IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
Cutera, Inc., *et al.*,[1]	Case No. 25-90088 (ARP)
Debtors.	(Joint Administration Requested)

DECLARATION OF MATTHEW BRAUN, MANAGING DIRECTOR OF HOULIHAN LOKEY CAPITAL, INC., IN SUPPORT OF DEBTORS' (I) EMERGENCY MOTION FOR ORDER (A) APPROVING EQUITY RIGHTS OFFERING PROCEDURES AND RELATED FORMS, (B) AUTHORIZING DEBTORS TO CONDUCT EQUITY RIGHTS OFFERING IN CONNECTION WITH DEBTORS' PREPACKAGED PLAN OF REORGANIZATION, (C) APPROVING COMMON EQUITY CONVENIENCE BUYOUT PROCEDURES, AND (D) GRANTING, RELATED RELIEF, AND (II) MOTION FOR ORDER (A) AUTHORIZING DEBTORS' ENTRY INTO BACKSTOP COMMITMENT AGREEMENT, (B) APPROVING OBLIGATIONS THEREUNDER, AND (C) GRANTING RELATED RELIEF

I, Matthew Braun, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge:

1. I am a Managing Director of Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), the proposed investment banker to the above-captioned debtors and debtors in possession (collectively, the "Debtors" and, together with their non-debtor affiliates, the "Company"). I submit this declaration (the "Declaration") in support of the *Debtors' (I) Emergency Motion for Order (A) Approving Equity Rights Offering Procedures and Related Forms, (B) Authorizing Debtors to Conduct Equity Rights Offering in Connection with Debtors' Prepackaged Plan of Reorganization, (C) Approving Common Equity Convenience Buyout Procedures, and*

[1] The Debtors in these Chapter 11 cases, together with the last four digits of each Debtors' federal tax identification number, are as follows: Cutera, Inc. (2262) and Crystal Sub, LLC (6339). The Debtors' service address is 3240 Bayshore Boulevard, Brisbane, CA 94005.

*(D) Granting Related Relief, and (II) Motion for Order (A) Authorizing Debtors' Entry Into Backstop Commitment Agreement, (B) Approving Obligations Thereunder, and (C) Granting Related Relief (*the "Motion"),[2] filed contemporaneously herewith.

2. Although Houlihan Lokey is expected to be compensated for its work as the Debtors' investment banker in these chapter 11 cases, I am not being compensated separately for this Declaration or testimony. Except as otherwise indicated, all statements in this Declaration are based on (a) my personal knowledge, (b) information that I have received from the Debtors' employees or other advisors, (c) the Debtors' books, records, and relevant documents, (d) information from or discussions with employees of Houlihan Lokey working directly with me or under my supervision, direction, or control, and/or (e) my opinions, experience, and knowledge as a restructuring professional. Specifically, I have overseen the Houlihan Lokey team, which since July 17, 2024, has been one of the principal advisors to the Debtors. In that capacity, I have been directly involved in the matters leading up to the Debtors' chapter 11 filings, including the Equity Rights Offering, Common Equity Convenience Buyout, and the Backstop Agreement.

3. I am over the age of 18 years and am authorized to submit this Declaration on behalf of the Debtors. If I were called upon to testify, I could and would testify to the facts set forth herein.

Qualifications

4. Houlihan Lokey, together with the other subsidiaries of its direct parent company, Houlihan Lokey, Inc., is an internationally recognized investment banking and financial advisory firm, with thirty-eight offices worldwide and more than 1,900 professionals. Houlihan Lokey's Financial Restructuring Group, which has more than 300 professionals, is one of the leading

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

advisors and investment bankers to debtors, unsecured and secured creditors, acquirers, and other parties-in-interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan Lokey has been, and is, involved in some of the largest restructuring cases in the United States, including representing debtors and official committees in numerous chapter 11 cases in this and other districts.

5. Since joining Houlihan Lokey in 2014, I have specialized in assisting companies, lenders, creditors, and investors in distressed situations. My experience includes conducting divestitures of financially troubled assets, raising various forms of capital and negotiations relating to the restructuring of private and public securities, both in chapter 11 and in out-of-court situations. Prior to joining Houlihan Lokey, I was an Associate in Rothschild & Co.'s debt advisory and restructuring group, and an Analyst in Development Specialists' restructuring advisory services group. I hold a Bachelor of Arts in Economics from Vassar College, a Master of Science in Economics from the University of Edinburgh, and a Master of Business Administration from the Darden School of Business at The University of Virginia.

Rights Offering

6. The Plan provides for a new money rights offering (the "Equity Rights Offering") in accordance with the proposed procedures attached to the proposed Rights Offering Order as **Exhibit A** (the "Equity Rights Offering Procedures"), pursuant to which holders of allowed Senior Notes Claims will receive Subscription Rights to purchase shares of common equity in the Reorganized Debtors (the "Equity Rights Offering Shares") at $7.55 per share (the "Equity Rights Offering Share Price"), which reflects the plan value per share after discounting by 35% the pre-rights offering proceeds valuation portion thereof. Subscription Rights will be allocated as follows: the Holdback Rights Offering Amount (45% of total or $13.5 million), exclusive of the

Backstop Premium, will be reserved for the Equity Rights Offering Holdback Parties, and the Non-Holdback Rights Offering Amount (55% of total or $16.5 million), exclusive of the Backstop Premium, will be available to all eligible holders of Senior Notes Claims, including the Equity Rights Holdback Parties, *pro rata*. In total, $30 million in Equity Rights Offering Shares will be made available through the Equity Rights Offering.

7. The Equity Rights Offering is a central financing component of the Debtors' restructuring transaction contemplated in the Plan and the product of good faith, arm's-length negotiations among sophisticated parties with experienced advisors. After months of continuous negotiations between the Debtors and their advisors (including Houlihan Lokey), on the one hand, and the Ad Hoc Committee of Consenting Noteholders and their advisors, on the other, the Debtors reached an agreement on the terms of a Restructuring Support Agreement contemplating a comprehensive, value-maximizing transaction that would substantially deleverage the Debtors' capital structure and allow the Debtors to emerge from chapter 11 as viable going concerns. The Debtors' ability to achieve this goal, however, depends on the Company's access to exit financing to satisfy its obligations under the Plan and to fund its post-bankruptcy operations. The $30 million to be raised through the Equity Rights Offering will be used to (1) fund Plan distributions, including to holders of general unsecured claims who will be unimpaired by the Debtors' Plan, (2) provide the Debtors upon emergence from chapter 11 with vital liquidity for working capital and general corporate purposes, and (3) pay reasonable and documented fees and expenses related to the Debtors' chapter 11 cases.[3] Thus, the funds generated from the Equity Rights Offering are essential to the implementation of the Plan, ensuring that necessary funds will be available for the Debtors to consummate the Plan and operate their businesses post-reorganization.

[3] For the avoidance of doubt, funding raised through the Equity Rights Offering will not be used to fund the Common Equity Convenience Buyout.

8. I understand that the Equity Rights Offering Procedures will be sent out together with the Disclosure Statement, both of which are intended to provide eligible holders of Senior Notes Claims with sufficient information to make an informed investment decision as to their participation in the Equity Rights Offering.

9. Accordingly, I believe that the Equity Rights Offering maximizes value to the Debtors' estates by creating a viable path for the Debtors to emerge from chapter 11 and that pursuing the Equity Rights Offering is therefore a reasonable exercise of the Debtors' business judgment and should be approved.

Common Equity Convenience Buyout Procedures

10. The Plan allows holders of Allowed Senior Notes Claims to choose between two different distributions, in their sole discretion, subject to each individual holder's obligations, if any, under the Backstop Agreement. *First*, a holder may elect to receive (a) its *pro rata* share of 100% of the Reorganized Common Equity, subject to dilution from the Equity Rights Offering, the Put Option Premium, and the Management Incentive Plan; and (b) the right to participate in the Equity Rights Offering, pursuant to the terms described above (together, the "Senior Notes Claim Equity Recovery"). *Second*, holders of Senior Notes Claims (other than Consenting Senior Noteholders) may elect the Senior Notes Claim Cash Option and receive cash in an amount equal to the number of shares of Reorganized Common Equity that such holders were entitled to receive pursuant to clause (a) of the Senior Notes Claim Equity Recovery described above (the "Cash-Out Shares") multiplied by \$5.00 (the "Common Equity Convenience Buyout Share Price"), which represents a 50% discount to the price per share of Reorganized Common Equity at the post-Equity Rights Offering plan equity value. Based on the Debtors' prepetition capital structure, even if all non-Consenting Senior Noteholders elect the Senior Notes Claim Cash Option, it is unlikely that

the aggregate Senior Notes Claim Cash Amount will exceed the Common Equity Convenience Buyout Cap of $7,040,000. If, however, the aggregate Senior Notes Claim Cash Amount does exceed the Common Equity Convenience Buyout Cap, then the amount of Cash-Out Shares owing to each Cash Option Participant will be reduced on a *pro rata* basis so that the aggregate Senior Notes Claim Cash Amount does not exceed the Common Equity Convenience Buyout Cap (the "Cash-Out Reduction"). If the Cash-Out Reduction occurs, each Cash Option Participant will receive shares of Reorganized Common Equity equal to the number of Cash-Out Shares of such holder that were reduced in accordance with the Cash-Out Reduction.

11. The Common Equity Convenience Buyout Procedures are beneficial to both Debtors and holders of Senior Notes Claims. The Senior Notes Claim Cash Option allows holders to receive cash in exchange for their Senior Notes Claims and to receive Reorganized Common Equity only if the Common Equity Convenience Buyout Cap is reached. Moreover, the infusion of new capital through the Cash-Out Backstop Commitment allows the Debtors to make cash distributions to Cash Option Participants without relying on their capital.

12. I believe that the Common Equity Convenience Buyout is beneficial to the Debtors, their estates, and stakeholders alike and that the Common Equity Convenience Buyout Procedures and Common Equity Convenience Buyout Premium are appropriate and should be approved.

Backstop Agreement

13. The Equity Rights Offering is beneficial to the Debtors only insofar as parties are willing to participate in it, and the Common Equity Convenience Buyout is beneficial only insofar as the Debtors have the capital to fund it. To ensure the necessary funding is obtained through the Equity Rights Offering and provided for the Common Equity Convenience Buyout, the Debtors and the Backstop Parties plan to, subject to approval from the Bankruptcy Court, enter into the

Equity Rights Offering Backstop Commitment Agreement, attached to the proposed Backstop Commitment Order as **Exhibit A** (the "Backstop Agreement"). Pursuant to the Backstop Agreement, the Backstop Parties have committed, subject to the terms and conditions thereof, to fully backstop the Equity Rights Offering and provide up to $7,040,000 to fund the Common Equity Convenience Buyout for Cash Option Participants.

14. Through the Rights Offering Backstop Commitment, the Debtors are assured that the full $30 million Equity Rights Offering Amount will be raised and through the Cash-Out Backstop Commitment, the Debtors are assured that the Common Equity Convenience Buyout will be funded up to the Common Equity Convenience Buyout Cap without having to commit the Debtors' own capital. Undoubtedly, the Backstop Parties are conferring a material benefit to the Debtors' estates as they commit the needed capital to lead the Debtors successfully out of bankruptcy and allow them to operate as a healthy and profitable going concern enterprise, saving the jobs of hundreds of hard-working and loyal men and women throughout the United States and allowing the Company to continue its operations in the ordinary course. I believe the benefits provided by the Debtors' entry into the Backstop Agreement are commensurate with the economic consideration provided by the Backstop Parties in exchange for their substantial commitments under the Backstop Agreement.

15. In light of the significant amount of capital the Backstop Parties have committed to assure the successful implementation of the Plan and the considerable time and expense (including opportunity cost) the Backstop Parties incurred in negotiating the Backstop Agreement and will continue to incur as the parties proceed to Plan confirmation, the Backstop Parties conditioned their commitment on the approval of the Backstop Premium and the Common Equity Convenience Buyout Premium (together, the "Put Option Premium"). In addition to the Put Option Premium,

the Backstop Agreement obligates the Debtors to pay contribution and reimbursement claims for certain losses, claims, damages, liabilities, costs, and expenses arising out of or in connection with the Backstop Agreement (the "Indemnification Obligations") and to promptly pay the Commitment Expenses (as defined in the Backstop Agreement[4] and, together with the Put Option Premium and Indemnification Obligations, the "Backstop Agreement Obligations"). The Backstop Premium entitles the Backstop Parties to an amount equal to 10% of the Equity Rights Offering Amount and is payable either (i) on the Effective Date, in Reorganized Common Equity, issuable at the Equity Rights Offering Share Price, or (ii) if the Backstop Agreement is terminated prior to the Effective Date, in cash, as an administrative expense claim. Similarly, the Common Equity Convenience Buyout Premium entitles the Backstop Parties to an amount equal to 10% of the Common Equity Convenience Buyout Cap and is payable either (i) on the Effective Date, in Reorganized Common Equity, issuable at the Equity Rights Offering Share Price, or (ii) if the Backstop Agreement is terminated prior to the Effective Date, in cash, as an administrative expense claim. In exchange for funding the Common Equity Convenience Buyout, the Backstop Parties will also receive the Reorganized Common Equity that otherwise would have gone to the Cash Option Participants had the Cash Option Participants not elected the Senior Notes Claim Cash Option.

16. The Backstop Agreement Obligations are reasonable in light of the size of the Debtors' chapter 11 cases and the tangible benefit to the estates of having a substantial committed

[4] As defined in the Backstop Agreement, "Commitment Expenses" means (i) the reasonable means the reasonable and documented prepetition and postpetition fees, costs and out-of-pocket expenses incurred or accrued by the Commitment Parties, including, without limitation, those of: (a) Paul, Weiss, Rifkind, Wharton & Garrison LLP, as counsel to the Commitment Parties; (b) Porter Hedges LLP, as co-counsel to the Commitment Parties; and (c) Centerview Partners LLC, as financial advisor and investment banker to the Commitment Parties, and (ii) any such fees, costs, or out-of-pocket expenses incurred in connection with any Proceeding (including the filing of any lawsuit, or the assertion in the Chapter 11 Case of a request for reimbursement) taken by any Commitment Party that results in a non-appealable final judgment for the Commitment Parties to collect any unpaid amounts described in subsection (i) of this definition.

plan investment and extensive Plan support sufficient for confirmation. Notably, the Put Option Premium likely imposes no cash costs on the Debtors. The Put Option Premium is payable entirely in Reorganized Common Equity on the Effective Date. And, even if the Backstop Agreement is terminated prior to the Effective Date, the Debtors believe that treating the Put Option Premium as an administrative expense claim, payable in cash, is appropriate in light of the benefits that the Debtors and their estates will receive.

17. My team and I evaluated the Backstop Agreement Obligations, and I believe that the terms of the Backstop Agreement, including the Backstop Agreement Obligations, are fair and reasonable, under the facts and circumstances of these chapter 11 cases, in consideration of the certainty the Backstop Agreement provides the Debtors' restructuring process.

18. Agreeing to the Backstop Agreement Obligations is also a reasonable exercise of the Debtors' business judgment given (a) the significant benefit to the estates of having a definitive agreement for a value-maximizing transaction and fully committed capital that will facilitate a deleveraging of the Company's balance sheet and emergence from these chapter 11 cases, (b) the costs incurred by the Backstop Parties in connection with engaging with the Debtors and negotiating the terms of the Backstop Agreement and other transaction documents, and (c) the time that lies ahead before the consummation of the Plan and the corresponding lost opportunity costs. Further, the Debtors have been advised that the Backstop Parties would not have agreed to the binding Rights Offering Backstop Commitment and the Cash-Out Backstop Commitment without the Backstop Agreement Obligations. Under these circumstances, I believe agreeing to the Backstop Agreement Obligations represents a sound exercise of the Debtors' business judgment.

19. As a whole, the Backstop Agreement is an integral component of the Equity Rights Offering (which, as noted above, is an integral component of the holistic restructuring) and is the

product of extensive arm's-length negotiations between the Debtors and their stakeholders. The decision to enter into the Backstop Agreement was undertaken only after careful consideration by the Debtors' management in consultation with their experienced financial and legal advisors. The Debtors have evaluated the risks and the costs associated with entry into the Backstop Agreement, including the Backstop Agreement Obligations, and considered those factors in comparison with the uncertainty and expense that would accompany the lack of a clear, supported exit path and source of committed exit capital in a reorganization transaction in the absence of the Equity Rights Offering and the Backstop Agreement. The Debtors have soundly determined that the Equity Rights Offering and Backstop Agreement minimize their risk and maximize value for their stakeholders.

20. To summarize, I believe that the terms of the Equity Rights Offering, Common Equity Convenience Buyout Procedures, and Backstop Agreement are reasonable under the facts and circumstances of these chapter 11 cases.

I declare under penalty of perjury that, after reasonable inquiry, the foregoing is true and correct to the best of my knowledge, information and belief.

Executed this 5th day of March, 2025.

/s/ Matthew Braun
Matthew Braun
Managing Director
Houlihan Lokey Capital, Inc.