IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SIENTRA, INC., *et al.*,[1]	)	Case No. 24-10245 (___)
Debtors.	)	(Joint Administration Requested)

DECLARATION OF RON MENEZES IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY RELIEF

I, Ron Menezes, pursuant to section 1726 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Executive Officer and the President of Sientra, Inc. ("Sientra") and each of the other above-captioned debtors and debtors in possession (collectively, the "Debtors" or the "Company"), having been appointed in November 2020. In such capacity, I am familiar with the Debtors' businesses, financial affairs, and day-to-day operations. Previously, I served as President and General Manager for Almirall U.S. – Dermatology, and, before then, had leadership roles at Allergan plc, SkinMedica, Abbott, Astellas Pharma – U.S., Pfizer and Eli Lilly.

2. On the date hereof (the "Petition Date"), the Debtors each commenced a voluntary case under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court") and continue to operate their business and manage their properties as debtors in possession.

3. Except as otherwise indicated herein, the facts set forth in this declaration (this "Declaration") are based upon my personal knowledge, my review of relevant documents,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Sientra, Inc. (1000); Mist Holdings, Inc. (4221); Mist, Inc. (1202); and Mist International, Inc. (3363). The Debtors' service address is 3333 Michelson Drive, Suite 650, Irvine, CA 92612.

information provided to me by employees of or advisors to the Debtors, or my opinion based upon my experience, knowledge, and information concerning the Debtors' operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. To minimize any adverse effects of filing the bankruptcy petitions (the "Petitions") on their business and to preserve value for the benefit of all stakeholders, the Debtors have filed a number of motions requesting various forms of "first day" relief (collectively, the "First Day Pleadings"). I submit, and am authorized by the Debtors to submit, this Declaration in support of the Petitions and the First Day Pleadings. The relief requested in the First Day Pleadings is necessary to preserve and maximize the value of the Debtors' estates and allow them to sustain their current operations in chapter 11.

INTRODUCTION

5. Headquartered in Irvine, California, Sientra is a medical aesthetics company focused on empowering people to change their lives through increased self-confidence and self-respect. Backed by unrivaled clinical and safety data, Sientra's platform of products includes (as discussed further below) a comprehensive portfolio of round and shaped breast implants, the first fifth-generation breast implants approved by the FDA for sale in the United States; the industry's most complete tissue expander portfolio including the ground-breaking AlloX2 breast tissue expander (with patented dual-port and integral drain technology); the next-generation AlloX2Pro™, the first FDA-cleared MRI-compatible tissue expander, the DermaSpan™ single port tissue expander, and the Softspan™ range of extremity expanders; the Viality™ with AuraClens™ enhanced viability fat transfer system; the SimpliDerm® Human Acellular Dermal Matrix; and BIOCORNEUM, the preferred scar gel of plastic surgeons.

6. As a result of various macro- and micro-economic factors and circumstances (discussed in Section II below), the Company has experienced continuing operating losses and tightened liquidity, placing the Company in its current challenging situation requiring chapter 11 relief to access financing and execute on its pending sale process. Specifically, notwithstanding the Company's significant efforts to position itself for sustained profitability by strategically focusing on the sales and growth of its breast reconstruction portfolio, divesting non-core businesses cutting costs, improving efficiencies, addressing implant-manufacturing challenges, and gaining momentum from new products launched in 2023, the Company has continued to face liquidity constraints as a result of specific adverse circumstances coupled with the sharp retraction in its breast augmentation business. As a result, the Company has been unable to maintain compliance with covenants under the Prepetition First Lien Term Loan Agreement (defined below).

7. For the past several months, the Debtors have been working constructively with the Prepetition First Lien Lenders (defined below) and requested and obtained temporary waivers of default while exploring strategic options for the business. Based on such negotiations and the circumstances discussed further herein, the Debtors commenced these chapter 11 cases to access financing and facilitate the going concern sale (and/or other transaction(s)) of the Debtors and their businesses and assets, to preserve the value of the estates for the benefit of all stakeholders. In the chapter 11 cases, the Company will expeditiously seek to maximize the value of the Debtors' business and assets through a robust marketing and overbidding process.

8. This Declaration is intended to provide a summary overview of the Company's businesses and the circumstances leading to the commencement of these chapter 11 cases, and to

support the relief that the Debtors seek in the First Day Pleadings. I have organized this Declaration as follows:

- **Part I** provides a general overview of the Company's corporate history and business operations;
- **Part II** describes the circumstances leading to the commencement of these chapter 11 cases; and
- **Part III** sets forth the evidentiary basis for the relief requested in each of the First Day Pleadings.

I.

THE COMPANY'S HISTORY AND BUSINESS OPERATIONS

A. Background

9. Founded in 2003, and headquartered in Irvine, California, the Company is a surgical aesthetics company focused on empowering people, with the Company's products, to change their lives through increased self-confidence and self-respect, and providing greater choices to plastic surgeons and patients in need of surgical aesthetics products. Backed by extensive clinical and safety data, Sientra's platform of products includes:

(i) a comprehensive portfolio of round and shaped silicone gel breast implants, the first fifth-generation breast implants approved by the Food and Drug Administration (the "FDA") for sale in the United States;

(ii) the industry's most complete tissue expander portfolio, including:

(a) the ground-breaking AlloX2 breast tissue expander with patented dual-port and integral drain technology (discussed further below);

(b) the next-generation AlloX2Pro™, the first FDA-cleared MRI-compatible tissue expander (discussed below);

(c) the DermaSpan™ single port breast tissue expander; and

(d) the SoftSpan™ line of extremity expanders.

(iii) Viality™ with AuraClens™ enhanced viability fat transfer system with unprecedented clinical data showing over 80% fat retention at 3-, 6-, and 12-month points across all cohorts;

(iv) the SimpliDerm® human Acellular Dermal Matrix (hADM), a type of surgical mesh manufactured from human dermis; and

(v) BIOCORNEUM, the preferred and recommended silicone scar gel of plastic surgeons.

SIENTRA GEL IMPLANTS
designed with purpose

- Unrivaled safety profile supported by robust long-term clinical data[1]
- High Strength Cohesive Gel (HSC, HSC+) for balanced strength and softness
- >375 options, 6 projections, 2 shapes, 2 surfaces

BREAST TISSUE EXPANDERS ENGINEERED TO
advance the standard of care

Dermaspan
- Features a soft, refined design for more gentle, predictable expansion

AlloX2
- One-of-a-kind dual-port design with integrated drain
- Enables proactive post-op care with convenient nonsurgical drainage of serous fluid

VIALITY™
a new standard in fat transfer

- The only FDA-cleared system with a surfactant shown to enhance the survival of fat cells[2]
- Broad volume capacity (50-1,050 mL) accommodates a wide range of procedures

BIOCORNEUM®
ADVANCED SCAR TREATMENT

- #1 performing, preferred, and recommended scar gel of plastic surgeons and only advanced scar treatment with FDA-cleared Silishield®
- Broad range of shapes and sizes of Softspan™ extremity expanders

10. Since 2021, the Company has one operating segment in continuing operations named Plastic Surgery, formerly known as Breast Products. The Company, through a direct marketing and sales organization, sells its breast implants, breast tissue expanders, and fat transfer system in the U.S. for augmentation procedures to board certified and board admissible plastic surgeons, hospitals and surgery centers, and tailors customer service offerings to the customers' specific needs. Additionally, through a non-exclusive rights agreement in the United States, the Company markets, sells and distributes SimpliDerm human acellular dermal matrix (or ADM) for select use in reconstruction surgery.

11. Historically, the Company selectively pursued strategic acquisitions, diversifying its revenue stream and expanding into new markets. For example, the Company began selling BIOCORNEUM directly to physicians in the United States after the Company acquired the rights to do so in March 2016; the Company began selling the AlloX2, and Dermaspan lines of breast tissue expanders, and the Softspan line of extremity expanders, after the Company acquired these product lines in November 2016; in June 2017, Sientra acquired Miramar Labs, Inc., a global medical device company that owned, among other assets, the miraDry system, the only FDA cleared, non-invasive device to reduce underarm sweat, odor and permanently reduce hair of all colors[2]; on December 31, 2021, the Company acquired substantially all of the assets relating to the Viality with AuraClens fat transfer system, which the Company commercially launched in Q2 2023; and on March 21, 2023, the Company acquired the non-exclusive rights to distribute the SimpliDerm hADM in the United States, which the Company fully launched at the end of Q3 2023.

[2] In June 2021, the Company sold its miraDry business to a third party buyer.

12. The Company relies on a combination of trademarks, trade secrets, confidential information, copyrights, patent rights and other intellectual property rights to protect its intellectual property. The Company's trademark portfolio consists of approximately 77 worldwide registered trademarks and approximately 13 pending trademark applications; and the patent portfolio consists of 6 granted U.S. Patents and approximately 20 pending U.S. and international patent applications, as well as several in-licensed patent rights.

13. As of the Petition Date, the Company maintains leases for: (a) its Irvine, California headquarters (which houses management and certain customer service, R&D, finance, and administrative functions); (b) a manufacturing facility (for breast implant products) in Franklin, Wisconsin; and (c) two additional facilities in Franklin for certain administrative, distribution and manufacturing functions.

14. As of the Petition Date, the Company had approximately 253 full-time employees. In addition, the Debtors use the services of certain independent contractors, temporary workers, and consultants. None of the Company's employees are represented by a collective bargaining agreement, and the Company has never experienced any work stoppage.

15. Beginning in 2020, the Company started to expand its business outside of the United States, first in Japan following approval by the Japanese Pharmaceuticals and Medical Devices Agency (PMDA), and subsequently in the Kingdom of Saudi Arabia (KSA) following approval by the KSA Food and Drug Administration in 2022, in Canada following Health Canada approval in 2022, and the United Arab Emirates (UAE), following approval by the UAE Ministry of Health and Prevention in 2022. The Company utilizes third-party distributor relationships in its international territories for the sale and distribution of its products in those territories.

B. Financial Results

16. The medical device industry is intensely competitive, subject to rapid change and highly sensitive to the introduction of new products or other market activities of industry participants. As discussed further below, since inception, the Company has incurred significant net operating losses. As of December 31, 2023, the Company had an accumulated deficit of $747.8 million. During calendar year 2023, the Company incurred net losses of $53.2 million.

17. To date, the Company had financed its operations primarily through sales of its products, sales of preferred stock, borrowings under term loans and a convertible note, the Company's 2014 initial public offering and follow-on public offerings of our common stock. Historically, the Company has devoted substantially all of its resources to the acquisition and clinical development of its products, the commercial launch of its products, the development of a sales and marketing team, the assembly of an experienced management and financial team, customer service, and clinical and regulatory competence. In addition, the Company spent significant resources acquiring and building out its manufacturing facility and distribution capacities in Franklin, Wisconsin.

C. Debtors' Organizational Structure

18. Debtor Sientra, a Delaware corporation, is the publicly held, direct or indirect corporate parent of the other Debtors. A chart illustrating the Debtors' organizational structure is attached hereto as **Exhibit A**. Sientra was incorporated in Delaware in 2003 under the name Juliet Medical, Inc. and subsequently changed its name to Sientra, Inc. in April 2007.

19. In November 2014, Sientra completed an underwritten initial public offering of 5,750,000 shares of common stock at a price to the public of $15.00 per share. Sientra received approximately $77.0 million in aggregate proceeds, after deducting underwriting discounts and

commissions. Sientra's common stock commenced trading on the NASDAQ Global Select Market ("Nasdaq") under the ticker symbol "SIEN" on October 29, 2014. The continued listing of the common stock on Nasdaq is subject to the Company's compliance with applicable listing standards.[3] As of January 31, 2024, Wells Fargo & Company owned more than 5% of the Company's outstanding common stock.

1. Follow-On Common Stock Offerings

20. Since Sientra's November 2014 IPO, the Company has completed various follow-on public offerings of common stock and/or warrants to purchase additional common stock, to raise additional net proceeds for Company operations and purposes, including in or about September 2015, May 2018, June 2019, February 2021, and October 2022.

2. 2023 Reverse Stock Split

21. In January 2023, Sientra completed a 1-for-10 reverse stock split of the Company's issued and outstanding common stock (the "Reverse Stock Split"). The Reverse Stock Split was effective at 4:00 p.m. Eastern Time on January 19, 2023. The principal purpose of the Reverse Stock Split was to decrease the total number of shares of common stock outstanding and proportionately increase the market price of the common stock to meet the continuing listing requirements of Nasdaq. As a result of the Reverse Stock Split, every 10 shares of the Company's common stock issued and outstanding was automatically reclassified into one new share of common stock.

[3] On December 14, 2023, Sientra received notice from the Listing Qualifications Department of Nasdaq notifying the Company that, based on the closing bid price of the Company's common stock, for the last 30 consecutive trading days, the Company no longer complies with the minimum bid price requirement for continued listing on Nasdaq, and that the Market Value of Publicly Held Shares (MVPHS) of its common stock had been below the minimum of $15,000,000 for the last 30 consecutive business days. These notifications have no immediate effect on the listing of the Company's common stock, and the Company has a period of time to regain compliance or otherwise respond.

D. Debt Structure

1. Secured Debt

22. In October 2022, the Company entered into an agreement to refinance the Company's then-existing term loan and convertible note debt. Specifically, on October 12, 2022, the Company entered into that certain Amended and Restated Facility Agreement (as may be amended, the "Prepetition First Lien Term Loan Agreement") by and among Sientra, the other Loan Parties party, the lenders party thereto (the "Prepetition First Lien Lenders") and Deerfield Partners, LP, as administrative agent (the "Prepetition First Lien Term Loan Agent", and, together with the Prepetition First Lien Lenders, the "Prepetition First Lien Secured Parties"). In connection with the Prepetition First Lien Term Loan Agreement, the Company entered into an Exchange Agreement (as may be amended, the "Exchange Agreement" and together with the Prepetition First Lien Term Loan Agreement, the "Prepetition First Lien Secured Obligations"), dated as of October 12, 2022, pursuant to which the Prepetition First Lien Lenders exchanged $10 million of principal under the Convertible Note (as defined in the Prepetition First Lien Term Loan Agreement) issued by Sientra on March 11, 2020 in the initial principal amount of $60 million, for securities of the Company, reducing the outstanding principal amount of the original Convertible Note to $50 million. Additionally, on the date of the Prepetition First Lien Term Loan Agreement and pursuant to the terms thereof, the Company issued and sold an additional senior secured, five-year, convertible note in a principal amount of $23 million (the "2022 Note" and, together with the Convertible Note, the "Convertible Notes").[4] As a result of the foregoing, the Company

[4] Pursuant to the Convertible Notes, the Prepetition First Lien Lenders have the option to demand repayment of all outstanding principal, and any unpaid interest accrued thereon and any other amounts payable under the Prepetition First Lien Term Loan Agreement , in connection with a Major Transaction (as defined in the Convertible Notes), which includes, among others, any acquisition or other change of control of the Company; the sale or transfer of assets of the Company equal to more than 50% of the Enterprise Value (as defined in the Convertible Notes) of the Company; a liquidation, bankruptcy or other dissolution of the Company; or if at any time shares of the Company's common stock are not listed on an Eligible Market (as defined in the Convertible Notes). The Convertible Notes are subject to

reduced total debt load by approximately $10 million, to $73 million, while extending the maturity dates to March 2026 and beyond.

23. In connection with the Prepetition First Lien Term Loan Agreement and the Convertible Notes issued thereunder, all of the Company's operating subsidiaries entered into a Guaranty and Security Agreement, dated as of October 12, 2022, whereby the guarantors agreed to guarantee the obligations and liabilities of the Company under the Prepetition First Lien Term Loan Agreement and the Convertible Notes. The Convertible Notes are secured by (i) a security interest in substantially all of the assets of the Company and its subsidiaries and (ii) a pledge of the equity interests of the Company's direct and indirect subsidiaries.

24. The Company used the proceeds from the 2022 Note to repay in full the outstanding amounts under its Second Amended and Restated Credit and Security Agreement (Term Loan), dated December 31, 2021, by and among the Company, certain of its wholly owned subsidiaries, the lenders party thereto and MidCap Financial Trust, as administrative agent and collateral agent (the "MidCap Term Credit Agreement"), and repay in full the outstanding amounts, and terminate the outstanding commitments, under that certain Amended and Restated Credit and Security Agreement (Revolving Loan), dated as of July 1, 2019, by and among the Company, certain of its wholly owned subsidiaries, the lenders party thereto and MidCap Funding IV Trust, as administrative and collateral agent (the "MidCap Revolving Credit Agreement").

25. As discussed further below, as of September 30, 2023, the Company was not in compliance with the minimum revenue financial covenant under the Prepetition First Lien Term Loan Agreement. In the event of default under the Prepetition First Lien Term Loan Agreement,

specified events of default, the occurrence of which would entitle the Prepetition First Lien Lenders to immediately demand repayment of all outstanding principal and accrued interest on the Convertible Notes.

one of the remedies that the Prepetition First Lien Secured Parties have available is the ability to accelerate repayment of the debt, which the Company would not be able to immediately repay.

2. Unsecured Debt

26. As of the Petition Date, based on their books and records, the Debtors estimate they owe approximately $9.0 million in trade debt and other accounts payable.

E. Corporate Growth and Other Recent Transactions and Developments

1. Manufacturing/Supply Problems and the Company's Resolution Thereof

27. On March 9, 2012, Sientra received FDA approval of its breast implant products, which were at this time manufactured for Sientra by Silimed de Industria de Implantes Ltda ("Silimed") in Brazil, and began commercial sale of them shortly thereafter. In September 2015, regulatory authorities in the United Kingdom suspended Silimed's regulatory approval for the European market over concerns related to potential particulate contamination issues on implants Silimed manufactured for the European market. While this did not impact the FDA-approved implants that Silimed manufactured for Sientra, on October 5, 2015, the Brazilian ANVISA (the Brazilian Health Regulatory Agency) temporarily suspended Silimed's manufacturing license pending completion of its investigation in the European regulatory issues, meaning that Silimed could no longer manufacture products for Sientra (or anywhere else in the world).

28. Thereafter, on October 9, 2015, Sientra announced that it was voluntarily suspending the sale of all Silimed-manufactured products in the U.S. On October 23, 2015, a fire broke out in Silimed's manufacturing facility in Brazil, resulting in the burning down of the building where Sientra's implants were made. While Sientra resumed sales of its breast implant products in the U.S. in February 2016 (after the submission of extensive third-party testing results

to the FDA), the Company had no manufacturing supply, as Silimed's manufacturing building had burned down and there was no FDA-approved alternative supply source.

29. In August 2016, Sientra announced that it had entered into an agreement (the "Vesta Agreement") with Vesta (a medical devices contract manufacturer) to establish a new implant-manufacturing facility in the United States. Following this announcement, Silimed filed a lawsuit in November 2016 against Sientra in the District Court for the Southern District of New York, alleging the purported theft of trade secrets and confidential information as a result of the Vesta Agreement. Sientra subsequently filed an arbitration claim asserting various contractual and other claims against Silimed. In August 2017, Sientra and Silimed, without admitting any liability on either party, settled the lawsuit and arbitration, with both parties granting each other mutual releases and covenants not to sue for certain specified conduct, as well as $10 million in cash payments from Sientra to Silimed.

30. In April 2018, the FDA gave its approval so that Sientra could begin commercialization of implants manufactured at Vesta's Franklin, Wisconsin facility.

31. Thus, while the Company was ultimately able to resolve its implant-manufacturing supply problems in 2018, the road to this resolution lasted more than two years, requiring substantial expenditures by the Company and the loss of implant revenue for a lengthy period.

2. Commercial Launch of Viality Fat Transfer System

32. In April 2023, the Company announced that it began commercial shipping of its Viality with AuraClens fat transfer system, which the Company had previously acquired on December 31, 2021 from AuraGen Aesthetics LLC. Immediately prior to this launch, the Company had announced the release of interim results from its ongoing, multi-center, long-term volume retention clinical study with Viality showing 80% fat retention at the 3- and 6-month time

points. In October 2023, at the meeting of the American Society of Plastic Surgeons, the Company presented further interim results from its ongoing, multi-center, long-term volume retention clinical study with Viality, showing 80% fat retention at the 3-, 6- and 12-month time points, and across all cohorts (augmentation and reconstruction).

2. 2023 Elutia Inc. Partnership

33. On March 22, 2023, the Company entered into an agreement with Elutia Inc. ("Elutia"), formally known as "Aziyo Biologics, Inc.," to expand the distribution of Elutia's SimpliDerm ADM product line. Under the agreement terms, Elutia granted the Company certain non-exclusive rights in the United States to market, sell and distribute SimpliDerm for select use in reconstruction surgery. The Company began sales of the SimpliDerm product on a very limited basis in the second quarter of 2023, with a wider launch in late third quarter 2023.

3. FDA 510k Clearance of Portfinder Technology

34. On May 17, 2023, the Company announced that it had received 510k clearance from the FDA for the Company's novel Portfinder technology. Portfinder is an electronic handheld device that allows for the subcutaneous location of ports in Sientra's Dermaspan and AlloX2 Pro tissue expanders. This new technology replaces the traditional dangle magnet mechanism and provides a more accurate port location with improved useability for clinicians. The Portfinder's unique interactive screen guides the user towards the center of the ports and allows for precise identification and marking of both fill and drain ports in Dermaspan and AlloX2 Pro expanders, making it a very versatile device.

4. FDA 510K Clearance of AlloX2 Pro

35. On June 8, 2023, the Company announced that it had received 510k clearance from the FDA for the Company's novel, patented AlloX2 Pro Tissue Expander. Building upon the

proprietary dual port technology of the Company's ground-breaking AlloX2 tissue expander, the AlloX2 Pro expands this platform by removing 95% of the metal traditionally associated with tissue expander ports. This innovation allows the AlloX2 Pro to be labeled as MRI-conditional, making it the first tissue expander cleared in the United States for exposure to magnetic resonance imaging, an important screening tool for breast reconstruction patients. Other innovative features of the AlloX2 Pro include minimal interference with radiation therapy for post-mastectomy patients, faster port filling and drainage, and a softer drain for enhanced patient comfort.

II.

EVENTS LEADING TO THE PETITION DATE

A. Business and Macro-Economic Pressures and Challenges

1. COVID, Changes in Consumer Spending, and Macro-Economic Factors

36. The COVID-19 pandemic, initially, had a negative effect on the Debtors' business and operations. At the height of the pandemic, the surgical procedures involving the Company's breast products were susceptible to local and national government restrictions. The inability or limited ability to perform non-emergency procedures harmed the Company's revenues starting in second quarter of 2020. However, what has been called by some the "Zoom Boom" – a nationwide spike in consumer demand for aesthetic procedures, including breast augmentation procedures, during the pandemic – made the Company's overall breast products 2020 revenue picture a good one, growing 18.6% year-over-year, and resulted in an extremely robust 2021, with the breast products revenue growing 47% year-over-year.

37. Unfortunately, market retractions in 2023 significantly affected the Company. Net sales decreased approximately $3.8 million, or 4%, to $86.8 million in calendar year 2023, as compared to $90.5 million in calendar year 2022. The retraction in the Company's business was

most acute in the third quarter of 2023, with the Company reporting net sales of $19.5 million, representing a decrease of approximately 13.7% over the third quarter of 2022. The third quarter is typically the lowest quarter from a seasonality perspective for the Company, but the seasonality was more pronounced in Q3 2023 as macroeconomic trends saw a broad decrease in procedural volumes across almost all aesthetic companies. This decrease in procedural volumes continued into Q4 2023, which saw Sientra have a year-over-year decrease in volume of domestic sales of gel implants and expanders, which was partially offset by incremental revenue from the Company's new products Viality and SimpliDerm.

38. In addition, in the wake of COVID and beyond, the global economy, including the financial and credit markets, had been experiencing extreme volatility and disruptions, including high inflation rates, rising interest rates, substantially tightened debt/capital markets, declines in consumer confidence, declines in economic growth, and uncertainty about economic stability. While generally the global economy has been stabilizing, adverse macroeconomic factors and conditions—particularly the lack of debt and/or equity funding available to businesses like the Debtors—has harmed the Company's business and operations during 2023.

2. Sales Workforce Challenges

39. In addition, the Company was adversely affected by the departure of sales representatives (the "Sales Workforce") in the first half of 2023. During this period approximately 25% of the Sales Workforce left the Company. While turnover is not unexpected in the aesthetics industry, this was an unusually large turnover for the Company. Moreover, it typically takes a few months to hire a replacement sales representative, and once hired, it can take six months or more for that newly hired representative to start becoming productive in their territory. At the start of third quarter 2023, most, but not all, of the vacant sales territories were filled with new sales

representatives. As a result, these territories were not at full productivity in Q3 2023 when the aesthetics industry as a whole experience a significant decline as noted above. In addition, in the third quarter of 2023, the Sales Workforce (depleted earlier and recently replenished) dedicated more time and efforts on the recently-launched Viality products, contributing to decreases in the sales of Sientra's implant and tissue expander products.

40. In short, despite the Company's best efforts, the loss and replacement of a significant number of its Sales Workforce over the course of 2023 left the Company unable to achieve the results it expected and hoped for in the third quarter of 2023.

3. Continued Net Losses, Liquidity Challenges and Financial Covenants Default

41. Despite the Company frequently experiencing consecutive quarterly growth, since its inception, the Company has incurred recurring losses from operations each year, stemming from various challenges and difficulties including the implant-manufacturing problems discussed above. During calendar year 2023, the Company incurred net losses of $53.2 million.

42. Recently, however, the Company's losses had been steadily decreasing, and the Company's management (having resolved the Company's implant-manufacturing problems in 2018 and assembled an innovative portfolio of new products) had believed that the Company was at an inflection point and that it would soon be profitable from operations. Notably, Sientra dramatically improved its operational efficiencies and engaged in disciplined cash management; the Company reduced its GAAP operating spend to a forecasted level of $84 million to $87 million, and non-GAAP operating spend to a forecasted level of $71 million to $74 million, in each case for the full year 2023.

43. Notwithstanding the foregoing, various factors and circumstances, including the Sales Workforce issues, decreases in consumer spending after the Zoom Boom, and adverse

macro-economic circumstances, including tightened debt/capital markets discussed above, impeded the Company from successful sustained profitability, culminating in the Company's covenant breach under the Prepetition First Lien Term Loan Agreement in the fall of 2023.

44. Specifically, the Company was not in compliance with its financial covenants related to minimum revenue under the Prepetition First Lien Term Loan Agreement as of September 30, 2023. Under the Prepetition First Lien Term Loan Agreement, the breach of the minimum revenue financial covenant is deemed an event of default. The potential acceleration of the debt by the Prepetition First Lien Secured Parties resulted in the reclassification by the Debtors of that debt from a long-term liability to a current liability as of September 30, 2023.

45. On October 30, 2023, the Company entered into a Temporary Waiver and Exchange Agreement (the "Temporary Waiver") with the Prepetition First Lien Secured Parties, which provided for a temporary waiver of the event of default through January 15, 2024. Pursuant to certain amendments to the Temporary Waiver, the waiver period was extended to February 11, 2024.

B. Prepetition Sale and Financing Efforts

46. In connection with evaluating its strategic alternatives, in late 2022, Sientra directed its investment banker, Stifel, Nicolaus & Company, Inc. ("Stifel"), to solicit market interest regarding a potential sale of the Company (the "Initial Sale Process"). Stifel has served as Sientra's investment banker for approximately ten years, having accumulated significant knowledge of Sientra, its prospects and addressable market by executing numerous financial and strategic transactions in support of advancing the growth of the underlying business. The Initial Sale Process is discussed in the Declaration of Vladimir Moshinsky of |Miller Buckfire & Co., LLC (the "Moshinsky Declaration"), being filed concurrently herewith.

47. By the end of July 2023, it was determined that a viable transaction was not possible at the time. In the meantime, the Company's available liquidity and ability to maintain covenant compliance under the Prepetition First Lien Term Loan Agreement was deteriorating, and the Company asked Stifel and its affiliate Miller Buckfire & Co., LLC ("Miller Buckfire" and together with Stifel, "Stifel-MB") to assist in seeking a financing transaction to address near-term needs and potentially refinance the Prepetition First Lien Term Loan ("Financing Process"). The Financing Process is also discussed in the Moshinsky Declaration.

C. Filing of the Chapter 11 Cases

48. In light of the Company's decreasing liquidity, the pending Initial Sale Process and unsuccessful Finance Process, and the upcoming expiration of the Temporary Waiver, the Company's advisors engaged with the Prepetition First Lien Secured Parties with respect to a funded chapter 11 process with the goal of executing a successful "363 sale." In January 2024, the Prepetition First Lien Secured Parties presented the Company with a DIP proposal contemplating the filing of a chapter 11 case in early to mid-January to facilitate a sale process through the bankruptcy cases. Ultimately, the Company decided, considering market conditions, its immediate need for capital, and the number of interested parties involved in the Initial Sale Process, that an in-court sale process with DIP financing to preserve the business as a going concern was necessary and in the best interests of the Company and its stakeholders. In anticipation of the chapter 11 filing and post-petition sale process, on February 2, 2024, Stifel-MB commenced a re-marketing of the opportunity to all parties from the initial process as well as additional parties identified by Stifel-MB and/or the Debtors.

49. After arm's-length negotiations, on February 12, 2024, the Company and the Prepetition First Lien Secured Parties settled on the agreed terms of a $90 million DIP Facility that

includes $22.5 million in new money commitments. Importantly, the DIP Facility provides the Company with much needed liquidity to successfully consummate a "363 sale." Moreover, the DIP Credit Agreement contemplates a sale process that builds on the Initial Sale Process and minimizes disruptions to operations by a long stay in chapter 11.

50. The Debtors commenced these chapter 11 cases to implement and facilitate the going concern sale of the Debtors and their businesses and assets, to preserve and maximize the value of the estates for the benefit of all stakeholders. Impaired by inadequate capitalization and liquidity difficulties, the Company, otherwise having an innovative portfolio of reconstruction products as the basis for a successful aesthetics business, seeks to maximize the value of its business and asset for the benefit of all stakeholders.

III.

FIRST DAY PLEADINGS

51. Confronted with the foregoing circumstances, the Debtors determined it to be in their best interests to commence the chapter 11 cases and implement, as appropriate, sales and/or other transactions to maximize value for the Debtors' stakeholders.

52. I am familiar with the contents of each of the motions set forth below (the "First Day Pleadings") (including the exhibits and other attachments thereto) and, to the best of my knowledge, after reasonable inquiry, believe the relief sought in each First Day Pleadings: (a) will enable the Debtors to sustain operations while in chapter 11; (b) is critically needed immediately in order to allow the Debtors' ability to maximize the value of their estates and operate their businesses; (c) is, in each case, narrowly-tailored and necessary to achieve the goals identified above; and (d) serves the best interests of the Debtors' estates and creditors and is necessary to

avoid irreparable harm to the estates.[5]

A. Debtors' Motion for Order Directing Joint Administration of Related Chapter 11 Cases for Procedural Purposes Only (the "Joint Administration Motion")

53. I am informed and understand that joint administration of the Debtors' cases is warranted because it will ease the administrative burden on the Court and all parties in interest, and will eliminate the need for duplicate pleadings, notices, and orders on each of the respective dockets and will save the Court, the Debtors, and other parties in interest substantial time and expense when preparing and filing such documents. Further, joint administration will protect parties in interest by ensuring that they will be apprised of the various motions filed with the Court with respect to each of the Debtors' cases.

B. *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the "Wage Motion")

54. As of the Petition Date, the Debtors employ approximately 253 full-time employees (the "Employees"). The Employees perform a variety of functions critical to the preservation of value and the administration of the Debtors' estates.

55. In addition to the Employees, the Debtors also use the personal services of individuals who are not Employees but who are employed by the Debtors as independent contractors, temporary workers, and consultants (collectively, the "Contractors" and together with the Employees, the "Workforce"). The Contractors include certain support personnel, each of whom are employed by the Debtors on a temporary or as-needed basis. As a result, the number of Contractors the Debtors employ fluctuates on a consistent basis. As of the Petition Date, the Debtors employ approximately 43 Contractors.

[5] All capitalized terms in this Part III not defined herein have the meaning ascribed to them in the applicable First Day Pleading.

56. Together, the Workforce performs a variety of functions critical to the Debtors' operations and the administration of the Debtors' estates. In many instances, the Workforce includes personnel who are intimately familiar with the Debtors' businesses, processes, and systems, and who cannot be easily replaced. The Debtors' failure to honor their obligations to the Workforce could lead to considerable attrition, which would severely threaten the Debtors' ability to operate at this crucial juncture. Indeed, without the continued, uninterrupted services of the Workforce, the Debtors simply could not run their businesses and maximize value for the benefit of all stakeholders.

57. The Debtors also pay sales-based commissions to approximately 62 Employees. These Employees market the Debtors' products and services and generally receive commission payments in-arrears in varying percentages based on the sales tied to their individual efforts (the "Commissions"). The Debtors generally pay Commissions by (a) an initial monthly draw and (b) a subsequent final accounting at the end of the calendar quarter based on the Employees' sales performance in the prior months. The Commissions are an important part of such Employees' overall compensation packages and motivate the Employees to maximize their sales performance.

58. The Debtors use Automated Data Processing ("ADP") as their third-party payroll processor to support payroll processing, payroll tax calculations and filings, and other payroll-related services. The Debtors pay approximately $15,000 per month for ADP's services as payroll processor.

59. Prior to the Petition Date and in the ordinary course, the Debtors reimbursed Employees or paid credit card invoices of certain Employees for approved expenses incurred on behalf of the Debtors in the scope of their employment (the "Reimbursable Expenses"). The

Reimbursable Expenses are for certain business-related and preapproved travel, lodging, ground transportation, meals and entertainment, vehicle rentals, vehicle allowance and usage (mileage), parking and tolls and other miscellaneous business expenses. The Debtors' inability to reimburse such expenses could impose hardship on such individuals, where such individuals otherwise incurred obligations for the Debtors' benefit. Historically, the Debtors pay Reimbursable Expenses of approximately $300,000 per month in the aggregate. As of the Petition Date, the Debtors estimate that they owe approximately $150,000 in aggregate Reimbursable Expenses.

60. The Debtors offer all Employees who work at least 30 hours per week the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, vision and dental plans, life insurance, accidental death and dismemberment insurance, disability benefits, workers' compensation, retirement plans, incentive programs, paid time off, and other employee benefit plans (as further described in the Wage Motion, collectively, the "Employee Benefits Programs"). The Debtors offer full-time Employees the opportunity to participate in several health benefit plans, including medical, vision, and dental plans (as further described in the Wage Motion, collectively, the "Health Benefit Plans"). All Health Benefit Plans are fully insured, and the Debtors fund the Health Benefits Plans through a combination of regular deductions from Employee wages and Debtor contributions.

61. As of the Petition Date, as provided in the Wage Motion, the Debtors estimate that approximately $898,500 on account of the Employee Compensation and Benefits will become due and owing within the first twenty-one days of these chapter 11 cases. Payment of the Employee Compensation and Benefits is necessary, justified and appropriate in these chapter 11 cases. Employees may be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid Employee Compensation and Benefits. Continuing

ordinary course benefits will help maintain Employee morale and minimize the adverse effect of the commencement of these chapter 11 cases on the Debtors' ongoing business operations.

62. Moreover, Employees provide the Debtors with services necessary to conduct the Debtors' business, and the Debtors believe that absent the payment of the Employee Compensation and Benefits, the Debtors may experience turnover and instability at this critical time in these chapter 11 cases. The Debtors believe that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships these Employees may face. Such Employees may then elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their workforce, which cannot be replaced without significant efforts—efforts that might not be successful given the overhang of these chapter 11 cases. Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. The Debtors therefore believe that payment of the prepetition obligations with respect to the Employee Compensation and Benefits is a necessary and critical element of the Debtors' efforts to preserve value and will give the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their business in these chapter 11 cases.

63. Finally, the Debtors seek authorization to permit their Employees to proceed with their claims against the Workers' Compensation Program in the appropriate judicial or administrative forum. The Debtors maintain workers' compensation insurance for their Employees (or are otherwise self-insured) at the statutorily required level for each state in which the Debtors have Employees. The Debtors maintain coverage for the Workers' Compensation Program through National Fire Insurance of Hartford ("Hartford"). The Workers' Compensation Program is provided on a guaranteed cost basis with no deductible nor self-insured retention. The

Debtors pay a fixed premium, regardless of the number or the amount of workers' compensation claims. Staying the Employee's workers' compensation claims could have a detrimental effect on the financial well-being and morale of the Employees and lead to the departure of certain Employees who are critical at this juncture. Such departures could cause a severe disruption in the Debtors' business to the detriment of all stakeholders. In addition, I am informed that if the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating in those states.

B. *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Prepetition Claims of Certain Critical Vendors and (II) Granting Related Relief* (the "Critical Vendors Motion")

64. In the ordinary course of business, the Debtors engage a number of providers of essential products or services which the Debtors historically required to manufacture their products run their operations, maintain compliance with their regulatory requirements, and service their businesses. Any disruption in the Debtors' access to the provision of critical products, goods, and services to the Debtors would have a far-reaching and adverse economic and operational impact on their business and their prospects for a successful reorganization.

65. The Critical Vendors include, among others, suppliers who provide the Debtors with raw materials and components needed to manufacture the Debtors' products, as well as suppliers who manufacture the Debtors' finished goods for sale to the Debtors' customers. The Critical Vendors also include vendors who support the Debtors' regulatory compliance including the conduct of FDA-mandated Post-Approval Studies (PAS) which are essential in maintaining the Debtors' FDA approvals and FDA clearances permitting the commercialization of their products. To that end, failure to pay prepetition Critical Vendor Claims could cause such Critical Vendors to refuse to provide the goods and services necessary for the Debtors' postpetition activities, including (a) sale of their breast tissue expanders which historically account for

approximately twenty percent of the Debtor's revenue; (b) manufacture and sale of their state-of-the-art breast implants which account for approximately seventy percent of the Debtors' revenue; and (c) sale of the Debtors' newly launched human acellular dermal matrix product. The Debtors believe that it would be extremely difficult, if not impossible, to replace the Critical Vendors within a reasonable time without severe disruption to the Debtors' businesses. Such harm would likely far outweigh the cost of payment of the Critical Vendor Claims.

66. As a result, it is essential to the success of the Debtors' goals in the Chapter 11 Cases that they be able to maintain the flow of goods and services to their business and prevent interruptions which can be avoided by management of the proposed program for Critical Vendors. 11. As of the Petition Date, the Debtors estimate that approximately $2,555,000 is due and owing to the Critical Vendors. The Debtors seek an Interim Critical Vendor Cap of $1,300,000.00, and a Final Critical Vendor Cap of $1,700,000.00.

67. The Debtors operate in the highly regulated prescription medical device industry. Certain of the Debtors' Critical Vendors have been approved by the FDA to provide goods and services to the Debtors. Replacing these vendors would require starting and successfully completing the FDA approval process prior to any new vendor being onboarded. The approval process is lengthy and costly and not guaranteed to result in approval of a substitute vendor. If an FDA approved vendor were to refuse to provide product or services, it could very well be impossible to replace them and the Debtors' sales and manufacturing process could be halted with disastrous effect.

C. ***Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (A) Continue Operating Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Granting Related Relief*** **(the "Cash Management Motion")**

68. As of the Petition Date, the Debtors maintain twenty-four (24) bank accounts (the "Bank Accounts") at Silicon Valley Bank, Wells Fargo, First Republic, and U.S. Bank (collectively, the "Banks"). Payments to creditors are made from the Bank Accounts, in a variety of ways, including checks, drafts, wire transfers, credit cards, and automated clearinghouse ("ACH") transfers. A general diagram of the movement of funds within the Cash Management System is attached to the Cash Management Motion as Exhibit C, and a summary of bank accounts and a short description of the purpose of each account is attached to the Cash Management Motion as Exhibit D.

69. The Cash Management System is complex and critical to the ongoing stability of the Debtors' businesses. Relocating the Cash Management Systems to new accounts and/or an authorized depository (a) would impose an excessive administrative burden on the Debtors and (b) could have unwanted or detrimental effects and disruption on the Debtors' business would stem from such a transition. Parties in interest will not be harmed by the maintenance of the existing Cash Management System because the Debtors employ appropriate mechanisms and internal control procedures to prevent unauthorized payments on account of obligations incurred before the Petition Date.

D. ***Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a) and 366 and Fed. R. Bankr. P. 6003 and 6004 for Entry of Interim and Final Orders: (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment to Utility Companies; (II) Establishing Procedures for Resolving Objections By Utility Companies; (III) Prohibiting Utility Companies From Altering, Refusing, or Discontinuing Service; and (IV) Granting Related Relief*** **(the "Utility Motion")**

70. In the ordinary course of business, the Debtors obtain various essential utility services (collectively, the "Utility Services"), including electric, gas, waste management, and internet, from a number of utility companies (collectively, the "Utility Companies"). A

nonexclusive list of the Utility Companies is attached to the Utility Motion as Exhibit C (the "Utility Services List").

71. The Debtors rely on the Utility Companies to provide Utility Services at their headquarters in Irvine, California and at their manufacturing and distribution centers in Franklin, Wisconsin. In locations with Utility Services, the Debtors rely on the Utility Companies to provide necessary support to their employees, vendors, and customers. Preserving the Utility Services on an uninterrupted basis is essential to the Debtors' ongoing operations, and even a brief alteration or discontinuation of service would likely cause severe disruption to the Debtors' business.

72. The Debtors have a good historical payment record with the Utility Companies. To the best of the Debtors' knowledge, there are no defaults or arrearages of any significance for the Debtors' undisputed invoices for prepetition Utility Services, other than payment interruptions that may be caused by the commencement of the Chapter 11 Cases. Based on historical averages for Utility Services, the Debtors estimate that their cost of Utility Services for the next thirty days will be approximately $34,000.00. As of the Petition Date, the Debtors estimate that the total amount of the Utility Deposit will be approximately $17,000.

E. *Debtors' Motion for Entry of Interim and Final Orders: (I) Authorizing, But Not Directing, the Payment of Certain Taxes and Fees; and (II) Granting Related Relief* (the "Taxes Motion")

73. The Debtors incur local, state and federal income taxes, as well as other governmental taxes, fees, and assessments (collectively, the "Taxes and Fees"). The Debtors pay or remit, as applicable, Taxes and Fees to various governmental authorities (each, an "Authority," and collectively, the "Authorities") on a periodic basis (monthly, quarterly, semi-annually, annually, and on an ad hoc basis depending on the Debtors' reporting calendar), based on the

nature and incurrence of a particular Tax or Fee and as required by applicable laws and regulations. A schedule identifying the Authorities is attached to the Taxes Motion as Exhibit C.

74. Certain Debtors collect and remit sales and use taxes directly to the Authorities (the "Sales and Use Taxes") on a monthly, quarterly, or annual basis. The Debtors pay these Taxes in connection with the sale, purchase, and use of materials, supplies, goods, and services that are necessary for the operation of their business. As of the Petition Date, the Debtors estimate that approximately $35,000 in Sales and Use Taxes and other charges will have accrued and remain unpaid to the relevant Authorities. The Debtors also remit various international Sales and Use Taxes in connection with their international business operations. Specifically, the Debtors incur Canadian Sales Taxes, including Goods and Services Taxes and Harmonized Sales Taxes as a result of conducting business in Canada (collectively, the "Canadian Sales Taxes"). The Debtors remit the Canadian Sales Tax on a quarterly basis. The Debtors remit all Canadian Sales Taxes directly to the relevant Taxing Authorities. As of the Petition Date, the Debtors estimate that they have incurred or collected approximately $250,000 in Canadian Sales Taxes that have not been remitted to the relevant Taxing Authorities.

75. The Debtors incur personal property taxes (the "Property Taxes") owed to certain state and local Authorities. The Debtors typically pay Property Taxes annually, quarterly, or semi-annually depending on how the relevant tax is assessed. As of the Petition Date, the Debtors estimate that the aggregate amount of accrued and unremitted Property Taxes is approximately $42,000.

76. Further, the Debtors are required to pay franchise and business privilege taxes (the "Franchise Taxes") to certain Authorities to operate their businesses in the applicable taxing

jurisdictions. As of the Petition Date, the Debtors estimate that the aggregate amount of accrued and unremitted Franchise Taxes is approximately $225,000.

77. The Debtors are required to pay various taxes and fees for business licenses, regulatory fees, annual reports, and other similar types of taxes and fees (the "Business Fees") in order to continue conducting their business pursuant to federal, state, and local laws. The Debtors remit the required amounts for the Business Fees on a monthly, quarterly, or annual basis, depending on the requirements of the particular Authority. As of the Petition Date, the Debtors estimate that the aggregate amount of accrued and unremitted Business Fees is approximately $65,200.

78. The Debtors utilize Avalara, a third-party tax compliance and tax software provider, to assist with calculating tax obligations and remitting tax payments to various Authorities. Once the Debtors submit a particular tax return or filing with a particular taxing Authority, Avalara will pull the necessary tax payments due to the applicable taxing Authority from the Debtors' accounts payable disbursement account. The Debtors pay Avalara on an annual basis pursuant to one-year term contracts.

79. Additionally, the Debtors are and may become subject to routine audit investigations on account of tax returns or tax obligations in respect of prior years ("Audits") during the Chapter 11 Cases. Audits may result in additional prepetition Taxes and Fees being assessed against the Debtors (such additional Taxes and Fees, "Assessments").

80. Any failure by the Debtors to pay the Taxes and Fees could materially disrupt the Debtors' business operations in several ways, including: (a) the Authorities may initiate audits of the Debtors, which would unnecessarily divert the Debtors' attention from the Chapter 11 Cases; (b) the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the

automatic stay, or pursue other remedies that will harm the estates; and (c) in certain instances, the Debtors' directors and officers could be subject to claims of personal liability, which would likely distract those key individuals from their duties related to the Debtors' reorganization efforts. Taxes and Fees not paid on the due date as required by law may result in fines and penalties, the accrual of interest, or both. The Debtors seek authority to pay, in their reasonable discretion, the Taxes and Fees in the ordinary course as they become due.

F. ***Debtors' Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105(a) and 363 Authorizing, But Not Directing, Debtors to Pay Prepetition Claims of Shippers and Warehousemen and Granting Related Relief*** **(the "Shippers Motion")**

81. The Debtors' supply, delivery, and distribution of raw materials and finished products through shipping distributors and warehousemen is critical to the Debtors' overall business operations. In the normal course of operations, the Debtors heavily rely on a variety of shippers, delivery companies, and similar service providers (collectively, the "Shippers") to deliver inbound raw materials for their manufacturing process, certain finished products from third-party contract manufacturers, and to deliver outbound finished product to customers such as hospitals, medical facilities, and private clinics. The Debtors also rely on warehousing companies (collectively, the "Warehousemen") to temporarily store finished goods in transit to customers. This distribution system is critical to meeting customer orders that are time-sensitive based on patient surgery dates that are normally scheduled within days of shipment requests. Failure to maintain a functioning and reliable delivery network could negatively impact customer goodwill and cause customers to switch to competitors, thus harming the Debtors' operations and the value of their assets.

82. *Inbound Delivery and Manufacturing:* The Debtors obtain raw materials from various third party (primarily domestic) companies to manufacture certain its products—breast implants and fat transfer systems—for sale to the Debtors' customers: plastic surgeons, hospitals,

and surgery centers. The raw materials are shipped typically via FedEx or UPS Ground to the Company's manufacturing facility in Franklin, Wisconsin. The Company also outsources the manufacturing of its tissue expander, saline sizers, and scar treatment products to certain third-party contract manufacturers and relies on the inbound shipment of finished products from those contract manufacturers for the ultimate sale of them to the Company's customers. Inbound shipments also include critical components used in the manufacturing process for sterilization testing.

83. *Outbound Delivery and Warehousing:* The Company relies on certain outbound shipping as part of the manufacturing process of its products, including the outbound shipment of biological indicators for sterilization testing of its breast implant products, and outbound shipment of its fat transfer products for sterilization (and subsequent return shipping after sterilization is complete). After the manufacturing process, finished products are either stored at the Company's distribution center in Franklin, Wisconsin or are shipped to customers or stored at additional warehouse locations maintained by Anywhere Warehouses (a third-party logistics/warehouse provider) in New York and Florida. The Debtors ship finished products on a daily basis to customers typically via FedEx Ground or on an expedited basis, such as two-day or overnight delivery based upon the surgery date of the patient. Most shipments of finished product are ordered by customers and shipped within a ten-day window before a patient's surgery date. Certain high-volume customers also hold products on consignment at the customers' location for the convenience of having a large and readily available supply for surgeries. Finally, small batches of inventory are also held by each sales representative as "trunk stock" to fulfill emergency requests for product that could not otherwise be met by shipment from the Company's distribution center.

84. The Debtors anticipate that some Shippers and Warehousemen will demand immediate payment from the Debtors. A Shipper's or Warehouseman's mere possession (and retention) of the Debtors' raw materials and finished products could severely disrupt, and potentially cripple, the Debtors' operations because of the time-sensitive nature of the finished goods supplied to their customers.

85. The Debtors believe that the cost of replacing or reconstructing their existing supply chain network far exceeds the amount of claims outstanding to the Shippers and Warehousemen as of the Petition Date. The cost of the disruption to the Debtors' estates that would be caused by the retention by the Shippers or Warehousemen of raw materials or finished products would likely far outweigh the outstanding Shipping Claims. The Debtors do not expect payments to Shippers and Warehousemen to exceed $325,000.

86. The Debtors believe the failure to expeditiously receive the requested relief would severely disrupt the Debtors' operations at this important juncture. The requested relief is necessary for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of their operations, and maximize the value of their estates for the benefit of all stakeholders.

G. *Motion of Debtors for Entry of Interim and Final Orders (I) Approving Notification and Hearing Procedures for Certain Transfers of Common Stock and (II) Granting Related Relief* (the "NOL Motion")

87. The Debtors currently estimate that, as of December 31, 2022, they had approximately $622 million in federal net operating losses (NOLs), approximately $713 million in state SOLs, and approximately $25 million of 163(j) Carryforwards (together, with certain other tax attributes, the "Tax Attributes"). The Debtors may generate additional Tax Attributes in the 2024 tax year, including during the pendency of these chapter 11 cases. The Tax Attributes are potentially of significant value to the Debtors and their estates because the Debtors may be able to utilize the Tax Attributes to offset any taxable income, including any such taxable income

generated by transactions consummated during these chapter 11 cases (including with respect to any taxable disposition of some or all of the Debtors' assets). Additionally, depending on the structure utilized in the Plan, in the event any of the Debtors' Tax Attributes were to survive, the Debtors may be able to carry forward certain of those Tax Attributes to offset federal taxable income or federal tax liability in future years. The relief requested by the NOL Motion is designed to preserve the value of the Tax Attributes to the benefit of the Debtors' stakeholders.

88. To maximize the use of the Tax Attributes and enhance recoveries for the Debtors' stakeholders, the Debtors seek limited relief that will enable them to closely monitor certain transfers of Beneficial Ownership of Common Stock so as to be in a position to act expeditiously to prevent such transfers, if necessary, with the purpose of preserving the Tax Attributes. The Procedures do not bar all transfers of Beneficial Ownership of Common Stock. By establishing and implementing such Procedures, the Debtors will be in a position to object to "ownership changes" that threaten their ability to preserve the value of their Tax Attributes for the benefit of the estates.

H. ***Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Honor Certain Prepetition Obligations to Customers and (B) Otherwise Continue Certain Customer Programs in the Ordinary Course of Business and (II) Granting Related Relief*** **(the "Customer Program Motion")**

89. Prepetition, the Debtors implemented certain programs, practices, incentives, promotions, and other accommodations including (i) a product return and refund policy (the "Return and Refund Policy"), (ii) two warranty programs (the "Warranty Programs"), (iii) marketing programs (the "Marketing Programs"), and (iv) sales incentive programs (the "Sales Incentive Rebates" and, collectively with the Return and Refund Policy and the Warranty Programs, the "Customer Programs."). The Customer Programs are designed to generate goodwill, maintain loyalty, incentivize sales and improve the Debtors' profitability by maximizing

the satisfaction of the Debtors' customers - hospitals and surgeons (the "Customers").

90. Certain Customer Programs are intended to accommodate the hospitals' practice of purchasing implants. Hospitals purchase implants in multiples, purchasing more than they will actually need for a given surgery. The end-user of the Debtors' products are the recipients of the breast implants. These recipients or patients are not the direct Customers of the Debtors, but patient confidence in the Debtors' implants is key to the Debtors' business. The Warranty Programs (described further below) benefit the patients and are intended to provide the patient with confidence that the Debtors will stand behind their products.

91. Maintaining goodwill and sustaining Customer relationships through the Customer Programs is critical to the Debtors' ongoing operations and the preservation and maximization of the value of the Debtors' assets. Failure to continue the Customer Programs and satisfy certain prepetition obligations in connection therewith would be a complete change to the Debtors' business model and Customer sales practices and would risk alienating the Debtors' most loyal and valuable current Customers.

92. *Return and Refund Policy:* Given the nature of the Debtors' products and their medical applications, the Debtors have instituted a return and refund policy for all unused breast implants. Prior to a breast reconstruction or augmentation surgery, a hospital will order and pay for multiple implants in several sizes but will only use one or two in the actual surgery. This practice allows for proper sizing which cannot be determined definitively until the actual surgery. Any unused, unopened implants may be returned post-surgery and a credit will be issued for returned implants in accordance with the terms of the Return and Refund Policy. Pursuant to the standard terms and conditions of sale, the Debtors offer credit for returned product and may ship new product at no charge for the return credit but, as a Customer accommodation, cash refunds

may be issued over time. The practice of offering return credits and cash refunds for unused product is industry standard and the Debtors have implemented and maintained this process to remain competitive. Customers expect a Return and Refund Policy like the Debtors have implemented and to discontinue it puts the Debtors in an inferior position in the marketplace and will negatively affect sales.

93. Pursuant to the Customer Program Motion, subject to the Approved Budget, the Debtors seek to continue to administer and honor the Customer Credits in the ordinary course of business, consistent with past practices, including honoring and paying refunds for Customer Credits up to a maximum aggregate amount of $600,000.00 on an interim basis, and up to the maximum aggregate amount of $1,500.000 on a final basis.

94. *The Warranty Programs:* The Debtors offer two warranty programs to patients who receive breast implants. Importantly, while the Debtors' Customers are physicians or hospitals that purchase the implants, the warranties are offered to patients who receive the implants. The two warranty programs vary based on the date of implantation. The Debtors provide a Limited Warranty and Product Replacement Program for their Silicone Gel Breast Implants (the "LWRP") which is a ten-year warranty program that covers products implanted between April 1, 2012 and April 30, 2018. This is a product replacement and limited warranty program subject to the terms of the LWRP. The Debtors offer the Sientra Platinum20 Product Replacement and Limited Warranty Program (the "Platinum20 Program") which offers a twenty-year warranty product replacement and limited warranty program that covers implants used on or after May 1, 2018 subject to the terms of the Platinum20 Program. Historically, the Debtors have paid out approximately $250,000 per quarter on the Warranty Programs. The Warranty Programs

provide assurance to the Customer hospitals and physicians and, more importantly, to the patients receiving the implants.

95. *Marketing Programs and Sales Incentive Rebates:* The Debtors offer a variety of marketing programs to patients and surgeons (the "Marketing Programs") which are intended to incentivize patients and surgeons to purchase the Debtors' products. The Debtors also offer certain sales incentive rebates ("Sales Incentive Rebates") if certain sales targets are met. The Debtors estimate that, as of the Petition Date, they owe less than $100,000 on account of Sales Incentive Rebates. Given their benefits and importance to the Debtors' business, the Debtors seek the authority to continue and honor in their discretion the Marketing Programs and the Sales Incentive Rebates in the ordinary course.

96. The Debtors have determined that maintaining the Customer Programs, including payment of any amounts due thereunder in the ordinary course of business, are critical to the success of these Chapter 11 Cases. All together, the Customer Programs provide incentives which are vitally important to keep the Debtors competitive and maximize product sales. Continuing the Customer Programs and payment of amounts due thereunder without interruption will help preserve the Debtors' valuable Customer relationships and goodwill, which will inure to the benefit of all of the Debtors' creditors and stakeholders. If the Debtors are not able to honor their obligations under and continue the Customer Programs, Customers may decide to patronize competitors' products that offer substantially similar programs, and the Debtors may be unable to attract as many new Customers for their services and products. Ultimately, the damage from disregarding the Debtors' obligations under the Customer Programs would far exceed the cost associated with honoring the Customer Programs, including prepetition amounts owing in connection therewith. Failure to expeditiously receive Court authorization would severely disrupt

the operation of the Debtors' business and administration of the Debtors' estates at this critical juncture.

I. ***Motion for Entry of Interim and Final Orders: (I) Authorizing Debtors to (A) Continue to Maintain Their Insurance Policies and Programs, (B) Honor All Insurance Obligations, (C) Renew, Amend, Supplement, Extend, or Purchase and Finance Insurance Policies; and (II) Granting Related Relief*** **(the "Insurance Motion")**

97. In connection with the operation of the Debtors' business and the management of their facilities, the Debtors maintain various insurance policies that provide coverage for, among other things, general liability, property, commercial automobile, products liability, umbrella liability, employment practices liability, fiduciary liability, crime liability, cyber liability, directors' and officers' liability, and workers' compensation liability (collectively, the "Insurance Policies"). The Debtors obtain the Insurance Policies through various third-party insurance carriers (collectively, the "Insurance Carriers"; a non-exclusive list of the Insurance Policies is attached to the Insurance Motion as Exhibit C). The Debtors seek authority to continue the Insurance Policies in the ordinary course of business and to pay the Insurance Obligations as they come due and payable.

98. Further, the Debtors finance certain of the Insurance Obligations through First Insurance Funding pursuant to the Premium Financing Agreement (a copy of which is attached to the Insurance Motion as Exhibit D). The premium financing obligations to First Insurance Funding and the Broker (Marsh McLennan Agency) (the "Premium Financing Obligations") are secured by any and all unearned or return premiums and dividends that may become due under the affected Insurance Policies. The Debtors seek authority to continue making the required payments to satisfy any outstanding Premium Financing Obligations; and to enter into new agreements as needed to finance the premiums under the affected Insurance Policies and to pay any associated Premium Financing Obligations.

99. In addition, in the ordinary course of business, the Debtors may provide surety bonds ("Surety Bonds") to certain parties to secure the Debtors' payment or performance of certain obligations. These may include surety bonds required by state agencies to maintain licenses or the right to conduct business in a particular state directly or with third parties. To the extent that the Debtors need to honor any Surety Bond obligations, they seek authority to do so (collectively, the "Surety Obligations").

77. Continuation of the Insurance Policies and honoring of the Insurance Obligations, Premium Finance Obligations and Surety Obligations in the Debtors' discretion are essential to the preservation of the value of the Debtors' business and operations. I understand that a lapse in the applicable coverage could expose the Debtors to substantial liability, monetary and otherwise, for injuries, damages, and penalties for failing to maintain proper insurance.

Executed this 12th day of February, 2024 at Irvine, California.

/s/ Ron Menezes
Ron Menezes
CEO and President of Sientra, Inc. and
Its Affiliate Debtors

Exhibit A

(Corporate Organizational Chart)

4895-7246-4548, v. 4

EXHIBIT A
Organizational Chart

Sientra Corporate Structure