April and October 2016. The refinanced $10 million promissory note accrues interest at 7.80% per annum and monthly interest payments commenced on September 1, 2015. Principal and interest payments commenced on January 1, 2017. In March 2017, the Company entered into the Third Amendment to Loan and Security Agreement granting a security interest in the Company's intellectual property.

All borrowings under the agreement are collateralized by substantially all of the Company's assets. There are no significant financial covenants. The agreement contains a subjective acceleration clause. Failure to comply with the loan covenants may result in the acceleration of payment of all outstanding principal and interest amounts plus a prepayment fee. Due to the subjective acceleration clause, the outstanding notes payable are classified as current in the accompanying Consolidated Balance Sheets. As of March 31, 2017, the Company was in compliance with the debt covenants.

In January 2017, the Company entered into a note purchase agreement (the "**Note Purchase Agreement**") with existing investors to draw down up to $3.0 million for working capital purposes. During the quarter ended March 31, 2017, the Company issued $2.7 million of convertible promissory notes (the "**Notes**") that accrue interest at 10% per year and are due at the earliest of an event of default, liquidation or dissolution event or January 26, 2018 (the "**Maturity Date**"). In the event of an equity financing with an aggregate sales price of not less than $10 million prior to the Maturity Date and prior to a change of control event, the outstanding balance of each note (principal amount together with accrued but unpaid interest) will be multiplied by five (5) and automatically convert into shares of securities issued in such equity financing at the price per share paid by investors in such equity financing. In the event of an equity financing with an aggregate sales price of less than $10 million prior to the Maturity Date and prior to a change of control event, at the election of holders of the Notes holding a majority of the aggregate outstanding principal amount of the Notes, the Outstanding Balance of each Note will be multiplied by five (5) and converted into shares of securities issued in such equity financing at the price per share paid by investors in such equity financing. In the event of a change of control event and prior to repayment of the notes or conversion (i) in the case of a stock-for-stock merger, three (3) times the Outstanding Balance of each Note will automatically convert into shares of the acquiring company at the price per share as determined by (A) the ten-day average closing price of the common stock of the acquiring company if it is a public company or (B) our board of directors good faith determination of fair value, if it is a private company, or (ii) in the case of a cash-for-stock merger or sale of all or substantially all of our assets, holders of the Notes will be entitled to receive the amount of cash equal to three (3) times the Outstanding Balance. The Notes are secured by certain assets of the Company pursuant to the security agreement dated January 27, 2017 by and among us and certain investors named therein and subordinated to our obligations under the Loan and Security Agreement pursuant to the subordination agreement dated January 27, 2017 by and among us, Oxford Finance LLC and certain creditors named therein. As a result, the Notes have a second priority security interest in our assets behind the security interest held by Oxford Finance LLC and Silicon Valley Bank. The Notes are also subject to standard event of default provisions that would accelerate the Maturity Date. These conversion premiums represent an embedded derivative liability which has been bifurcated. See Note 8 for further discussion.

The Company entered into short term financing agreements for insurance premiums with nine month payment terms and interest rates ranging from 2.25% to 4.95%. The outstanding balance of the financing agreements was $17,894 at March 31, 2017 and $125,691 at December 31, 2016.

Annual future principal payments under the notes payable, which have been adjusted due to the Fourth and Fifth Amendments to the $10 million Loan and Security Agreement as discussed in Note 14 below, are as follows:

Nine months ended December 31, 2017	$ 4,601,296
Year ending December 31, 2018	4,034,940
Year ending December 31, 2019	3,238,883
Total payments	11,875,119
Less: Unamortized debt discount	(2,376,449)
Carrying value of notes payable	$ 9,498,670

8. Derivative Liability

The Company issued the Notes as described in Note 7 above. Given the terms and structure of the Notes, management concluded that the redemption premium embedded in the Notes was a bifurcatable derivative (the "**Derivative Liability**") under ASC 480, "*Distinguishing Liabilities from Equity*" and ASC 815, "*Derivatives and Hedging*" guidance.

Management noted that there were multiple possible outcomes, all that had a fixed, determinable amount that would only vary depending upon which outcome occurred and the timing of the conversion. The Company used a valuation model that net present valued (at 10% interest rate of the Notes) the weighted average of the probability of the various outcomes to determine the value of the Derivative Liability. The board and management agreed to certain probabilities associated with each of these possible outcomes (ranging from 5% to 80%), and identified a likely date of occurrence (ranging from July 2017 to January 2018) for such possible outcomes. Based upon these factors, the Company calculated a probability weighted expected value for this financial instrument. Each outcome was evaluated based upon where the Company was at the time of the execution of the Note Purchase Agreement and as of March 31, 2017.

As of the date of the Note Purchase Agreement, the Derivative Liability, based upon the above valuation analysis, was valued at $5.9 million, and was recorded as a debt discount and a warrant liability with the value in excess of the face value of the Notes charged to interest expense. As of March 31, 2017, the Derivative Liability was valued at $6.0 million and the change in fair value of $0.1 million was charged to other income (expense), net.

9. Common Stock

The Company's amended Articles of Incorporation authorize the Company to issue 100,000,000 shares of $0.001 common stock. The common stockholders are entitled to elect three members to the Board. The holders of common stock are also entitled to receive dividends whenever funds are legally available, as, when, and if declared by the Board. As of March 31, 2017, no dividends have been declared to date.

At March 31, 2017, the Company had reserved common stock for future issuance as follows:

Exercise of options under stock plan	1,372,584
Options available for grant under stock plan	109,665
Exercise of common stock warrants	83,319
Common stock reserved for future issuance	1,565,568

Common stock contingently issuable upon the conversion of the Notes is not included in the above table as such amount is not determinable.

10. Stock Warrants

Total outstanding warrants as of March 31, 2017 are as follows:

	Number of Warrants	Exercise Price	Fair Value at date of issuance
November 2010 warrants issued with Series C convertible preferred stock	12,117	$ 21.64	$ 212,409
January 2011 warrants issued with Series C convertible preferred stock	19,042	21.64	259,355
June 2013 warrants issued in conjunction with note purchase agreement	9,241	21.64	152,750
April 2014 warrants issued in conjunction with drawdown on note purchase agreement	9,242	21.64	149,250
August 2015 warrants issued with refinance of note purchase agreement	16,173	21.64	234,719
June to August 2016 warrants issued with in conjunction with merger	17,504	5.00	44,663
Total outstanding warrants	83,319		

For the three month period ended March 31, 2017 and 2016, respectively, $248 and $23,878 were recorded to other income from the revaluation of the warrants to fair market value. During the three month period ended March 31, 2017, 4,488 of the outstanding warrants valued at $7,094 were reclassified from warrant liability to additional paid-in capital in the accompanying consolidated balance sheets. As of March 31, 2017, all outstanding warrants were classified as additional paid- capital.

The following assumptions were used in the Black-Scholes model to value the outstanding warrants:

	Three Months Ended March 31, 2017	Year Ended December 31, 2016
Expected term (years)	4.31 - 4.35	4.56 - 4.60
Expected volatility	55%	55%
Risk-free interest rate	1.81% - 1.95%	1.96%
Annual dividend rate	—%	—%
Stock Price	$4.00	$4.00

11. Stock Option Plan

The following table summarizes activity under the 2006 Stock Option Plan (the "**Plan**") for the three month period ended March 31, 2017 and year ended December 31, 2016:

	Shares Available for Grant	Outstanding Options	
		Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	48,560	855,904	$ 6.76
Additional shares reserved	599,535		
Options granted	(579,460)	579,460	5.62
Options exercised		(21,750)	2.28
Options forfeited	30,119	(30,119)	6.48
Balance, December 31, 2016	98,754	1,383,495	$ 5.20
Options granted	(375)	375	4.00
Options forfeited	11,286	(11,286)	5.09
Balance, March 31, 2017	109,665	1,372,584	$ 5.21

The following table summarizes information about stock options outstanding at March 31, 2017:

	Options Outstanding				Options Vested		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Vested	Weighted Average Exercise Price	Aggregate Intrinsic Value
$ 1.3600	14,856	0.66	$ 1.3600	$ 13,965	14,856	$ 1.3600	$ 13,965
2.4400	8,501	1.05	2.4400	—	8,501	2.4400	—
4.0000	375	9.85	4.0000	—	—	4.0000	—
4.3300	29,553	2.85	4.3300	—	29,553	4.3300	—
5.0000	725,592	7.06	5.0000	—	433,762	5.0000	—
5.4800	15,650	9.65	5.4800	—	1,250	5.4800	—
5.5700	430,233	9.41	5.5700	—	116,860	5.5700	—
5.5925	112,651	9.40	5.5925	—	16,422	5.5925	—
6.3600	20,248	1.63	6.3600	—	20,248	6.3600	—
6.6300	2,109	7.30	6.6300	—	2,109	6.6300	—
7.4400	8,166	4.85	7.4400	—	8,166	7.4400	—
7.5800	1,205	8.29	7.5800	—	1,205	7.5800	—
8.6600	3,445	5.95	8.6600	—	3,445	8.6600	—
	1,372,584	7.73	$ 5.2100	$ 13,965	656,377	$ 5.0700	$ 13,965

Stock-Based Compensation Associated with Awards to Employees

During the three month period ended March 31, 2017, the Company granted stock options to employees to purchase 375 shares of common stock with a weighted-average grant date fair value of $1.58. Stock-based employee compensation expense recognized during the three-month periods ended March 31, 2017 and 2016 was $209,676 and $120,839, respectively. As of March 31, 2017, there were total unrecognized compensation costs of $1,491,347 related to stock options. These costs are expected to be recognized over a period of approximately 2.40 years.

The total fair value of employee options vested during the three-month periods ended March 31, 2017 and 2016 was $214,012 and $127,870, respectively.

The Company estimated the fair value of stock options using the Black-Scholes option valuation model. The fair value of employee stock options is being amortized on a straight-line basis over the requisite service period of the awards. The fair value of employee stock options granted was estimated using the following weighted average assumptions:

	Three months ended March 31, 2017	Year ended December 31, 2016
Expected term (in years)	4.75 years	5.21 years
Expected volatility	44%	46%
Risk-free interest rate	1.85%	1.17% -1.69%
Dividend yield	—%	—%

Stock-Based Compensation Associated with Awards to Non-employees

The Company did not grant stock options to non-employees during the three-month period ended March 31, 2017. Stock-based compensation expense recognized during the three-month periods ended March 31, 2017 and 2016 was $32,328 and $21,927, respectively. As of March 31, 2017, there was total unrecognized compensation costs of $265,025 related to these stock options. These costs are expected to be recognized over a period of approximately 2.31 years.

The fair value of the stock options granted to non-employees is calculated at each reporting date using the Black-Scholes options pricing model. The fair value of stock options granted to non-employees was estimated using the following weighted average assumptions:

	Three months ended March 31, 2017	Year ended December 31, 2016
Expected term (in years)	5.67 years	5.89 years
Expected volatility	49%	47%
Risk-free interest rate	1.43%	1.29% -1.69%
Dividend yield	—%	—%

12. Employee Benefit Plan

The Company sponsors a 401(k) plan covering all employees. Contributions made by the Company are discretionary and are determined annually by the Board. The Company accrues for a 100% match for employee contributions up to $1,000. As of March 31, 2017 and December 31, 2016, the Company had accrued $21,600 and $44,385, respectively, for employer contributions.

13. Net Loss per Share

The Company's basic and diluted net loss per share are as follows:

	Three Months Ended March 31,	
	2017	2016
Net and comprehensive loss attributable to common stockholders	$ (7,260,253)	$ (3,314,596)
Weighted-average common shares used in computing net loss per share attributable to common stockholders, basic and diluted	9,334,857	398,541
Net loss per share attributable to common stockholders, basic and diluted	$ (0.78)	$ (8.32)

The following weighted-average common stock equivalents were excluded from the calculation of diluted net loss per share for the periods presented due to their anti-dilutive effect:

	Three Months Ended March 31,	
	2017	2016
Convertible preferred stock (if converted)	—	3,611,876
Stock warrants	83,319	66,924
Options to purchase common stock	1,372,584	865,802

Common stock contingently issuable upon the conversion of the convertible notes is not included in above table as such amount is not determinable.

14. Subsequent Events

In April 2017, the Company entered into the Fourth and Fifth Amendments (the "**Amendments**") to the $10 million Loan and Security Agreement that allow for the deferment of principal payments upon the achievement of a certain milestone as set forth in the Amendments. The deferment period was extended through June 2017.

In March 2017, the board of directors approved a Key Employee Retention Plan (the "**Plan**") that represents a 10% carve-off from Net Proceeds (as defined under the Plan). The purpose of the Plan is to establish a bonus pool for designated Key Employees (as defined under the Plan) payable upon the occurrence of a Change of Control (as defined under the Plan) to (i) assure that the Company will have the continued dedication and objectivity of Key Employees, notwithstanding the possibility, threat or occurrence of a Change of Control, (ii) provide Key Employees with an incentive to continue their service with the Company, or any subsidiary of the Company, prior to a Change of Control and to motivate the team to maximize the value of the Company upon a Change of Control for the benefit of its stockholders, and (iii) provide Key Employees with enhanced financial security, incentive and encouragement to remain with the Company, or any subsidiary of the Company, notwithstanding the possibility of a Change of Control.

Management has evaluated all transactions and events through May 16, 2017, the date on which these financial statements were issued, and did not note any items that would adjust the financial statements or require additional disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with the historical financial statements and the related notes thereto contained in this Report. The management's discussion and analysis contains forward-looking statements, such as statements of our plans, objectives, expectations and intentions. Any statements that are not statements of historical fact are forward-looking statements. When used, the words "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and the like, and/or future tense or conditional constructions ("will," "may," "could," "should," etc.), or similar expressions, identify certain of these forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including those under "Risk Factors" discussed in our Current Report on Form 8-K filed with the SEC on June 13, 2016, which is incorporated by reference herein, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. The Company's actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this report.

References in this section to "Miramar," "we," "us," "our," "the Company" and "our Company" refer to Miramar Labs, Inc. and its consolidated subsidiary, Miramar Technologies, Inc.

On June 7, 2016, our wholly-owned subsidiary, Miramar Acquisition Corp., a corporation formed in the State of Delaware on June 2, 2016, or the Acquisition Sub, merged with and into Miramar Technologies, Inc., a corporation incorporated on April 2006 in the state of Delaware (the "**Merger**"). Pursuant to the Merger, Miramar Technologies, Inc. was the surviving corporation and became Miramar Labs, Inc.'s wholly-owned subsidiary. All of the outstanding stock of Miramar Technologies, Inc. was converted into shares of our common stock.

Prior to the Merger and pursuant to the Split-Off Agreement, we transferred our pre-Merger assets and liabilities to our pre-Merger majority stockholder, in exchange for the surrender by him and the cancellation of 3,603,602 shares of our common stock. This transaction was accounted for as a reverse acquisition and recapitalization with Miramar Technologies, Inc. being the accounting acquirer.

As a result of the Merger and Split-Off, we discontinued our pre-Merger business and acquired the business of Miramar and will continue the existing business operations of Miramar as a publicly-traded company under the name Miramar Labs, Inc.

As the result of the Merger and the change in business and operations of the Company, a discussion of the past financial results of the Company is not pertinent, and under applicable accounting principles, the historical financial results of Miramar, the accounting acquirer, prior to the Merger are considered the historical financial results of the Company.

The following discussion highlights Miramar's results of operations and the principal factors that have affected our financial condition as well as our liquidity and capital resources for the periods described, and provides information that management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The following discussion and analysis are based on Miramar's audited and unaudited financial statements contained in this Report, which we have prepared in accordance with GAAP. You should read the discussion and analysis together with such financial statements and the related notes thereto.

Basis of Presentation

The audited consolidated financial statements of Miramar for the fiscal years ended December 31, 2016 and 2015, (as filed on Form 10-K on March 17, 2017) and the unaudited consolidated condensed financial statements of Miramar for the three months ended March 31, 2017 and 2016, contained herein include a summary of our significant accounting policies and should be read in conjunction with the discussion below. In the opinion of management, all material adjustments necessary to present fairly the results of operations for such unaudited interim periods have been included in these unaudited financial statements. All such adjustments are of a normal recurring nature.

Company Overview

We are a medical technology company focused on developing and commercializing products utilizing our proprietary microwave technology platform.

Our first commercial product, the miraDry System, is designed to ablate axillary, or underarm, sweat glands through the precise and non-invasive delivery of energy to the region where sweat glands reside. The energy generates heat which results in thermolysis of the sweat glands. At the same time, a continuous hydro-ceramic cooling system protects the superficial dermis and keeps the heat focused at the sweat glands. Because sweat glands do not regenerate after the treatment, we believe the results are lasting. Microwaves are the ideal technology as the energy can be focused directly at the fat and dermal junction where the glands reside.

We received clearance from the FDA in January 2011 and received CE mark approval in December 2013 to market miraDry for the treatment of primary axillary hyperhidrosis and for axillary hair removal in June 2015. In October 2016, we received clearance from the FDA to market miraDry in the United States as a device that may reduce underarm odor when used for the treatment of primary axillary hyperhidrosis. We sell our miraDry System to dermatologists, plastic surgeons, aesthetic specialists and physicians specializing in the treatment of hyperhidrosis. We generate revenue from sales of our miraDry System and the sale of consumables to our customers who are required to use a new consumable for each patient they treat.

As of March 31, 2017, we had an installed base of approximately 900 miraDry Systems worldwide and over 90,000 miraDry procedures have been performed. We generated revenues of $20.4 million for the year ended December 31, 2016, and $3.8 million for the three months ended March 31, 2017. We had net losses of 20.4 million and $7.3 million, respectively, for the same periods. The net loss for the year ended December 31, 2016 included a non-cash charge of $8.0 million for the loss associated with the debt conversion as part of the APO transaction.

We utilize our direct sales organization to selectively market and sell miraDry in our North American market, which includes the United States and Canada. In our markets located outside of North America, we market and sell miraDry through a network of distributors. Our sales force and distributors target dermatologists, plastic surgeons, aesthetic specialists and physicians specializing in the treatment of hyperhidrosis who express a willingness to position miraDry as a premium and differentiated treatment and to participate in our global marketing and support programs.

Revenues from markets outside of North America comprised 50% of our total revenues for the year ended December 31, 2016 and 46% for the three months ended March 31, 2017. We have agreements with multiple distributors with the authorization to sell and market in over 40 international countries outside of North America in Asia-Pacific, Europe, the Middle East and South America.

We are driving growth in miraDry procedures through our physician marketing programs, which provide physicians with sales training, practice marketing, and support services through our direct selling in North America. For sales outside of North America, we are working with our distributors by sharing our marketing materials and programs that may be applicable to certain markets in addition to investing in marketing support in each of these markets. After we establish a significant installed base of miraDry Systems in specific markets, we plan to use targeted consumer marketing, advertising, and promotional activities in these markets to increase demand for miraDry.

Our business is dependent upon the success of miraDry, and we cannot guarantee that we will be successful in significantly expanding physician and patient demand for miraDry procedures. Given the limited financial resources of the company, we are prioritizing our spending in the areas of customer marketing programs and sales initiatives, to drive new systems placements and increased utilization of each installed system.

We generated revenue of $3.8 million and $4.3 million, and had net losses of $7.3 million and $3.3 million, for the three months ended March 31, 2017 and 2016, respectively.

We expect to continue to incur operating losses for the foreseeable future.

Components of Statements of Operations

Revenue

Product revenue consists of sales of miraDry Systems, as well as consumables (referred to as "**bioTips**"), accessories, warranty, service and freight charges, net of returns, discounts and allowances. Once a sales order is negotiated and received by customer service, the product can be shipped generally at the time the order is received or when the financial considerations are met.

Standard warranties are offered at no cost to customers to cover parts, labor and maintenance for up to two years for product defects. In addition, we offer extended warranty or post-installation service and support contracts that provide various levels of service support, which enables our customers to select the level of on-going support services, including parts and labor, which they require. These post-installation contracts are for a period of one to two years. Revenue for extended warranty and service contracts is recognized on a straight-line basis over the term during which the contracted services are provided.

Cost of Revenue

Product cost of revenue primarily consists of the cost of materials, labor and overhead associated with the manufacture of the miraDry Systems and bioTips, as well as variable manufacturing costs and royalty payments to The Foundry.

We expect our cost of revenue per unit to decrease as we continue to scale our operations, improve product designs and work with our third-party suppliers to lower costs.

Operating Expenses

Research and Development. Research and development (R&D) expenses consist primarily of compensation and related costs for personnel, including stock-based compensation and employee benefits. Other significant R&D costs include third-party consulting services, laboratory supplies, research materials and supplies, and depreciation and amortization of medical and computer equipment and software. We expense R&D expenses as incurred. As we continue to invest in improving the miraDry System and developing our technology for new products, we expect R&D expenses to increase in absolute dollars but to decline as a percent of revenue.

Sales and Marketing. Sales and marketing expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits and travel associated with our direct sales force, practice development managers, sales management and our marketing personnel. Sales and marketing expenses also include costs associated with our support of business development efforts with distributors in Europe/Middle East and Asia-Pacific, and costs related to trade shows and marketing programs. Marketing programs include reimbursement to customers for qualified submissions of marketing expenses with a separately identifiable benefit, and where they provide us evidence of payment. We expense sales and marketing costs as incurred. We expect sales and marketing expenses to increase in future periods as we grow revenue and expand our sales force and our marketing organization, in addition to increased participation in global trade shows and marketing programs, including consumer marketing.

General and Administrative. Our general and administrative expenses consist primarily of compensation and related costs for personnel, including stock-based compensation, employee benefits and travel and third-party consulting, which include legal, audit, accounting and tax services. We expect general and administrative expenses to increase in absolute dollars following the consummation of the Merger due to additional legal, accounting, insurance, investor relations and other costs associated with being a public company, as well as other costs associated with growing our business.

Interest Income. Interest income consists primarily of interest income received on our cash and cash equivalents.

Interest Expense. Interest expense consists primarily of interest and amortization of related costs associated with the senior debt with Silicon Valley Bank Financial Group and Oxford Finance, or together, SVB/Oxford. Additionally it includes interest expense associated with financing leases for certain equipment in our business, short term financing agreements for insurance premiums, bridge loan financing and royalty payables with The Foundry. Finally, it includes non-cash interest expense associated with the bifurcation of the derivative liability related to the convertible promissory notes issued in January 2017 and related discount amortization.

Other Income, Net. Other income, net consists primarily of the re-measurement of outstanding convertible preferred stock warrants and derivative liability at each balance sheet date. Additionally, it includes gains and losses from the disposal of fixed assets and foreign currency exchange gains and losses.

Results of Operations

The following tables set forth our results of operations for the periods presented:

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	
Revenue	$ 3,814,867	$ 4,287,333
Cost of revenue	1,692,761	2,028,557
Gross margin	2,122,106	2,258,776
Operating expenses:		
Research and development	752,676	921,589
Selling and marketing	3,003,655	3,023,009
General and administrative	1,540,117	1,337,996
Total operating expenses:	5,296,448	5,282,594
Loss from operations	(3,174,342)	(3,023,818)
Interest income	853	1,140
Interest expense	(3,940,855)	(315,748)
Loss on debt conversion	—	—
Other income, net	(143,434)	25,355
Loss before provision for income taxes	(7,257,778)	(3,313,071)
Provision for income taxes	(2,475)	(1,525)
Net and comprehensive loss	(7,260,253)	(3,314,596)
Accretion of redeemable convertible preferred stock	—	—
Net loss attributable to common stockholders	$ (7,260,253)	$ (3,314,596)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.78)	$ (8.32)

Comparison of the Three Months Ended March 31, 2017 and 2016

Revenue

	Three months ended March 31,		
	2017	2016	Change
Capital systems	$ 1,475,650	$ 2,099,310	$ (623,660)
Consumable	2,226,676	2,023,180	203,496
Other	112,541	164,843	(52,302)
Total revenue	$ 3,814,867	$ 4,287,333	$ (472,466)

Total revenue during the three months ended March 31, 2017 decreased $0.5 million , respectively compared to the three months ended March 31, 2016. Sales of capital systems decreased by $0.6 million for the three months ended March 31, 2017, over the same period in the prior year. North America capital systems sales increased by $0.1 million for the three months ended March 31, 2017 as compared to the same period for 2016 as we continued to see momentum of system sales as a result of increased market awareness. Asia-Pacific capital sales decreased by $0.8 million for the three months ended March 31, 2017 as compared to the same period for 2016, primarily due to shipments to China. Sales of consumables increased by $0.2 million for the three months ended March 31, 2017 as compared to the same period for 2016, primarily due to increased utilization in North America and Europe/Middle East. Other revenue, which is primarily for extended warranty agreements and service contracts, reflected a decrease of 31.7% for the three months ended March 31, 2017 as compared to the same period for 2016, which was due to expiration of extended warranties, primarily in Asia-Pacific.

	Three months ended March 31,		
	2017	2016	Change
North America	$ 2,076,452	$ 1,754,484	$ 321,968
Asia-Pacific	824,796	1,791,444	(966,648)
Europe/Middle East	913,619	723,333	190,286
South America	—	18,072	(18,072)
Total revenue	$ 3,814,867	$ 4,287,333	$ (472,466)

Total revenue for the three months ended March 31, 2017, continued to be driven primarily from North America and Asia-Pacific which represented collectively 76% of the total revenue. North America revenue for the three months ended March 31, 2017 grew 18% as compared to the same period in 2016. Growth for each of these periods was driven by both strong new capital system placements and increased consumable utilization. Capital system sales growth was primarily attributed to both a greater number of units placed and higher average selling prices. Consumable sales growth was primarily attributed to increasing utilization being driven by increasing consumer awareness through expanded marketing efforts. Asia-Pacific revenue for the three months ended March 31, 2017 decreased 54% , as compared to the same period in 2016. The decrease was due to lower capital system sales and lower consumable sales due primarily to the change in distributors for certain countries. Europe/Middle East revenue for the three months ended March 31, 2017 increased 26% as compared to the same period in 2016, due primarily to strong consumable utilization. Revenue for the three months ended March 31, 2017 decreased 11% as compared to the same period in 2016, due to a decline in capital systems sales which was partially offset by strong consumable demand.

Cost of Revenue/Gross Margin

	Three Months Ended March 31,		
	2017	2016	Change
Capital systems cost of revenue	$ 1,420,140	$ 1,713,647	$ (293,507)
Consumable cost of revenue	161,304	190,083	(28,779)
Royalty	111,317	124,827	(13,510)
Total cost of revenue	$ 1,692,761	$ 2,028,557	$ (335,796)
Gross margin %	55.6%	52.7%	2.9%

Gross margin percentage for the three months ended March 31, 2017 was 55.6% , reflecting an increase over the same prior year period of 2.9% . The increase in gross margin for the first quarter is primarily attributable to a higher percentage of sales of consumables worldwide, especially in North America and Europe, where we have a higher gross margin as compared to capital sales.

We currently expect that cost of revenue on current orders will show improvements from historic costs due to scaling of our operation closer to the optimal capacity of our manufacturing facility, introducing cost improvements from R&D, and increasing our production efficiencies.

Operating Expenses

	Three Months Ended March 31,		
	2017	2016	Change
Research and development	752,676	921,589	$ (168,913)
Selling and marketing	3,003,655	3,023,009	$ (19,354)
General and administrative	1,540,117	1,337,996	$ 202,121
Total operating expenses	$ 5,296,448	$ 5,282,594	$ 13,854

Research and Development. Research and development (R&D) expenses during the three months ended March 31, 2017 totaled $0.8 million. This reflects a decrease of $0.2 million compared to the three months ended March 31, 2016. This decrease was primarily attributable to lower headcount and the associated employee related expenses, outside services and supplies due to reduced activities associated with clinical studies.

Selling and Marketing. Selling and marketing expenses during the three months ended March 31, 2017 totaled $3.0 million, which was a slight decrease compared to the three months ended March 31, 2016. This decrease was primarily attributable to a decrease in compensation associated with lower sales and lower headcount.

General and Administrative. General and administrative expenses during the three months ended March 31, 2017 totaled $1.5 million. This represents an increase of $0.2 million, compared to the three months ended March 31, 2016. This increase was primarily due to increased outside contractor and support costs related to our alternative public offering and other public company related costs.

Interest Expense

	Three Months Ended March 31,		
	2017	2016	Change
Interest expense	$ 3,940,855	$ 315,748	$ 3,625,107

Interest expense increased by $3.6 million during the three months ended March 31, 2017, as compared to the three months ended March 31, 2016, primarily due to then non-cash interest expense of $3.2 million associated with the derivate liability related to the issuance of convertible promissory notes of $2.7 million in January 2017 and amortization of the related discount. Interest expense for both quarters consisted of similar amounts for bridge financing on convertible note agreements with current investors and SVB/Oxford debt.

Other Income, Net

	Three Months Ended March 31,		
	2017	2016	Change
Other income (expense), net	$ (143,434)	$ 25,355	$ (168,789)

Other income (expense), net, decreased $(0.2) million during the three months ended March 31, 2017, as compared to the same period in 2016, primarily due to the revaluation of the derivative liability at March 31, 2017.

Liquidity and Capital Resources

Since our inception in 2006 as a Delaware corporation, we have incurred significant net losses and negative cash flows from operations. During 2016 and the three months ended March 31, 2017, we had net losses of $20.4 million and $7.3 million, respectively. At March 31, 2017, we had an accumulated deficit of $121.1 million.

As discussed in the audit report for the year ended December 31, 2016, certain factors raise substantial doubt about our ability to continue as a going concern. Such factors continue to exist as of March 31, 2017. At March 31, 2017, we had cash and cash equivalents of $1.1 million. To date, we have financed our operations principally through private placements of our preferred stock, issuances of senior secured debt and receipts of customer deposits for new orders and payments from customers for systems and consumables sold. Through March 31, 2017, we have received proceeds of $100.5 million from the issuance of shares of our preferred and common stock.

Loan and Security Agreement

On August 7, 2015, we restructured our loan agreement from June 2014, and entered into a new loan and security agreement (the "**Loan and Security Agreement**") among us, Oxford Finance LLC, as collateral agent and a lender, the other lenders from time to time a party thereto and Silicon Valley Bank. The Loan and Security Agreement provides for a $20 million secured term loan facility split into three tranches as follows: (i) $10 million in term loans (the "**Term Loan A**"), (ii) $5 million in term loans (the "**Term Loan B**") and (iii) $5 million in term loans (the "**Term Loan C**"). The Term Loan A was drawn on August 7, 2015. The Term Loan B and the Term Loan C have expired.

The term loans bear interest at a fixed rate, determined on the funding date, equal to the greater of (i) 7.80% and (ii) the rate published by The Wall Street Journal as the "Prime Rate" in the United States plus 4.55%. Interest is due and payable monthly in arrears. A default interest rate shall apply during any event of default under the Loan and Security Agreement at a rate per annum equal to 5.00% above the applicable interest rate.

The term loans are payable in equal monthly installments amortizing over either 33 months or 27 months depending on when we meet certain revenue targets. Any remaining outstanding amounts of principal and/or interest are payable on September 1, 2019, the maturity date, together with a final payment equal to 2.25% multiplied by the original principal amount of the term loans (the "**Final Payment**").

We may prepay the term loans in whole, not in part, at any time, provided that such payment is accompanied by an amount equal to the sum of (i) the principal amount of the term loans prepaid multiplied by: (A) 2.00% for any prepayment made on or prior to the second anniversary of the funding date of such term loans and (B) 1.00% for any prepayment made after the second anniversary of the funding date of such term loans and (ii) the Final Payment. We are also obligated to pay customary fees for a loan facility of this size and type.

The term loans are subject to financial covenants and are collateralized by substantially all of our assets (other than our intellectual property) and limits the our ability with respect to additional indebtedness, investments or dividends, among other things, subject to customary exceptions. The Loan and Security Agreement includes customary events of default and a subjective acceleration clause. Failure to comply with the loan covenants may result in the acceleration of payment terms on all outstanding principal and interest amounts plus a prepayment fee.

In March 2017, the Company entered into the Third Amendment to Loan and Security Agreement granting a security interest in the Company's intellectual property.

The following table summarizes our cash flows for the periods presented:

	Three Months Ended March 31,	
	2017	2016
Cash used in operating activities	$ (2,809,972)	$ (3,810,931)
Cash used in investing activities	(32,299)	(48,581)
Cash provided by financing activities	1,697,015	2,643,988

Operating Activities

We have historically experienced negative cash outflows as we developed our miraDry and miraWave technology, and continued to expand our business. Our net cash used in operating activities primarily results from our net loss adjusted for non-cash expenses and changes in working capital components as we have grown our business, and is influenced by the timing of cash payments for inventory purchases and cash receipts from our customers. Our primary source of cash flow from operating activities is cash receipts from customers including sales of miraDry Systems. Our primary uses of cash from operating activities are employee-related expenditures and amounts due to vendors for purchased inventory components. Our cash flows from operating activities will continue to be affected principally by our working capital requirements, and the extent to which we build up our inventory balances and increase spending on personnel and other operating activities as our business grows.

During the three months ended March 31, 2017, operating activities used $2.8 million in cash, a decrease of $1.0 million from cash used in the three months ended March 31, 2016 of $3.8 million. The decrease was primarily attributable to higher expense and accrued liabililities from prior periods.

Investing Activities

Cash used in investing activities was $32,299 and $48,581 for the three months ended March 31, 2017 and 2016, respectively. This was primarily for purchases of capital equipment used for operations and production.

Financing Activities

Cash provided by financing activities during the three months ended March 31, 2017 and 2016 was $1.7 million and $2.6 million, respectively. Cash provided by financing activities was primarily from the issuance of convertible notes which was offset by payments due under the Loan and Security Agreement in 2017.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2017 and 2016 and years ended December 31, 2016 and 2015, we did not have any off-balance sheet arrangements as defined by applicable SEC regulations.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates. For further information on all of our significant accounting policies, see the notes to our financial statements.

Inventories

Inventories are stated at lower of cost or market value and consist of raw materials, work in process, and finished goods. Cost is determined using standard costs, which approximates actual cost on a first-in, first-out basis. Market value is determined as the lower of replacement cost or net realizable value. The Company writes down its inventory for estimated excess or obsolete inventory equal to the difference between the cost and the estimated market value based upon assumptions about future demands and market conditions.

Revenue Recognition

The Company's revenue is derived from the sale of the miraDry system, related consumables and accessories, and separately priced extended warranties. The Company recognizes revenue in accordance with FASB Accounting Standards Codification 605, *Revenue Recognition*, or ASC 605. Under ASC 605, revenue is recognized when persuasive evidence of an arrangement exists, title and risk of loss has transferred to the customer, the sales price is fixed or determinable, and collectability is reasonably assured.

The Company has distributor agreements with several international distributors. Certain distributor agreements contain product repurchase provisions. The Company defers revenue for its potential exposure for product repurchases.

The Company provides marketing development programs as part of certain customer purchase agreements and qualification through marketing rewards programs. The programs generally provide for reimbursement of qualifying marketing expenditures that promote the Company's products and brand. In order to qualify for the reimbursement, the customer must (1) adhere to the established brand style guidelines and only feature miraDry Systems and the customer's practice and (2) submit the invoice for the marketing expenses. Through this review, the Company ensures that the fair value of the separately identifiable benefit received is equal to or greater than the amount being reimbursed. The Company's reimbursement of marketing expenditures under these programs is recorded in sales and marketing expenses in the accompanying Consolidated Statements of Operations and Comprehensive Loss.

Product Warranty

The Company warrants the miraDry System for a period of one to two years, depending on the territory. The Company accrues for warranty costs at the time of sale based on an estimate of total repair costs for all miraDry Systems under the warranty period. An extended warranty may be purchased for additional fees.

Allowance for Doubtful Accounts

The Company regularly reviews accounts receivable balances, including an analysis of customers' payment history and information regarding the customers' creditworthiness, and records an allowance for doubtful accounts based upon this evaluation. The Company writes off accounts against the allowance when all attempts at collection have been exhausted.

Freestanding Preferred Stock Warrants

Freestanding warrants and other similar instruments related to shares that are redeemable are accounted for in accordance with ASC 480, "*Distinguishing Liabilities from Equity*." The freestanding warrants are exercisable into the Company's convertible preferred stock and are classified as liabilities on the balance sheet. The warrants are subject to re-measurement at each balance sheet date and the change in fair value, if any, is recognized as other income (expense). The Company will continue to adjust the liability for changes in fair value until the earlier of (i) exercise of the warrants, (ii) conversion into warrants to purchase common stock (upon conversion of the preferred stock to common), or (iii) expiration of the warrants.

Derivative Liability

Derivative liability related to convertible notes are evaluated under ASC 480, "*Distinguishing Liabilities from Equity*" and ASC 815, "*Derivatives and Hedging*." The fair value of the derivative liability is measured at each period end by using the net present value of the weighted average of the probability of the various outcomes. If any of the assumptions used in the model change significantly, changes in the fair value of the derivative liability may differ materially in the future from that recorded in the current period.

Income Taxes

The Company accounts for income taxes under the liability method, whereby deferred tax assets and liabilities are recorded for the difference between the financial statement and tax bases of assets and liabilities and for net operating loss and tax credit carryforwards using the enacted tax rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company adheres to the provisions of Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 740-10, "*Accounting for Uncertainty in Income Taxes*." ASC 740-10 prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of any uncertain tax positions that have been taken or expected to be taken on a tax return.

It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense, net, as necessary.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "*Compensation - Stock Compensation.*" ASC 718 requires the recognition of compensation expense, using a fair-value based method, for costs related to all share-based payments including stock options. ASC 718 requires companies to estimate the fair value of all share-based payment awards on the date of grant using an option pricing model. All option grants valued since inception are expensed on a straight-line basis over the requisite service period.

The Company accounts for equity instruments issued to non-employees in accordance with ASC 505-50, "*Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services.*" Equity instruments issued to non-employees are recorded at their fair value on the measurement date and are subject to periodic adjustments as the underlying equity instruments vest.

Preferred Stock

Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. The Company classifies conditionally redeemable preferred shares, which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control, as temporary equity. At all other times, the Company classifies its preferred shares in stockholders' equity.

JOBS Act Accounting Election

We are an "emerging growth company" within the meaning of the JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "**Securities Act**") for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies that are not emerging growth companies.

Recently Issued and Adopted Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies," to the condensed consolidated financial statements for a description of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that 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 and that such information is accumulated and communicated to our senior management, currently consisting of R. Michael Klein, our President and CEO, and Brigid Makes, our CFO, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations surrounding internal controls over financial reporting, our disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

In connection with the preparation of this Report, we carried out an evaluation, under the supervision and with the participation of our senior management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures existing as of March 31, 2017. Based on the evaluation of these disclosure controls, we concluded that our disclosure controls and procedures were not effective as of such date.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with our evaluation we conducted of the effectiveness of our internal control over financial reporting as of March 31, 2017, that occurred during the quarter ended March 31, 2017, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

On July 20, 2015, a lawsuit alleging product liability, breach of warranty and negligence was filed against the Company in the Orange County Superior Court. The plaintiff alleged, among other things, that the Company was liable to plaintiff for injuries suffered due to defects in a certain miraDry device. We believe that there is no merit to the claims against it and intends to vigorously defend the lawsuit, but the outcome of any potential litigation matter is uncertain. Management does not believe that resolution of this matter will have a material negative effect on our operating results.

In September 2016, the Company received a demand from an attorney in Japan who represents a terminated employee claiming wrongful termination. The Company is insured,with a deductible payment immaterial to our operating results, to cover such claims. The matter was settled in March 2017.

Other than the foregoing, we are currently not aware of any other pending legal proceedings to which we are a party or of which any of our property is the subject, nor are we aware of any such proceedings that are contemplated by any governmental authority. From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

Item 1A. Risk Factors.

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2017, we granted stock options and stock awards to employees, directors and consultants under our 2006 Stock Plan, or the 2006 Plan, covering an aggregate of 375 shares of common stock, at a weighted average exercise price of $4.00 per share. During the three months ended March 31, 2017, we sold an aggregate of 0 shares of common stock to employees, directors and consultants upon the exercise of stock options and stock awards.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this Quarterly Report on Form 10-Q, which Exhibit Index is incorporated herein by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit Number	Date Filed	
2.1	Agreement and Plan of Merger and Reorganization, dated June 7, 2016, by and among Miramar Labs, Inc., Miramar Technologies, Inc. and Miramar Acquisition Corp.	S-1	2.1	October 14, 2016	
3.1	Amended and Restated Certificate of Incorporation of Miramar Labs, Inc.	S-1	3.1	October 14, 2016	
3.2	Amended and Restated Bylaws of Miramar Labs, Inc.	S-1	3.2	October 14, 2016	
4.1	Form of Registration Rights Agreement, by and among Miramar Labs, Inc. and certain investors named therein.	S-1	4.2	October 14, 2016	
10.1	Third Amendment to Loan and Security Agreement dated March 7, 2017, by and among Miramar Labs, Inc., Miramar Technologies, Inc., Oxford Finance LLC, Silicon Valley Bank and Lenders from time to time a party thereto.				X
10.2	Fourth Amendment to Loan and Security Agreement dated April 7, 2017, by and among Miramar Labs, Inc., Miramar Technologies, Inc., Oxford Finance LLC, Silicon Valley Bank and Lenders from time to time a party thereto.				X
10.3	Default Waiver and Fifth Amendment to Loan and Security Agreement dated April 25, 2017, by and among Miramar Labs, Inc., Miramar Technologies, Inc., Oxford Finance LLC, Silicon Valley Bank and Lenders from time to time a party thereto.				X
10.4	Key Employee Retention Plan				X
31.1	Certification of Principal Executive Officer Required under Securities Exchange Act Rule 13a-14(a) and 15d-14(a).				X
31.2	Certification of Principal Financial Officer under Securities Exchange Act Rule 13a-14(a) and 15d-14(a).				X
32.1	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350 and Securities Exchange Act Rule 13a-14(b).				X
101.INS XBRL Instance Document.					X
101.SCH XBRL Taxonomy Extension Schema.					X
101.CAL XBRL Taxonomy Extension Calculation Linkbase.					X
101.DEF XBRL Taxonomy Extension Definition Linkbase.					X
101.LAB XBRL Taxonomy Extension Label Linkbase.					X
101.PRE XBRL Taxonomy Extension Presentation Linkbase.					X

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 hereunto duly authorized.

MIRAMAR LABS, INC.

Dated: May 16, 2017

By: /s/ R. Michael Kleine

Name: R. Michael Kleine

Title: Chief Executive Officer

THIRD AMENDMENT
TO
LOAN AND SECURITY AGREEMENT

This **THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**") is entered into as of March 7, 2017, and effective as of January 27, 2017, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**"), as collateral agent (in such capacity, "**Collateral Agent**"), the Lenders listed on the signature pages hereto (each a "**Lender**" and collectively, the "**Lenders**") including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("Bank" or "SVB"), MIRAMAR TECHOLOGIES, INC. and MIRAMAR LABS, INC., (individually and collectively, jointly and severally, "**Borrower**").

RECITALS

A. Collateral Agent, the Lenders and the Borrower have entered into that certain Loan and Security Agreement dated as of August 7, 2015 (as the same may from time to time be amended, modified, supplemented or restated, including by that certain Consent and First Amendment to Loan and Security Agreement dated as of June 2, 2016 and that certain Consent, Joinder and Second Amendment to Loan and Security Agreement dated as of June 7, 2016, the "Loan Agreement"). The Lenders have extended credit to Borrower for the purposes permitted in the Loan Agreement.

B. Borrower has requested that Collateral Agent and the Lenders (i) amend the Loan Agreement to modify the Collateral and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein and Collateral Agent and the Lenders have agreed to do so, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 5.2 (Collateral). The following sentence is added to the end of Section 5.2(d) of the Loan Agreement hereby to read as follows:

"(i) Each of Borrower's and its Subsidiaries' owned and granted Patents is valid and enforceable and no part of Borrower's or its Subsidiaries' owned Intellectual Property has been

judged by any applicable court to be invalid or unenforceable, in whole or in part, and (ii) to the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property or any practice by Borrower or its Subsidiaries violates the rights of any third party except to the extent such claim could not reasonably be expected to have a Material Adverse Change. Except as noted on the Perfection Certificates, neither Borrower nor any of its Subsidiaries is a party to, nor is bound by, any material license or other material agreement with respect to which Borrower or such Subsidiary is the licensee that (i) prohibits or otherwise restricts Borrower or its Subsidiaries from granting a security interest in Borrower's or such Subsidiaries' interest in such material license or material agreement or any other property, or (ii) for which a default under or termination of could interfere with Collateral Agent's or any Lender's right to sell any Collateral. Concurrently with the delivery of each Compliance Certificate, Borrower shall provide written notice to Collateral Agent and each Lender of Borrower or any of its Subsidiaries having entered into or having become bound by any license or agreement with respect to which Borrower or any Subsidiary is the licensee (other than over-the-counter software that is commercially available to the public)."

2.2 Section 6.2 (Financial Statements, Reports, Certificates). Section 6.2(a)(vii) of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"(vii) prompt notice of (A) any material change in the composition of the Intellectual Property, (B) the registration of any copyright, including any subsequent ownership right of Borrower or any of its Subsidiaries in or to any copyright, patent or trademark, and (C) any event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property;"

2.3 Section 6.7 (Protection of Intellectual Property Rights). Section 6.7 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"**6.7 Protection of Intellectual Property Rights.** Borrower and each of its Subsidiaries shall: (a) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its Intellectual Property that is material to Borrower's business; (b) promptly advise Collateral Agent in writing of material infringement by a third party of its Intellectual Property material to its business; and (c) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Collateral Agent's prior written consent. If Borrower or any of its Subsidiaries (i) obtains any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing, or (ii) applies for any patent or the registration of any trademark or servicemark, then Borrower or such Subsidiary shall substantially contemporaneously provide written notice thereof to Collateral Agent and each Lender and shall execute such intellectual property security agreements and other documents and take such other actions as Collateral Agent shall reasonably request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Collateral Agent, for the ratable benefit of the Lenders, in such property. If Borrower or any of its Subsidiaries decides to register any copyrights or mask works in the United States Copyright Office, Borrower or such Subsidiary shall: (x) provide Collateral Agent and each Lender with at least fifteen (15) days

prior written notice of Borrower's or such Subsidiary's intent to register such copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Collateral Agent may reasonably request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Collateral Agent, for the ratable benefit of the Lenders, in the copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the copyright or mask work application(s) with the United States Copyright Office. Borrower or such Subsidiary shall promptly provide to Collateral Agent and each Lender with evidence of the recording of the intellectual property security agreement necessary for Collateral Agent to perfect and maintain a first priority perfected security interest in such property."

2.4 Section 13.1 (Definitions). The following terms and their respective definitions hereby are added or amended and restated in their entirety, as applicable, to **Section 13.1** of the Loan Agreement in their proper alphabetical order as follows:

"**IP Agreements**" are those certain Intellectual Property Security Agreement entered into by and between each Borrower and Collateral Agent dated as of March 7, 2017, as such may be amended, restated or modified from time to time.

"**Loan Documents**" are, collectively, this Agreement, the Warrants, the Perfection Certificates, each Compliance Certificate, the IP Agreements, each Disbursement Letter, each Loan Payment/Advance Request Form and any Bank Services Agreement, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future agreement entered into by Borrower, any Guarantor or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified.

2.5 Section 13.1 (Definitions). The definition of Permitted Liens in Section 13.1 of the Loan Agreement is hereby amended to (i) delete the word "and" at the end of clause (l), (ii) renumber clause (m) as clause (n) and (iii) insert a new clause (n) that reads in its entirety as follows: "(n) Liens securing Subordinated Debt; and".

2.6 Exhibit A of the Loan Agreement hereby is replaced in its entirety with Exhibit A attached hereto.

3. Limitation of Amendment.

3.1 The amendments set forth in **Section 2** above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Collateral Agent or any Lender may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date) and shall remain in full force and effect.

4. Representations and Warranties. Subject to Section 7 hereof, each Borrower represents and warrants to Collateral Agent on and as of the date hereof as follows:

4.1 (a) the representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement;

4.3 The organizational documents of Borrower delivered to Collateral Agent on the Effective Date or, with respect to Parent, on the Second Amendment Effective Date, are true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement have been duly authorized by all necessary action on the part of Borrower;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not and will not (a) contravene any material law or regulation binding on or affecting Borrower, (b) constitute an event of default under any material agreement binding on Borrower, (c) contravene any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) conflict with the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of each, enforceable against each in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Release by Borrower.

5.1 FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Collateral Agent and each Lender and their respective present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment solely to the extent such claims arise out of or are in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing (collectively "**Released Claims**").

5.2 In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

"**A general release** does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." (Emphasis added.)

5.3 By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected in respect of the Released Claims; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

5.4 This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Collateral Agent and the Lenders to enter into this Amendment, and that Collateral Agent and the Lenders would not have done so but for Collateral Agent's and the Lenders' expectation that such release is valid and enforceable in all events.

5.5 Borrower hereby represents and warrants to Collateral Agent and the Lenders, and Collateral Agent and the Lenders are relying thereon, as follows:

(a) Except as expressly stated in this Amendment, neither Collateral Agent, the Lenders nor any agent, employee or representative of any of them has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Amendment.

(b) Borrower has made such investigation of the facts pertaining to this Amendment and all of the matters appertaining thereto, as it deems necessary.

(c) The terms of this Amendment are contractual and not a mere recital.

(d) This Amendment has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Amendment is signed freely, and without duress, by Borrower.

(e) Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Collateral Agent and the Lenders, defend and hold each harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

6. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

7. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8. Conditions to Effectiveness. The parties agree that this Amendment shall be deemed effective upon: (i) the due execution and delivery to Collateral Agent and Lenders of this Amendment by each party hereto, (ii) due execution and delivery to Collateral Agent and Lenders of the IP Agreements, (iii) the filing of a UCC-3 Financing Statement for each Borrower, (iv) due execution and delivery to Collateral Agent and Lenders of Officer's Certificates, attached hereto as Exhibit B-1 and Exhibit B-2, duly executed by the applicable Borrower and (v) payment of all Lenders' Expenses incurred through the date of this Amendment and for which invoices have been provided to Borrower at least one Business Day prior to the effective date of this Amendment, which may be debited from any of Borrower's accounts.

9. Miscellaneous.

9.1 This Amendment shall constitute a Loan Document under the Loan Agreement; the failure to comply with the covenants contained herein shall constitute an Event of Default under the Loan Agreement; and all obligations included in this Amendment (including, without limitation, all obligations for the payment of principal, interest, fees, and other amounts and expenses) shall constitute obligations under the Loan Agreement and secured by the Collateral.

9.2 Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

10. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

COLLATERAL AGENT AND LENDER	BORROWER
OXFORD FINANCE LLC	MIRAMAR LABS, INC.
By: /s/ Mark Davis	By: /s/ R. Michael Kleine
Name: Mark Davis	Name: R. Michael Kleine
Title: Vice President – Finance, Secretary & Treasurer	Title: President & CEO

LENDER	BORROWER
SILICON VALLEY BANK	MIRAMAR TECHNOLOGIES, INC.
By: /s/ Mark Davis	By: /s/ R. Michael Kleine
Name: Mark Davis	Name: R. Michael Kleine
Title: Vice President – Finance, Secretary & Treasurer	Title: President & CEO

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (including Intellectual Property, except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any "intent-to-use" application for registration of a trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act of an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, (ii) more than 65% of the total combined voting power of all classes of stock entitled to vote the shares of capital stock (the "Shares") of any Foreign Subsidiary, if Borrower demonstrates to Collateral Agent's reasonable satisfaction that a pledge of more than sixty five percent (65%) of the Shares of such Subsidiary creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code; and (iii) any license or contract, in each case if the granting of a Lien in such license or contract is prohibited by or would constitute a default under the agreement governing such license or contract (but (A) only to the extent such prohibition is enforceable under applicable law and (B) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-408 or 9-409 (or any other Section) of Division 9 of the Code); provided that upon the termination, lapsing or expiration of any such prohibition, such license or contract, as applicable, shall automatically be subject to the security interest granted in favor of Collateral Agent hereunder and become part of the "Collateral".

EXHIBIT B-1
OFFICER'S CERTIFICATE
MIRAMAR LABS, INC.

EXHIBIT B-2
OFFICER'S CERTIFICATE
MIRAMAR TECHNOLOGIES, INC.

EXHIBIT 10.2

FOURTH AMENDMENT
TO
LOAN AND SECURITY AGREEMENT

This **FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**") is entered into as of April 7, 2017, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**"), as collateral agent (in such capacity, "**Collateral Agent**"), the Lenders listed on the signature pages hereto (each a "**Lender**" and collectively, the "**Lenders**") including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("Bank" or "SVB"), MIRAMAR TECHOLOGIES, INC. and MIRAMAR LABS, INC., (individually and collectively, jointly and severally, "**Borrower**").

RECITALS

A. Collateral Agent, the Lenders and the Borrower have entered into that certain Loan and Security Agreement dated as of August 7, 2015 (as the same may from time to time be amended, modified, supplemented or restated, including by that certain Consent and First Amendment to Loan and Security Agreement dated as of June 2, 2016, that certain Consent, Joinder and Second Amendment to Loan and Security Agreement dated as of June 7, 2016 and that certain Third Amendment to Loan and Security Agreement (the "Third Amendment") dated as of March 7, 2017 and effective as of January 27, 2017, the "Loan Agreement"). The Lenders have extended credit to Borrower for the purposes permitted in the Loan Agreement.

B. Borrower has requested that Collateral Agent and the Lenders (i) amend the Loan Agreement to modify the repayment schedule and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein and Collateral Agent and the Lenders have agreed to do so, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

Now, Therefore, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 2.2 (Term Loans). Section 2.2(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Repayment. Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Funding Date of each Term Loan, any initial partial monthly interest payment otherwise due for the period between the Funding Date of such Term Loan and the first Payment Date thereof. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to thirty-three (33) months (each, a "**Term Loan Payment**" and collectively, the "**Term Loan Payments**"); provided, however, notwithstanding the foregoing: (x) if Borrower achieves the Term Sheet Milestone at or before 1:00 p.m. Pacific time on April 17, 2017, each Term Loan Payment due during the Deferment Period, shall be "interest only" during the Deferment Period and equal monthly payments of principal and interest, in arrears, shall resume on the first day of the month following the end of the Deferment Period; (y) if Borrower achieves the Term Sheet Milestone after 1:00 p.m. Pacific time on April 17, 2017 and at or before 1:00 p.m. Pacific time on April 28, 2017, the Term Loan Payment due from Borrower on April 1, 2017 (the "**April 2017 Deferred Payment**") shall be deferred until, and due by no later than 9:00 a.m. Pacific time on April 18, 2017, and each other Term Loan Payment due during the Deferment Period, shall be "interest only" during the Deferment Period and equal monthly payments of principal and interest, in arrears, shall resume on the first day of the month following the end of the Deferment Period; and (z) if Borrower does not achieve the Term Sheet Milestone, the April 2017 Deferred Payment shall be deferred until, and due on, April 18, 2017 and equal monthly payments of principal and interest, in arrears, shall resume on the first day of the first month following the end of the Deferment Period. For the avoidance of doubt, payments of principal which are regularly scheduled during the Deferment Period shall instead be paid together with the regular scheduled payments resuming on the first day of the first month following the end of the Deferment Period. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on the Maturity Date. Each Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d)."

2.2 Section 2.5 (Fees). New Section 2.3(e) hereby is added to the Loan Agreement to read as follows:

"(e) Fourth Amendment Fee. On the earliest to occur of (i) the consummation of the merger or acquisition contemplated by the M&A Term Sheet, (ii) the Maturity Date, (iii) the acceleration of any Term Loan, (iv) the prepayment of a Term Loan pursuant to Section 2.2(c) or 2.2(d) or (v) the existence of an Event of Default, a fully earned, non-refundable fee of Twenty Thousand Dollars ($20,000.00) (the "**Fourth Amendment Fee**") to be shared between the Lenders in accordance with their respective Pro Rata Shares."

2.3 Section 13.1 (Definitions). The following terms and their respective definitions hereby are added or amended and restated in their entirety, as applicable, to **Section 13.1** of the Loan Agreement in their proper alphabetical order as follows:

"**Deferment Period**" is the period of time beginning on April 1, 2017 through April 17, 2017; provided, however, that if Borrower achieves the Term Sheet Milestone, then the Deferment Period shall be automatically extended through June 30, 2017.

"**M&A Term Sheet**" means a mutually signed and accepted term sheet for the consummation of a merger or acquisition of Borrower on terms and conditions acceptable to Collateral Agent and the Lenders which provides for the payment in full in cash of all Borrower's obligations to the Lenders as set forth in the Loan Agreement upon the closing of such merger or acquisition, which is to occur no later than 75 days from the date of the term sheet.

"**Term Sheet Milestone**" means Borrower's delivery to Collateral Agent and the Lenders of the M&A Term Sheet by no later than 5:00 p.m. Pacific time on April 28, 2017.

3. Limitation of Amendment.

3.1 The amendments set forth in **Section 2** above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Collateral Agent or any Lender may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date) and shall remain in full force and effect.

4. Representations and Warranties. Subject to Section 7 hereof, each Borrower represents and warrants to Collateral Agent on and as of the date hereof as follows:

4.1 (a) the representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement;

4.3 The organizational documents of Borrower delivered to Collateral Agent in connection with the Third Amendment are accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement have been duly authorized by all necessary action on the part of Borrower;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not and will not (a) contravene any material law or regulation binding on or affecting Borrower, (b) constitute an event of default under any material agreement binding on Borrower, (c) contravene any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) conflict with the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of each, enforceable against each in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Release by Borrower.

5.1 FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Collateral Agent and each Lender and their respective present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment solely to the extent such claims arise out of or are in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing (collectively "**Released Claims**").

5.2 In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

"**A general release** does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." (Emphasis added.)

5.3 By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected in respect of the Released Claims; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

5.4 This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Collateral Agent and the Lenders to enter into this Amendment, and that Collateral Agent and the Lenders would not have done so but for Collateral Agent's and the Lenders' expectation that such release is valid and enforceable in all events.

5.5 Borrower hereby represents and warrants to Collateral Agent and the Lenders, and Collateral Agent and the Lenders are relying thereon, as follows:

(a) Except as expressly stated in this Amendment, neither Collateral Agent, the Lenders nor any agent, employee or representative of any of them has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Amendment.

(b) Borrower has made such investigation of the facts pertaining to this Amendment and all of the matters appertaining thereto, as it deems necessary.

(c) The terms of this Amendment are contractual and not a mere recital.

(d) This Amendment has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Amendment is signed freely, and without duress, by Borrower.

(e) Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Collateral Agent and the Lenders, defend and hold each harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

6. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

7. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8. Conditions to Effectiveness. The parties agree that this Amendment shall be deemed effective upon: (i) the due execution and delivery to Collateral Agent and Lenders of this Amendment by each party hereto and (ii) payment of all Lenders' Expenses incurred through the date of this Amendment and for which invoices have been provided to Borrower at least one Business Day prior to the effective date of this Amendment, which may be debited from any of Borrower's accounts.

9. Miscellaneous.

9.1 This Amendment shall constitute a Loan Document under the Loan Agreement; the failure to comply with the covenants contained herein shall constitute an Event of Default under the Loan Agreement; and all obligations included in this Amendment (including, without limitation, all obligations for the payment of principal, interest, fees, and other amounts and expenses) shall constitute obligations under the Loan Agreement and secured by the Collateral.

9.2 Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

10. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

COLLATERAL AGENT AND LENDER	BORROWER
OXFORD FINANCE LLC	MIRAMAR LABS, INC.
By: /s/ Mark Davis	By: s/ Brigid A. Makes
Name: Mark Davis	Name: Brigid A. Makes
Title: Vice President – Finance, Secretary & Treasurer	Title: Chief Financial Officer

LENDER	BORROWER
SILICON VALLEY BANK	MIRAMAR TECHNOLOGIES, INC.
By: /s/ Brian Bell	By: s/ Brigid A. Makes
Name: Brian Bell	Name: Brigid A. Makes
Title: Managing Director	Title: Chief Financial Officer

[Signature Page to Fourth Amendment to Loan and Security Agreement]

EXHIBIT 10.3

DEFAULT WAIVER AND FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This **FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "**Amendment**") is entered into as of April 25, 2017, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**"), as collateral agent (in such capacity, "**Collateral Agent**"), the Lenders listed on the signature pages hereto (each a "**Lender**" and collectively, the "**Lenders**") including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("Bank" or "SVB"), MIRAMAR TECHOLOGIES, INC. and MIRAMAR LABS, INC., (individually and collectively, jointly and severally, "**Borrower**").

RECITALS

A. Collateral Agent, the Lenders and the Borrower have entered into that certain Loan and Security Agreement dated as of August 7, 2015 (as the same may from time to time be amended, modified, supplemented or restated, including by that certain Consent and First Amendment to Loan and Security Agreement dated as of June 2, 2016, that certain Consent, Joinder and Second Amendment to Loan and Security Agreement dated as of June 7, 2016, that certain Third Amendment to Loan and Security Agreement (the "Third Amendment") dated as of March 7, 2017 and effective as of January 27, 2017, and that certain Fourth Amendment to Loan and Security Agreement dated as of April 7, 2017, collectively, the "Loan Agreement"). The Lenders have extended credit to Borrower for the purposes permitted in the Loan Agreement.

B. Borrower acknowledges that Borrower is currently in default of the Loan Agreement for failing to repay the Term Loans pursuant to the repayment schedule set forth in Section 2.2(b) of the Loan Agreement and such failure to comply constitutes an Event of Default (the "Existing Default").

C. Borrower has requested that Collateral Agent and the Lenders waive their rights and remedies against Borrower, limited specifically to the Existing Default. Although neither Collateral Agent nor the Lenders are under any obligation to do so, Collateral Agent and the Lenders are willing to not exercise their rights and remedies against Borrower related to the specific Existing Default on the terms and conditions set forth in this Agreement, so long as Borrower complies with the terms, covenants and conditions set forth in this Amendment.

D. Borrower has further requested that Collateral Agent and the Lenders (i) amend the Loan Agreement to modify the repayment schedule and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein and Collateral Agent and the Lenders have agreed to do so, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Waiver of Default. Collateral Agent and the Lenders hereby waive the Existing Default. Collateral Agent's and the Lenders' waiver of Borrower's compliance with Section 2.2 (b) shall apply only respect with Borrower's failure to do so as of April 21, 2017. Accordingly, hereinafter, Borrower shall be in compliance with such section. Collateral Agent's and the Lenders' agreement to waive the Existing Default (a) in no way shall be deemed an agreement by Collateral Agent or the Lenders to waive Borrower's compliance with the above-referenced section as of all other dates, and (b) shall not limit or impair Collateral Agent's or the Lenders' right to demand strict performance of such section as of all other dates.

3. Limitation of Waiver of Default.

3.1 This Agreement is effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Collateral Agent or the Lenders may now have or may have in the future under or in connection with any Loan Document.

3.2 This Agreement shall be construed in connection with and as part of the Loan Documents, and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents are hereby ratified and confirmed and shall remain in full force and effect.

4. Amendments to Loan Agreement.

4.1 Section 2.2 (Term Loans). Section 2.2(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Repayment. Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Funding Date of each Term Loan, any initial partial monthly interest payment otherwise due for the period between the Funding Date of such Term Loan and the first Payment Date thereof. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term Loan, (2) the effective

rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to thirty-three (33) months (each, a "**Term Loan Payment**" and collectively, the "**Term Loan Payments**"); provided, however, notwithstanding the foregoing: (x) if Borrower achieves the Term Sheet Milestone, each Term Loan Payment due during the Deferment Period, shall be "interest only" during the Deferment Period and equal monthly payments of principal and interest, in arrears, shall resume on the first day of the month following the end of the Deferment Period and Collateral Agent shall refund the principal portion of the Term Loan Payment due from Borrower on April 1, 2017 and paid by Borrower on April 24, 2017 (the "**April 2017 Deferred Payment**"); and (y) if Borrower does not achieve the Term Sheet Milestone, the April 2017 Deferred Payment shall not be refunded and equal monthly payments of principal and interest, in arrears, shall resume on the first day of the first month following the end of the Deferment Period. For the avoidance of doubt, payments of principal which are regularly scheduled during the Deferment Period shall instead be paid together with the regular scheduled payments resuming on the first day of the first month following the end of the Deferment Period. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on the Maturity Date. Each Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d)."

4.2 Section 13.1 (Definitions). The following terms and their respective definitions hereby are added or amended and restated in their entirety, as applicable, to **Section 13.1** of the Loan Agreement in their proper alphabetical order as follows:

"**Deferment Period**" is the period of time beginning on April 1, 2017 through April 24, 2017; provided, however, that if Borrower achieves the Term Sheet Milestone, then the Deferment Period shall be automatically extended through June 30, 2017.

"**Term Sheet Milestone**" means Borrower's delivery to Collateral Agent and the Lenders of the M&A Term Sheet by no later than 12:00 p.m. Pacific time on April 28, 2017.

5. Limitation of Amendment.

5.1 The amendments set forth in **Section 2** above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Collateral Agent or any Lender may now have or may have in the future under or in connection with any Loan Document.

5.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date) and shall remain in full force and effect.

6. Representations and Warranties. Subject to **Section 7** hereof, each Borrower represents and warrants to Collateral Agent on and as of the date hereof as follows:

6.1 (a) the representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default other than the Existing Default has occurred and is continuing;

6.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement;

6.3 The organizational documents of Borrower delivered to Collateral Agent in connection with the Third Amendment are accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

6.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement have been duly authorized by all necessary action on the part of Borrower;

6.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not and will not (a) contravene any material law or regulation binding on or affecting Borrower, (b) constitute an event of default under any material agreement binding on Borrower, (c) contravene any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) conflict with the organizational documents of Borrower;

6.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

6.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of each, enforceable against each in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

7. Release by Borrower.

7.1 **FOR GOOD AND VALUABLE CONSIDERATION**, Borrower hereby forever relieves, releases, and discharges Collateral Agent and each Lender and their respective present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to

facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment solely to the extent such claims arise out of or are in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing (collectively "**Released Claims**").

7.2 In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

"**A general release** does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." (Emphasis added.)

7.3 By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected in respect of the Released Claims; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

7.4 This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Collateral Agent and the Lenders to enter into this Amendment, and that Collateral Agent and the Lenders would not have done so but for Collateral Agent's and the Lenders' expectation that such release is valid and enforceable in all events.

7.5 Borrower hereby represents and warrants to Collateral Agent and the Lenders, and Collateral Agent and the Lenders are relying thereon, as follows:

(a) Except as expressly stated in this Amendment, neither Collateral Agent, the Lenders nor any agent, employee or representative of any of them has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Amendment.

(b) Borrower has made such investigation of the facts pertaining to this Amendment and all of the matters appertaining thereto, as it deems necessary.

(c) The terms of this Amendment are contractual and not a mere recital.

(d) This Amendment has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Amendment is signed freely, and without duress, by Borrower.

(e) Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Collateral Agent and the Lenders, defend and hold each harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

8. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

9. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

10. Conditions to Effectiveness. The parties agree that this Amendment shall be deemed effective upon: (i) the due execution and delivery to Collateral Agent and Lenders of this Amendment by each party hereto and (ii) payment of all Lenders' Expenses incurred through the date of this Amendment and for which invoices have been provided to Borrower at least one Business Day prior to the effective date of this Amendment, which may be debited from any of Borrower's accounts.

11. Miscellaneous.

11.1 This Amendment shall constitute a Loan Document under the Loan Agreement; the failure to comply with the covenants contained herein shall constitute an Event of Default under the Loan Agreement; and all obligations included in this Amendment (including, without limitation, all obligations for the payment of principal, interest, fees, and other amounts and expenses) shall constitute obligations under the Loan Agreement and secured by the Collateral.

11.2 Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

12. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

COLLATERAL AGENT AND LENDER	BORROWER
OXFORD FINANCE LLC	MIRAMAR LABS, INC.
By: /s/ Mark Davis	By: /s/ R. Michael Kleine
Name: Mark Davis	Name: R. Michael Kleine
Title: Vice President – Finance, Secretary & Treasurer	Title: President & CEO

LENDER	BORROWER
SILICON VALLEY BANK	MIRAMAR TECHNOLOGIES, INC.
By: /s/ Mark Davis	By: /s/ R. Michael Kleine
Name: Mark Davis	Name: R. Michael Kleine
Title: Vice President – Finance, Secretary & Treasurer	Title: President & CEO

EXHIBIT 10.4

MIRAMAR LABS, INC.

KEY EMPLOYEE RETENTION PLAN

1. PURPOSE.

(a) It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board recognizes that such possibilities can cause employees of the Company to consider alternative employment opportunities. The purpose of the Plan is to establish a Bonus Pool for designated Key Employees payable upon the occurrence of a Change of Control to (i) assure that the Company will have the continued dedication and objectivity of Key Employees, notwithstanding the possibility, threat or occurrence of a Change of Control, (ii) provide Key Employees with an incentive to continue their service with the Company, or any subsidiary of the Company, prior to a Change of Control and to motivate the team to maximize the value of the Company upon a Change of Control for the benefit of its stockholders, and (iii) provide Key Employees with enhanced financial security, incentive and encouragement to remain with the Company, or any subsidiary of the Company, notwithstanding the possibility of a Change of Control. It is understood that transaction bonus amounts payable to the Key Employees under this Plan will be measured by the amount of proceeds available for distribution to stockholders of the Company and that the distribution (s) of such transaction bonuses to Key Employees will have priority over related distribution(s) with respect to capital stock of the Company made at the same time.

(b) The Board has determined that the adoption of the Plan is in the best interests of the Company and its stockholders.

2. DEFINITIONS.

(a) **"*Board*"** means the Board of Directors of the Company.

(b) ***"Bonus Amount"*** has the meaning ascribed to it in Section 4 of the Plan.

(c) ***"Bonus Pool"*** has the meaning ascribed to it in Section 4 of the Plan.

(d) **"*Change of Control*"** shall mean the occurrence of any of the following events:

(1) the acquisition by any one person, or more than one person acting as a group (for these purposes, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company) ("***Person***"), that is or becomes the owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power of the Company's then outstanding securities; provided, however, that for purposes of this Section 2(d)(1), the acquisition of additional securities by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the securities of the Company shall not be considered a Change of Control; or

(2) a change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total

gross fair market value equal to or more than fifty percent (50%) of the total fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this Section 2(d)(2), the following shall not constitute a change in the ownership of a substantial portion of the Company's assets: (1) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer; or (2) a transfer of assets by the Company to: (A) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's securities; (B) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company; (C) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (D) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in subsection (C). For purposes of this Section 2(d)(2), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For the avoidance of doubt, a liquidation, dissolution or winding up of the Company, or assignment for the benefit of creditors, shall not constitute a Change of Control event for purposes of this Plan. Further, and notwithstanding the foregoing, any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change of Control for purposes of this Plan.

(e) **"*Closing*"** means the closing of a transaction constituting a Change of Control.

(f) **"*Closing Date*"** has the meaning ascribed to it in Section 5 of the Plan.

(g) **"*Code*"** means the Internal Revenue Code of 1986, as amended. Reference to a specific Section of the Code or regulation thereunder shall include such Section or regulation, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

(h) ***"Common Stock"*** means common stock of the Company.

(i) **"*Company*"** means Miramar Labs, Inc. a Delaware corporation, and any successor.

(j) **"*Effective Date*"** has the meaning ascribed to it on the signature page of the Plan.

(k) **"*Equity Consideration*"** means (i) all amounts other than Post-Closing Payments, if any, with respect to all Common Stock acquired pursuant to stock options that were exercised on or after January 1, 2017, and outstanding stock options to purchase Common Stock held by a Key Employee and his or her Family Members that a Key Employee and his or her Family Members receive in connection with the Closing and (ii) with respect to vested stock options to purchase Common Stock held by a Key Employee and his or her Family Members that are assumed by an acquirer or successor corporation in connection with the Closing, the product of (A) the sum of (1) the price per share of Common Stock paid by the acquirer or successor corporation in connection with the Closing (excluding, for clarification, Post-Closing Payments), *less* (2) the per share exercise price of the applicable stock option, *multiplied by* (B) the number of vested shares of Common Stock subject to the stock option being assumed. Equity Consideration will be determined without regard to payments that are made

under the Plan. For the avoidance of doubt, unvested stock options assumed by the acquirer or successor corporation will not be included in the calculation of Equity Consideration.

(l) **"*Excise Tax*"** has the meaning ascribed to it in Section 5 of the Plan.

(m) **"*Family Members*"** means any family member of a Key Employee, including a Key Employee's spouse, lineal descendant or ancestor, uncle, aunt, nephew, niece, brother or sister or stepchild (whether or not adopted), and any trust for the benefit of the Key Employee or such Key Employee's family members.

(n) **"*Firm*"** has the meaning ascribed to it in Section 5 of the Plan.

(o) **"*Individual Percentage*"** means the percentage specified for a particular Key Employee as determined by the Board, which shall be set forth in a Key Employee's Participation Agreement.

(p) **"*IRS*"** means the Internal Revenue Service.

(q) **"*Key Employee*"** means any person employed by the Company, or any subsidiary of the Company, who is designated by the Board in writing from time to time as a Key Employee for purposes of the Plan.

(r) **"*Net Proceeds*"** means:

(1) With respect to a Change of Control described in Section 2(d)(1), the sum of any cash and the fair market value of any securities or other assets or property available for distribution to the holders of the Company's equity securities (including any securities that are convertible, exercisable or exchangeable for equity securities) in connection with a Change of Control, including amounts distributed after the closing of the Change of Control pursuant to any escrow, earn-out or other similar arrangement (the "***Post-Closing Payments***"). For purposes of clarification, the proceeds available for distribution to the holders of the Company's equity securities as set forth in this Section 2(r)(1) is net of the repayment of all Company debt outstanding, including all costs and fees associated with the transaction.

(2) With respect to a Change of Control described in Section 2(d)(2), the sum of any cash and the fair market value of any securities or other assets or property received by the Company in connection with a Change of Control, including Post-Closing Payments, after repayment of all Company debt outstanding and after subtracting all costs and fees associated with the transaction.

For purposes of clarity, change of control bonus payments other than change of control bonus payments under this Plan, whether ranking senior, junior or on parity with payments under this Plan, will be considered an outstanding debt or cost or fee associated with the transaction.

The fair market value of any securities or other assets or property available for distribution to the holders of the Company's equity securities or received by the Company, as applicable, in connection with a Change of Control will be determined on the same basis on which such securities or other assets or property were valued in such Change of Control.

(s) **"*Participation Agreement*"** means an individualized agreement setting forth a Key Employee's Individual Percentage and other terms relating to the Key Employee's participation in the Plan. The form of Participation Agreement is attached hereto as Exhibit A.

(t) **"*Payment*"** has the meaning ascribed to it in Section 5 of this Plan.

(u) **"*Person*"** has the meaning ascribed to it in Section 2(d)(1) of this Plan.

(v) **"*Plan*"** means this Miramar Labs, Inc. Key Employee Retention Plan.

(w) **"*Post-Closing Payments*"** has the meaning ascribed to it in Section 2(r)(1) of this Plan.

(x) **"*Reduced Amount*"** has the meaning ascribed to it in Section 5 of the Plan.

(y) **"*Section 409A*"** means Section 409A of the Code and any final Treasury Regulations and guidance thereunder and any applicable state law equivalent, as each may be amended or promulgated from time to time.

(z) **"*Treasury Regulations*"** means the regulations under the Code. Reference to a specific Treasury Regulation Section thereunder shall include such regulations and any comparable provision of any future legislation or regulation amending, supplementing or superseding such regulation.

3. ADMINISTRATION.

(a) The Plan shall be interpreted and administered by the Board, whose actions shall be final and binding on all persons, including the Key Employees, and shall be given the maximum deference permitted by law.

(b) The Board, in its sole discretion, shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(1) To determine from time to time which employees of the Company, or any subsidiary of the Company, shall be designated as Key Employees entitled to participate in the Plan and the terms under which they will be entitled to participate.

(2) To determine whether or not a transaction or related series of transactions results in a Change of Control.

(3) To determine the amount of the Net Proceeds and each Key Employee's Equity Consideration.

(4) To establish, change, and adjust, in its sole discretion, the Individual Percentage for each of the Key Employees.

(5) To determine the value of any non-cash consideration distributed pursuant to the Plan, provided that the valuation of identical property shall be consistently applied for all purposes.

(c) The Board may delegate some or all of its powers and responsibilities under the Plan either to a committee of the Board or to one or more officers of the Company.

(d) All expenses and liabilities that members of the Board or its delegate incur in connection with the administration of the Plan shall be borne by the Company or its successor. No members of the Board or its delegate shall be personally liable for any action, determination, or interpretation made in good faith with respect to this Plan or any distribution paid hereunder, and all members of the Board or its delegate shall be fully indemnified and held harmless by the Company or its successor in respect of any such action, determination, or interpretation.

4. BONUS POOL.

(a) Establishment. Upon the first Closing to occur after the Effective Date, a bonus pool (the "***Bonus Pool***") shall be established in an amount equal to the product of (x) 10% *multiplied by* (y) the Net Proceeds.

(b) Allocation of Bonus Pool. The allocation of the Bonus Pool to individuals designated as Key Employees shall be set forth in writing from time to time as determined by the Board. Each Key Employee's allocable share of the Bonus Pool (the "***Bonus Amount***") under the Plan will be equal to:

(1) The portion of the Bonus Pool assigned to the Key Employee pursuant to such Key Employee's Individual Percentage, ***minus***

(2) The Key Employee's Equity Consideration.

Each Key Employee's Individual Percentage will be set forth in his or her Participation Agreement. Notwithstanding the foregoing, the amount of a Key Employee's Bonus Amount as calculated pursuant to this Section 4 will never be less than zero. To the extent a Key Employee's Equity Consideration exceeds the amount calculated under Section 4(b)(1), then such Key Employee's Bonus Amount will equal "zero," and such Key Employee will not receive any Bonus Amount pursuant to this Plan. The Company shall be permitted to reduce any unpaid Bonus Amount to give effect to the reduction of a Key Employee's Bonus Amount by such Key Employee's Equity Consideration pursuant to the formula described herein. Each Key Employee's Bonus Amount will also be subject to adjustment under Section 5, to the extent necessary.

(c) Unallocated Portion of Bonus Pool. If, after making all distributions to Key Employees in accordance with Section 5, any amount of the Bonus Pool has not been distributed to Key Employees, such amount shall be distributed to the Company's stockholders in the same manner as the other proceeds resulting from the Change of Control.

5. DISTRIBUTIONS.

(a) If the conditions for distribution set forth in the Plan are satisfied, upon the date of the Closing (the "***Closing Date***"), each Key Employee shall be entitled to receive from the Company one hundred percent (100%) of his or her Bonus Amount in the same form or forms of payment and in the

same proportions paid by the purchaser(s) to the holders of the Company's equity securities upon the Change of Control, whether such distribution is at Closing or a delayed distribution pursuant to the application of any escrow, earn-out or other similar arrangement. Notwithstanding the foregoing, the Board, in its sole discretion, may determine that all or a portion of the Bonus Amounts will be paid in cash.

(b) Any securities that are issued to the Key Employees pursuant to this Plan shall be subject to the same or similar restrictions as imposed by a purchaser on the securities of the Company's stockholders as set forth in the agreement pursuant to which the Change of Control occurs and such restrictions that are required by applicable securities laws.

(c) Except as provided by this Section 5(c), Bonus Amounts shall be distributed to Key Employees as soon as practicable on or after the Closing Date, but in no event later than thirty (30) days following the Closing Date. Notwithstanding the foregoing, any portion of the Bonus Amounts related to Post-Closing Payments shall be paid to Key Employees if and when paid to the Company's stockholders (and subject to the same terms and conditions as apply to the Company's stockholders generally); provided, however, that any Post-Closing Payments not distributed to the Key Employees by the fifth (5^{th}) anniversary of the Closing Date shall be forfeited by the Key Employees and shall instead be distributed in accordance with Section 4(c) above. If a Key Employee is eligible to receive a Plan distribution as of the Closing Date, then such Key Employee shall also be entitled to his or her allocation of any Post-Closing Payments regardless of whether such Key Employee is an employee of the Company, or any subsidiary of the Company, on the date any such Post-Closing Payments are made, subject to the preceding sentence.

(d) A Key Employee must be an employee of the Company (or a subsidiary of the Company) on the Closing Date and not have had a "separation of service" (within the meaning of Section 409A) from the Company (or the subsidiary of the Company employing the individual) to be eligible to receive his or her Bonus Amount. Upon termination of a Key Employee's employment prior to the Closing Date, such Key Employee shall no longer be a Key Employee in the Plan and shall not be entitled to any distributions hereunder. Such Key Employee's Bonus Amount shall either be available for reallocation and distribution under this Plan as determined by the Board in its discretion, subject to Section 6, or distributed to Company stockholders pursuant to Section 4(c).

(e) Anything in the Plan to the contrary notwithstanding, if any payment or benefit a Key Employee would receive from the Company or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Code Section 280G; and (ii) but for this sentence, be subject to the excise tax imposed by Code Section 4999 (the "***Excise Tax***"), then such Payment shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax; or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in such Key Employee's receipt, on an after-tax basis, of the greater amount of the Payment. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount and no portion of such Payment is subject to the Excise Tax, reduction shall occur in the following order: first, reduction of cash payments, which

shall occur in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such Excise Tax will be the first cash payment to be reduced; second, cancellation of accelerated vesting of equity awards, which shall occur in the reverse order of the date of grant for such equity awards (i.e., the vesting of the most recently granted equity awards will be reduced first); and third, reduction of employee benefits, which shall occur in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such Excise Tax will be the first benefit to be reduced. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. Notwithstanding the foregoing, to the extent the Company submits any payment or benefit payable to the Key Employee under this Plan or otherwise to the Company's stockholders for approval in accordance with Treasury Regulation Section 1.280G-1 Q&A 7, the foregoing provisions shall not apply following such submission and such payments and benefits will be treated in accordance with the results of such vote, except that any reduction in, or waiver of, such payments or benefits required by such vote will be applied without any application of discretion by the Key Employee and in the order prescribed by this Section 5(e). In no event shall the Key Employee have any discretion with respect to the ordering of payment reductions.

A nationally recognized certified professional services firm selected by the Company, the Company's legal counsel or such other person or entity to which the parties mutually agree (the "***Firm***") shall perform the foregoing calculations related to the Excise Tax. The Company shall bear all expenses with respect to the determinations by the Firm required to be made hereunder.

For purposes of making the calculations required by this Section, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Key Employee will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section.

The Firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and the Key Employee within fifteen (15) calendar days after the date on which the Key Employee's right to a Payment is triggered (if requested at that time by the Company or the Key Employee) or such other time as requested by the Company or the Key Employee. Any good faith determinations of the Firm made hereunder shall be final, binding, and conclusive upon the Company and the Key Employee.

6. AMENDMENT OR TERMINATION OF THE PLAN.

(a) The Board at any time, and from time to time, prior to the Closing may amend or terminate the Plan in any manner in its sole discretion; provided, however, that the Plan may not be amended or terminated on or following the Closing without the consent of each Key Employee affected by the amendment or termination, except pursuant to Section 13, as may be required by any applicable law or as necessary to correct administrative errors.

(b) The Plan shall automatically terminate upon the earlier of (i) December 31, 2017, (ii) the completion of all payments under the terms of the Plan, (iii) the closing of an equity financing that occurs prior to a Closing that raises in excess of $20,000,000 from sources other than current stockholders

of the Company, or (iv) a determination by the Board to terminate the Plan consistent with Section 6 (a).

7. NO GUARANTEE OF FUTURE SERVICE.

Selection of an individual to participate as a Key Employee under the Plan shall not provide any guarantee or promise of continued service of the Key Employee with the Company (or any of its subsidiaries), and the Company (or any subsidiary employing a Key Employee) retains the right to terminate the employment of any employee at any time, with or without cause, for any reason or no reason, except as may be restricted by law or contract.

8. NO EQUITY INTEREST.

Neither the Plan nor any distribution hereunder creates or conveys any equity or ownership interest in the Company or any rights commonly associated with such interests, including, without limitation, the right to vote on any matters put before the stockholders of the Company.

9. TAX WITHHOLDING.

The Company shall withhold from any distribution under the Plan to a Key Employee and/or require the Key Employee to remit payments to the Company for any amount required to satisfy the Company's income, employment or other tax withholding obligations under federal, state or other applicable law that are related to payments or benefits provided to the Key Employee under the Plan. The Key Employee will be solely responsible for any such tax withholding obligations and shall be responsible for remitting any necessary funds to the Company to meet such tax withholding obligations.

10. FUNDING.

The Plan shall be funded out of the Company's general assets. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Key Employees shall have no rights under the Plan other than as unsecured general creditors of the Company.

11. BONUS PLAN.

This Plan is intended to be a "***bonus program***" as defined under U.S. Department of Labor regulation 2510.3-2(c) and shall be construed and administered in accordance with such intention.

12. NONASSIGNABILITY.

To the maximum extent permitted by law, a Key Employee's right or benefits under this Plan shall not be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit.

13. CODE SECTION 409A.

Each payment and benefit payable under this Plan is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Bonus Amounts under the Plan required to be paid no later than 30 days following the Closing of the Change of Control are intended to fall within the "short-term deferral" exemption from Section 409A and, if such payments fail to fall within such exemption, to comply with the requirements of Section 409A, in each case so that none of the Bonus Amounts to be provided hereunder will be subject to the additional tax imposed under Section 409A. All other payments are meant to comply with Section 409A so that none of the Bonus Amounts to be provided hereunder will be subject to the additional tax imposed under Section 409A. Any ambiguities or ambiguous terms herein will be interpreted to be exempt from or so comply with the requirements of Section 409A. The Company cannot and has not guaranteed that the IRS will determine that the Plan benefits are not deferred compensation within the meaning of Section 409A. If the IRS determines that the Plan benefits are deferred compensation, the Key Employee shall be solely responsible for the Key Employee's costs related to such a determination, if any. The Company and each Key Employee will work together in good faith to consider either (i) amendments to this Plan; or (ii) revisions to the Plan with respect to the payment of any Bonus Amounts, which are necessary or appropriate to avoid imposition of any additional tax or income recognition prior to the actual payment to the Key Employee under Section 409A. Notwithstanding anything in the Plan to the contrary, the Company reserves the right, in its sole discretion and without the consent of any Key Employee, to take such reasonable actions and make any amendments to the Plan as it deems necessary, advisable or desirable to comply with Section 409A or to otherwise avoid income recognition under Section 409A or imposition of any additional tax prior to the actual payment of any Bonus Amounts**.**

14. CHOICE OF LAW.

All questions concerning the construction, validation and interpretation of the Plan will be governed by the laws of the State of California without regard to its conflict of laws provisions.

15. SUCCESSORS AND ASSIGNS.

The Plan shall be binding upon and shall inure to the benefit of the Company and its successors and assigns and upon a Change of Control the Company shall require its successor(s) or assign(s) to assume the Company's obligations under the Plan.

16. HEADINGS.

The headings in the Plan are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

The Miramar Labs, Inc. Key Employee Retention Plan is adopted by an authorized officer of the Company effective as of March 9, 2017 (the "***Effective Date***").

MIRAMAR LABS, INC.

By: /s/ Mark Deem

Print Name: Mark Deem

Title: Director

EXHIBIT A

MIRAMAR LABS, INC. KEY EMPLOYEE RETENTION PLAN

PARTICIPATION AGREEMENT

_____ (the "***Key Employee***") has been selected to participate in the Miramar Labs, Inc. Key Employee Retention Plan, as it may be amended from time to time (the "***Plan***"). The capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

Date of Issuance: _____, 2017

The Key Employee's Individual Percentage shall be:

Individual Percentage: _____ %

In the event of a Change of Control, and assuming the Key Employee satisfies the conditions for payment in the Plan, the Key Employee's Bonus Amount will be equal to the product of the Individual Percentage, multiplied by the value of the Bonus Pool, subject to adjustment as set forth in Section 4 and Section 5 of the Plan.

The Key Employee's Bonus Amount shall be distributed in accordance with the Plan.

If the Key Employee terminates employment with the Company, or a subsidiary of the Company, prior to the Closing Date, then the Key Employee will have no rights to receive any Bonus Amount under the Plan and this Participation Agreement shall be null and void.

The Key Employee acknowledges that any interest in a Bonus Amount is subject to the conditions of the Plan and this Participation Agreement. The Key Employee acknowledges receipt of a copy of the Plan and represents that the Key Employee has read and is familiar with its provisions.

MIRAMAR LABS, INC.	**KEY EMPLOYEE**
By: _____	Signature: _____
Its: _____	Date: _____

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, R. Michael Kleine, certify as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Miramar Labs, Inc. on Form 10-Q for the period ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Miramar Labs, Inc. at the dates and for the periods indicated.

Date: May 16, 2017

By: /s/ R. Michael Kleine
R. Michael Kleine
Chief Executive Officer

I, Brigid A. Makes, certify as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Miramar Labs, Inc. on Form 10-Q for the period ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Miramar Labs, Inc. at the dates and for the periods indicated.

Date: May 16, 2017

By: /s/ Brigid A. Makes
Brigid A. Makes
Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
Pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, R. Michael Kleine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Miramar Labs, 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)) 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) 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

(c) 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 16, 2017

/s/ R. Michael Kleine

R. Michael Kleine
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
Pursuant to
Securities Exchange Act Rules 13a-14(a) and 15d-14(a),
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Brigid A. Makes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Miramar Labs, 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)) 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) 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

(c) 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 16, 2017

/s/ Brigid A. Makes

Brigid A. Makes
Chief Financial Officer
(*Principal Financial Officer*)