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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from to

Commission File Number: 001-39186

ARCUTIS BIOTHERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**81-2974255**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
3027 Townsgate Road Suite 300 Westlake Village, California	**91361**
(Address of Principal Executive Offices)	**(Zip Code)**

(805) 418-5006

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.0001	**ARQT**	**The Nasdaq Global Select Market**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares of the registrant's Common Stock outstanding as of October 30, 2026 was 126,455,033.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, stock compensation, business strategy, plans, market growth, commercialization of approved products, and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. Forward-looking statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part II, Item 1A, “Risk Factors” in this Quarterly Report on Form 10-Q. The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance, and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events, or otherwise.

Regulation FD – Channel of Distribution

We periodically post information that may be important to investors on our investor relations website at https://investors.arcutis.com. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors and potential investors are encouraged to consult our website regularly for important information, in addition to following our press releases, filings with the Securities and Exchange Commission (SEC) and public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this Quarterly Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ARCUTIS BIOTHERAPEUTICS, INC.
Condensed Consolidated Balance Sheets
(In thousands, except par value)
(unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,373	$ 42,907
Restricted cash	308	308
Marketable securities	226,087	178,075
Trade receivables, net	171,281	146,229
Inventory	45,669	22,634
Prepaid expenses and other current assets	26,972	21,079
Total current assets	503,690	411,232
Property, plant, and equipment, net	796	1,043
Intangible assets, net	13,125	14,812
Operating lease right-of-use asset	4,145	4,467
Other assets	2,670	1,419
Total assets	$ 524,426	$ 432,973
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,342	$ 12,528
Current portion of long-term debt, net	6,950	1,000
Accrued and other current liabilities	157,065	116,310
Total current liabilities	172,357	129,838
Operating lease liability, long-term	5,224	5,266
Long-term debt, net	102,448	107,959
Other long-term liabilities	431	431
Total liabilities	280,460	243,494
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.0001 par value; 300,000 shares authorized at September 30, 2026 and December 31, 2025; 126,018 and 123,333 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	12	12
Additional paid-in capital	1,370,692	1,327,595
Accumulated other comprehensive income (loss)	(1,169)	(44)
Accumulated deficit	(1,125,569)	(1,138,084)
Total stockholders' equity	243,966	189,479
Total liabilities and stockholders' equity	$ 524,426	$ 432,973

See accompanying notes to the condensed consolidated financial statements.

ARCUTIS BIOTHERAPEUTICS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues:				
Product revenue, net	$ 143,919	$ 99,219	$ 379,178	$ 244,569
Other revenue	—	—	—	2,000
Total revenues	143,919	99,219	379,178	246,569
Operating expenses:				
Cost of sales	12,460	8,685	33,183	25,007
Research and development	22,422	19,604	73,404	56,600
Selling, general and administrative	99,601	62,404	255,815	195,576
Total operating expenses	134,483	90,693	362,402	277,183
Income (loss) from operations	9,436	8,526	16,776	(30,614)
Other income (expense):				
Interest income	2,596	2,118	7,150	6,731
Interest expense	(2,959)	(3,071)	(10,733)	(9,082)
Other income (expense), net	(77)	(83)	(254)	130
Total other income (expense)	(440)	(1,036)	(3,837)	(2,221)
Income (loss) before income taxes	8,996	7,490	12,939	(32,835)
Provision for income taxes	195	80	424	701
Net income (loss)	$ 8,801	$ 7,410	$ 12,515	$ (33,536)
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	(498)	68	(945)	(164)
Foreign currency translation adjustment	(15)	(95)	(180)	109
Total other comprehensive income (loss)	(513)	(27)	(1,125)	(55)
Comprehensive income (loss)	$ 8,288	$ 7,383	$ 11,390	$ (33,591)
Earnings (loss) per share:				
Basic	$ 0.07	$ 0.06	$ 0.10	$ (0.26)
Diluted	$ 0.06	$ 0.06	$ 0.09	$ (0.26)
Weighted-average shares used in computing earnings (loss) per share:				
Basic	131,011	127,623	130,306	126,891
Diluted	136,836	132,885	136,192	126,891

See accompanying notes to the condensed consolidated financial statements.

ARCUTIS BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2025	123,333	$ 12	$ 1,327,595	$ (44)	$ (1,138,084)	$ 189,479
Issuance of common stock upon the exercise of stock options	135	—	1,067	—	—	1,067
Issuance of common stock upon the vesting of restricted stock units	1,574	—	—	—	—	—
Stock-based compensation expense	—	—	10,867	—	—	10,867
Unrealized gain (loss) on marketable securities	—	—	—	(351)	—	(351)
Foreign currency translation adjustment	—	—	—	(119)	—	(119)
Net income (loss)	—	—	—	—	(11,295)	(11,295)
Balance—March 31, 2026	125,042	12	1,339,529	(514)	(1,149,379)	189,648
Issuance of common stock upon the exercise of stock options	202	—	1,361	—	—	1,361
Issuance of common stock upon the vesting of restricted stock units	258	—	—	—	—	—
Shares issued pursuant to the employee stock purchase plan	89	—	1,629	—	—	1,629
Stock-based compensation expense	—	—	13,074	—	—	13,074
Unrealized gain (loss) on marketable securities	—	—	—	(96)	—	(96)
Foreign currency translation adjustment	—	—	—	(46)	—	(46)
Net income (loss)	—	—	—	—	15,009	15,009
Balance—June 30, 2026	125,591	12	1,355,593	(656)	(1,134,370)	220,579
Issuance of common stock upon the exercise of stock options	273	—	2,453	—	—	2,453
Issuance of common stock upon the vesting of restricted stock units	154	—	—	—	—	—
Stock-based compensation expense	—	—	12,646	—	—	12,646
Unrealized gain (loss) on marketable securities	—	—	—	(498)	—	(498)
Foreign currency translation adjustment	—	—	—	(15)	—	(15)
Net income (loss)	—	—	—	—	8,801	8,801
Balance—September 30, 2026	126,018	$ 12	$ 1,370,692	$ (1,169)	$ (1,125,569)	$ 243,966

See accompanying notes to the condensed consolidated financial statements.

ARCUTIS BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(In thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance—December 31, 2024	117,848	$ 12	$ 1,279,479	$ (7)	$ (1,121,943)	$ 157,541
Issuance of common stock upon the exercise of stock options	110	—	395	—	—	395
Issuance of common stock upon the vesting of restricted stock units	1,180	—	—	—	—	—
Stock-based compensation expense	—	—	9,915	—	—	9,915
Unrealized gain (loss) on marketable securities	—	—	—	(137)	—	(137)
Foreign currency translation adjustment	—	—	—	4	—	4
Net income (loss)	—	—	—	—	(25,060)	(25,060)
Balance—March 31, 2025	119,138	12	1,289,789	(140)	(1,147,003)	142,658
Issuance of common stock upon the exercise of stock options	19	—	61	—	—	61
Issuance of common stock upon the vesting of restricted stock units	522	—	—	—	—	—
Shares issued pursuant to the employee stock purchase plan	119	—	1,319	—	—	1,319
Stock-based compensation expense	—	—	10,717	—	—	10,717
Unrealized gain (loss) on marketable securities	—	—	—	(95)	—	(95)
Foreign currency translation adjustment	—	—	—	200	—	200
Net income (loss)	—	—	—	—	(15,886)	(15,886)
Balance—June 30, 2025	119,798	12	1,301,886	(35)	(1,162,889)	138,974
Issuance of common stock upon the exercise of stock options	197	—	1,476	—	—	1,476
Issuance of common stock upon the vesting of restricted stock units	293	—	—	—	—	—
Stock-based compensation expense	—	—	10,240	—	—	10,240
Unrealized gain (loss) on marketable securities	—	—	—	68	—	68
Foreign currency translation adjustment	—	—	—	(95)	—	(95)
Net income (loss)	—	—	—	—	7,410	7,410
Balance—September 30, 2025	120,288	$ 12	$ 1,313,602	$ (62)	$ (1,155,479)	$ 158,073

See accompanying notes to the condensed consolidated financial statements.

ARCUTIS BIOTHERAPEUTICS, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 12,515	$ (33,536)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Stock-based compensation expense	35,810	30,304
Amortization of intangible assets	1,687	4,104
Non-cash interest expense	1,439	1,295
Net accretion on marketable securities	(572)	(2,105)
Other non-cash items, net	772	631
Changes in operating assets and liabilities:		
Trade receivables, net	(25,053)	(42,050)
Inventory	(22,258)	(7,324)
Prepaid expenses and other current assets	(7,092)	(742)
Accounts payable	(4,184)	(8,425)
Accrued liabilities	40,996	26,592
Operating lease liabilities	(284)	(554)
Net cash provided by (used in) operating activities	33,776	(31,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(199,096)	(157,806)
Proceeds from maturities and sales of marketable securities	150,711	172,418
Milestone payment for intangible asset	—	(10,000)
Purchases of property and equipment	(255)	(686)
Net cash provided by (used in) investing activities	(48,640)	3,926
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of stock options	4,881	1,932
Proceeds from issuance of common stock pursuant to employee stock purchase plan	1,629	1,319
Payment of debt prepayment penalty	(1,000)	—
Net cash provided by financing activities	5,510	3,251
Effect of exchange rate changes on cash	(180)	109
Net increase (decrease) in cash, cash equivalents, and restricted cash	(9,534)	(24,524)
Cash, cash equivalents, and restricted cash at beginning of period	43,215	71,952
Cash, cash equivalents, and restricted cash at end of period	$ 33,681	$ 47,428
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ —	$ 2,858
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest expense paid in cash	$ 9,292	$ 7,787

See accompanying notes to the condensed consolidated financial statements.

ARCUTIS BIOTHERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

Arcutis Biotherapeutics, Inc. (the Company) is a commercial-stage biopharmaceutical company focused on developing and commercializing treatments for dermatological diseases with high unmet medical needs. The Company's strategy is to focus on validated biological targets and to use its drug development platform and deep dermatology expertise to develop differentiated products with the potential to address major shortcomings of existing therapies in its targeted indications.

The Company received U.S. Food and Drug Administration (FDA) approval of its first product, ZORYVE® (roflumilast) cream 0.3% (ZORYVE cream 0.3%), in July 2022 for the treatment of plaque psoriasis. Since that time, the Company has obtained regulatory approvals and commercially launched ZORYVE in various formulations to treat additional disease states, in additional concentrations for various age groups, and in both the United States and Canada. To date, ZORYVE has received regulatory approval and has been commercially launched, or is awaiting potential regulatory approval, as detailed below.

Product / Indication	Concentration	Region	Age	Stage	2022	2023	2024	2025	2026
ZORYVE cream for Plaque Psoriasis	0.3%	U.S.	≥ 12 yrs	Commercial launch	August				
	0.3%	Canada	≥ 12 yrs	Commercial launch		June			
	0.3%	U.S.	6 yrs - 11 yrs	Commercial launch		October			
	0.3%	Canada	2 yrs - 12 yrs	SNDS accepted for review					February
	0.3%	U.S.	2 yrs - 5 yrs	Commercial launch					June
ZORYVE foam for Seborrheic Dermatitis	0.3%	U.S.	≥ 9 yrs	Commercial launch			January		
	0.3%	Canada	≥ 9 yrs	Commercial launch			November		
ZORYVE cream for Atopic Dermatitis	0.15%	U.S.	≥ 6 yrs	Commercial launch			July		
	0.15%	Canada	≥ 6 yrs	Commercial launch				April	
	0.05%	U.S.	2 yrs - 5 yrs	Commercial launch				October	
	0.05%	U.S.	3 mos - 2 yrs	sNDA accepted for review					June
	0.05%	Canada	2 yrs - 5 yrs	Commercial launch					October
ZORYVE foam for Scalp & Body Psoriasis	0.3%	U.S.	≥ 12 yrs	Commercial launch				June	
	0.3%	Canada	≥ 12 yrs	Commercial launch				November	

Liquidity

The Company has incurred significant annual losses and negative cash flows from operations since its inception and had an accumulated deficit of $1,125.6 million and $1,138.1 million as of September 30, 2026 and December 31, 2025, respectively. While the Company has generated net income in certain recent fiscal quarters, the extent of any net income or losses for future periods is uncertain, and the Company may continue to incur operating losses. The Company had cash, cash equivalents, restricted cash, and marketable securities of $259.8 million and $221.3 million as of September 30, 2026 and December 31, 2025, respectively. The Company had $100.0 million principal outstanding under a loan and security agreement, as amended, with SLR Investment Corp. (SLR) and the lenders party thereto as of September 30, 2026. See Note 8.

The Company believes that its existing capital resources will be sufficient to meet the projected operating requirements for at least 12 months from the date of issuance of its financial statements. If the Company's available cash, cash equivalents, and marketable securities and anticipated future cash flows from operations are insufficient to satisfy its liquidity requirements, the Company may need to raise additional capital to fund its operations. No assurance can be given as to whether additional financing will be available on terms acceptable to the Company or at all. If sufficient funds on acceptable terms are not available when needed, the Company may be required to curtail certain planned activities. Failure to manage discretionary spending or raise additional funds, as needed, may adversely impact the Company's ability to achieve its intended business objectives and have an adverse effect on its results of operations and future prospects.

ARCUTIS BIOTHERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP), on the same basis as the Company's audited annual financial statements, and in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Company's financial information. Results of operations for any interim period are not necessarily indicative of future or annual results. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2025.

These condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Certain prior year amounts, which are not material, have been reclassified to conform to current year presentation in the condensed consolidated statements of operations and comprehensive income (loss), condensed consolidated statements of cash flows, and the notes to the condensed consolidated financial statements.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, marketable securities, and accounts receivable. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company is exposed to credit risk in the event of a default by either the financial institutions holding its cash or by its customers owing trade receivables to the extent recorded on the condensed consolidated balance sheets. To manage accounts receivable credit risk, the Company continuously evaluates the creditworthiness of its customers and the need for an allowance for credit losses.

The Company evaluates its available-for-sale debt securities and accounts receivable for expected credit losses at each reporting date. Based on the high credit quality of the issuers underlying its investment portfolio, the short-term nature of its investments, the credit quality of its customers, and its historical collection experience, the Company determined that expected credit losses were insignificant. Accordingly, no material allowances for credit losses were recorded as of September 30, 2026 and December 31, 2025.

Fair Value Measurement

The Company's financial instruments, in addition to those presented in Note 4, include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and long-term debt. The carrying amount of cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate their fair values due to their short maturities. As the long-term debt is subject to variable interest rates that are based on market rates which regularly reset, the Company believes that the carrying value of the long-term debt approximates its fair value.

Assets and liabilities recorded at fair value on a recurring basis on the condensed consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value

measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active;

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of any recent Accounting Standards Update (ASU) issued by the Financial Accounting Standards Board (FASB). Other than the ASU listed below, all other ASUs were assessed and determined to be either not applicable to the Company or are expected to have minimal impact on the Company's condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of the types of costs and expenses included in certain expense captions presented on the income statement. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company will adopt this guidance on its effective date, beginning with its Annual Report on Form 10-K for the year ending December 31, 2027, and for interim reporting, in the first quarter of 2028. The Company is currently evaluating the impact on its consolidated financial statement disclosures, as well as whether the Company will adopt the guidance on a prospective or retrospective basis.

3. Revenues

Revenues are recognized under guidance within Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The following table presents the Company's disaggregated revenue for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
ZORYVE cream 0.3%	$ 37,777	$ 30,491	$ 105,774	$ 81,553
ZORYVE foam	75,141	49,781	192,145	119,233
ZORYVE cream 0.15%	27,261	18,947	73,233	43,783
ZORYVE cream 0.05%	3,740	—	8,026	—
Total product revenue, net	143,919	99,219	379,178	244,569
Other revenue	—	—	—	2,000
Total revenues	$ 143,919	$ 99,219	$ 379,178	$ 246,569

Other revenue for the nine months ended September 30, 2025 relates to the licensing agreement with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (Huadong). See Note 6.

Product revenue, net, from customers located outside the United States represented less than 10% of the Company’s consolidated product revenue, net, for all periods presented.

ARCUTIS BIOTHERAPEUTICS, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

4. Fair Value Measurements

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds and cash	$ 27,859	$ —	$ —	$ 27,859
Certificates of deposit	—	5,514	—	5,514
Commercial paper	—	10,697	—	10,697
Corporate debt securities	—	109,641	—	109,641
U.S. Treasury and agency securities	105,749	—	—	105,749
Total assets	$ 133,608	$ 125,852	$ —	$ 259,460

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds and cash	$ 37,541	$ —	$ —	$ 37,541
Certificates of deposit	—	5,366	—	5,366
Commercial paper	—	14,789	—	14,789
Corporate debt securities	—	78,764	—	78,764
U.S. Treasury and agency securities	84,522	—	—	84,522
Total assets	$ 122,063	$ 98,919	$ —	$ 220,982

Money market funds and U.S. Treasury and agency securities are highly liquid investments and are actively traded with readily available market prices that are publicly observable.

Certificates of deposit are recorded at book value, as their book values approximate fair value due to their short-term maturities of three months or less.

Commercial paper and corporate debt securities are valued taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities; issuer credit spreads; benchmark securities; prepayment/default projections based on historical data; and other observable inputs.

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The following table summarizes the estimated value of the Company's cash, cash equivalents and marketable securities, and the gross unrealized holding gains and losses (in thousands):

	September 30, 2026			
	Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value
Cash and cash equivalents:				
Money market funds and cash	$ 27,859	$ —	$ —	$ 27,859
Certificates of deposit	5,514	—	—	5,514
Total cash and cash equivalents	$ 33,373	$ —	$ —	$ 33,373
Marketable securities:				
Commercial paper	$ 10,734	$ —	$ (37)	$ 10,697
Corporate debt securities	110,098	—	(457)	109,641
U.S. Treasury and agency securities	106,087	—	(338)	105,749
Total marketable securities	$ 226,919	$ —	$ (832)	$ 226,087

	December 31, 2025			
	Amortized cost	Unrealized gains	Unrealized losses	Estimated fair value
Cash and cash equivalents:				
Money market funds and cash	$ 37,541	$ —	$ —	$ 37,541
Certificates of deposit	5,366	—	—	5,366
Total cash and cash equivalents	$ 42,907	$ —	$ —	$ 42,907
Marketable securities:				
Commercial paper	$ 14,782	$ 8	$ (1)	$ 14,789
Corporate debt securities	78,687	81	(4)	78,764
U.S. Treasury and agency securities	84,493	45	(16)	84,522
Total marketable securities	$ 177,962	$ 134	$ (21)	$ 178,075

As of September 30, 2026, no significant facts or circumstances were present to indicate a deterioration in the creditworthiness of the issuers of the available-for-sale securities. The Company generally holds its marketable securities until maturity and neither intends to sell nor is required to sell investments that are in an unrealized loss position before the recovery of their amortized cost basis. For each security with a fair value less than its amortized cost basis, the Company determined the decline in fair value below the amortized cost basis to be non-credit-related, and no allowance for losses has been recorded. As of September 30, 2026, there were no individual securities that were in a material unrealized loss position. To date, the Company has not recorded any impairment charges on available-for-sale securities.

The Company has elected the practical expedient to exclude the applicable accrued interest from both the fair value and the amortized cost basis of its available-for-sale securities for purposes of identifying and measuring an impairment. Accrued interest receivable related to available-for-sale securities is presented in prepaid expenses and other current assets, separate from marketable securities, on the condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, accrued interest receivable was immaterial. The Company has made an accounting policy election not to recognize an allowance for credit losses for accrued interest receivables on available-for-sale securities and to write off any uncollectible accrued interest receivable by recognizing credit loss expense. To date, the Company has not written off any accrued interest receivables.

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The following table summarizes the amortized cost and fair value of marketable securities by contractual maturity (in thousands):

	September 30, 2026		December 31, 2025	
	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
Maturing within one year	$ 149,536	$ 149,114	$ 138,281	$ 138,395
Maturing in one to five years	77,383	76,973	39,681	39,680
Total marketable securities	$ 226,919	$ 226,087	$ 177,962	$ 178,075

5. Balance Sheet Components

Inventory

The components of inventory are summarized as follows (in thousands):

	September 30, 2026	December 31, 2025
Raw materials	$ 18,966	$ 5,047
Work in progress	8,702	5,033
Finished goods	18,001	12,554
Total inventory	$ 45,669	$ 22,634

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Prepaid co-pay assistance program and rebates	$ 7,852	$ 9,485
Prepaid clinical trial costs	6,497	2,577
Other prepaid expenses and current assets	12,623	9,017
Total prepaid expenses and other current assets	$ 26,972	$ 21,079

Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Accrued sales deductions	$ 111,644	$ 78,308
Accrued compensation	21,633	20,533
Ducentis milestone promissory notes payable	9,198	—
Accrued expenses and other current liabilities	14,590	17,469
Total accrued and other current liabilities	$ 157,065	$ 116,310

6. License Agreements & Ducentis Acquisition

Sato License Agreement

On February 27, 2024, the Company entered into a license agreement with Sato Pharmaceutical Co., Ltd. (Sato). Pursuant to the terms of the license agreement with Sato (the Sato Agreement), the Company granted to Sato an exclusive, sublicensable (under certain circumstances) license under certain patent rights and know-how controlled by the Company for Sato to develop, conduct medical affairs activities for, manufacture, commercialize, and otherwise exploit roflumilast formulations (the Sato Licensed Products) for all therapeutic uses for certain dermatological indications in humans (the Sato Field) in Japan.

The Sato Agreement sets forth each party's respective obligations with respect to the development, medical affairs activities, manufacture, supply, and commercialization of the Sato Licensed Products. Pursuant to the terms of the Sato Agreement, Sato will, at its expense, develop, obtain regulatory approval for, commercialize, and conduct medical affairs activities related to the Sato Licensed Products in the Sato Field in Japan, subject to certain of the Company's approval and oversight rights.

Pursuant to the terms of the Sato Agreement, the Company received an upfront payment of $25.0 million and will potentially receive additional payments (i) of up to an aggregate amount of $10.0 million upon the achievement of certain regulatory milestones and (ii) of up to an aggregate amount of $30.0 million upon the achievement of certain sales milestones. In addition, on a Sato Licensed Product-by-Sato Licensed Product basis, commencing from the first commercial sale of such Sato Licensed Product in Japan until the latest of (i) the expiration of the last valid claim in the intellectual property rights licensed by the Company to Sato under the Sato Agreement covering such Sato Licensed Product in Japan, (ii) the expiration of regulatory exclusivity for such Sato Licensed Product in Japan, or (iii) 10 years after the first commercial sale of such Sato Licensed Product in Japan, the Company will receive low double-digit to mid-teen double-digit percentage royalties on Sato's, its affiliates' and sublicensees' total annual net sales of all Sato Licensed Products, subject to certain royalty reductions.

The term of the Sato Agreement continues until, on a Sato Licensed Product-by-Sato Licensed Product basis, the expiration of the Royalty Term, which is (i) the expiration of the last valid claim in the licensed technology covering such Sato Licensed Product in Japan, (ii) the expiration of regulatory exclusivity for such Sato Licensed Product in Japan, or (iii) 10 years after the first commercial sale of such Sato Licensed Product in Japan. The Sato Agreement may be terminated by either party in its entirety if the other party commits a material breach, subject to a cure period, or if the other party becomes insolvent. Sato may terminate the Sato Agreement at will in its entirety upon 90 days' written notice. Unless unenforceable under applicable law, the Company may terminate the Sato Agreement in its entirety if Sato, its affiliate, or sublicensee contests or assists a third party in contesting the scope, validity, or enforceability of any patent or patent application licensed by the Company to Sato. The Company may also terminate the Sato Agreement if Sato or any director, officer, employee, agent, affiliate, sublicensee, or subcontractor is charged by a governmental authority for a violation of any anti-corruption, anti-money laundering, sanctions, or export or import control laws or regulations, or, subject to the terms of the Sato Agreement, if Sato, its affiliates, and sublicensees do not conduct any material development or commercialization activities of a Sato Licensed Product in Japan for a certain period of time.

No revenue was recorded pursuant to the Sato Agreement for the three and nine months ended September 30, 2026 and 2025.

Huadong License Agreement

In August 2023, the Company entered into a license agreement with Huadong, a wholly owned subsidiary of Huadong Medicine Co., Ltd. Pursuant to the terms of the agreement, the Company granted to Huadong an exclusive, sublicensable (under certain circumstances) license under certain patent rights and know-how controlled by the Company for Huadong to develop, conduct medical affairs activities for, manufacture, commercialize, and otherwise exploit both cream and foam topical roflumilast for all therapeutic uses for certain dermatological indications (Huadong Licensed Products) in Greater China (mainland China, Hong Kong, Macau, and Taiwan) and Southeast Asia (Indonesia, Singapore, the Philippines, Thailand, Myanmar, Brunei, Cambodia, Laos, Malaysia, and Vietnam) (Huadong Territories).

Huadong will, at its expense, develop, obtain regulatory approval for, commercialize, and conduct medical affairs activities for the Huadong Licensed Products, subject to certain of the Company's approval and oversight rights. The Company will retain exclusive rights for the development, manufacture, and commercialization of topical roflumilast outside the Huadong Territories.

As consideration for the rights granted under the license agreement with Huadong (the Huadong Agreement), Huadong paid the Company a non-refundable upfront fee pursuant to the terms of the agreement upon closing in September 2023. The Company received a net payment of $27.0 million, which consisted of a $30.0 million upfront payment less the applicable tax withholding obligation in China of $3.0 million. In addition, the Company received a net payment of $2.7 million in March 2024 related to the achievement of a development and regulatory milestone less the applicable tax withholding. The Company received a net payment of $1.8 million in each of December 2024, March 2025, and November 2025, related to the achievement of development and

regulatory milestones less the applicable tax withholding. The Company may also potentially receive additional payments: (i) of up to an aggregate amount of $15.0 million upon the achievement of certain development and regulatory milestones, (ii) of up to an aggregate amount of $40.3 million upon the achievement of certain sales milestones, and (iii) low double-digit to high-teen double-digit tiered percentage royalties on net sales of the Huadong Licensed Products, all of which would be subject to applicable tax withholding obligations.

The term of the Huadong Agreement continues on a Huadong Licensed Product-by-Huadong Licensed Product and country or region-by-country or region basis, until the expiration of the Royalty Term, which is the latest of: (i) the date of expiration of the last valid patent claim related to the Huadong Licensed Products, (ii) 10 years after the first commercial sale of a Huadong Licensed Product, or (iii) the expiration of any regulatory exclusivity as to a Huadong Licensed Product. The Huadong Agreement may be terminated by either party under certain circumstances.

No revenue or income tax expense was recorded pursuant to the Huadong Agreement for the three and nine months ended September 30, 2026. For the three and nine months ended September 30, 2025, the Company recognized other revenue of zero and $2.0 million, respectively, and income tax expense of zero and $0.2 million, respectively, in each case related to the achievement of a development and regulatory milestone.

AstraZeneca License Agreement

In July 2018, the Company entered into an exclusive license agreement with AstraZeneca AB (AstraZeneca), granting the Company a worldwide exclusive license, with the right to sublicense through multiple tiers, under certain AstraZeneca-controlled patent rights, know-how, and regulatory documentation, to research, develop, manufacture, commercialize, and otherwise exploit products containing roflumilast in topical forms, as well as delivery systems sold with or for the administration of roflumilast (collectively, the AZ-Licensed Products), for all diagnostic, prophylactic, and therapeutic uses for human dermatological indications (the Dermatology Field). Under the license agreement with AstraZeneca (the AstraZeneca Agreement), the Company has sole responsibility for development, regulatory, and commercialization activities for the AZ-Licensed Products in the Dermatology Field, at its expense, and it shall use commercially reasonable efforts to develop, obtain, and maintain regulatory approvals for, and commercialize the AZ-Licensed Products in the Dermatology Field in each of the United States, Italy, Spain, Germany, the United Kingdom, France, China, and Japan.

In the third quarter of 2022, the Company paid $7.5 million to AstraZeneca as a result of the approval of ZORYVE cream 0.3%, which was recorded as an intangible asset. In October 2024, the Company paid $5.0 million to AstraZeneca upon achievement of $100.0 million in worldwide net sales, which was recorded as a cumulative catch-up adjustment to the carrying value of the intangible asset. In May 2025, the Company paid $10.0 million to AstraZeneca upon achievement of $250.0 million in worldwide net sales, which was recorded as a cumulative catch-up adjustment to the carrying value of the intangible asset. The Company is amortizing the intangible asset to cost of sales over its useful life of 10 years from the date of first commercial sale, as this is the minimum amount of time that the related AstraZeneca Agreement will be in effect.

The Company has agreed to make additional cash payments to AstraZeneca of up to an aggregate of $5.0 million upon the achievement of specified regulatory approval milestones with respect to the AZ-Licensed Products. With respect to any AZ-Licensed Products the Company commercializes under the AstraZeneca Agreement, it will pay AstraZeneca a low to high single-digit percentage royalty rate on the Company's, its affiliates', and its sublicensees' net sales of such AZ-Licensed Products, subject to specified reductions, until, as determined on an AZ-Licensed Product-by-AZ-Licensed Product and country-by-country basis, the later of the date of the expiration of the last-to-expire AstraZeneca-licensed patent right containing a valid claim in such country and 10 years from the first commercial sale of such AZ-Licensed Product in such country. As a result of the commercialization of ZORYVE in August 2022, the Company began accruing royalties payable to AstraZeneca, which are recorded in cost of sales and accrued and other current liabilities.

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The following table presents expenses recognized pursuant to the AstraZeneca Agreement in cost of sales on the condensed consolidated statements of operations and comprehensive income (loss) for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Royalty expense	$ 4,318	$ 2,952	$ 11,375	$ 7,337
Amortization of intangible assets	562	562	1,687	4,104

Ducentis Biotherapeutics Ltd. Acquisition

On September 7, 2022, the Company entered into an agreement with Ducentis Biotherapeutics Ltd. (Ducentis) and certain stockholders of Ducentis (the Share Purchase Agreement), pursuant to which the Company acquired all of the outstanding equity interests in Ducentis for (i) 610,258 shares of the Company's common stock, valued at approximately $12.5 million, and $15.9 million in cash, inclusive of liabilities acquired, and (ii) contingent payments of up to an aggregate of $396.0 million, which may become payable upon the achievement of certain development, regulatory, and commercial milestones. In addition, if applicable, the Company will make payments amounting to a mid-single-digit percentage of any annual net sales of certain products exceeding $1.5 billion.

The Company accounted for this purchase of equity interests in Ducentis as an in-process research and development (IPR&D) asset acquisition, as it has no alternative future use, and recorded a $29.6 million charge to research and development expense on the acquisition date. Any contingent payments made under the Share Purchase Agreement will be recorded when it is probable that they will occur and they can be reasonably estimated, at which point the Company will determine whether the payment should be expensed or capitalized depending on whether the IPR&D has achieved market acceptance.

Under the terms of the Share Purchase Agreement, the Company will develop and seek FDA approval of a therapeutic product containing ARQ-234 for an atopic dermatitis indication, and if FDA approval of ARQ-234 is obtained by the Company, to commercially launch it in the United States.

In March 2026, the Company initiated a Phase 1a/1b clinical trial of ARQ-234 for the treatment of moderate-to-severe atopic dermatitis. Upon dosing of the first subject in this trial, the Company became obligated to pay a $10.0 million milestone to former stockholders of Ducentis under the terms of the Share Purchase Agreement. The Company paid $0.8 million of this amount in April 2026. The Company issued promissory notes in April 2026 for the remaining $9.2 million owed to the former stockholders of Ducentis pursuant to the Share Purchase Agreement. The promissory notes bear no interest, become payable 12 months from issuance, and are callable by the holders as early as seven months from issuance. The Company recognized the $10.0 million in research and development expense in the first quarter of 2026. After this milestone payment, the Company has $386.0 million of contingent payments remaining that may become payable upon the achievement of certain development, regulatory, and commercial milestones.

7. Commitments and Contingencies

Operating Lease

The Company's lease for its corporate headquarters (22,643 square feet of office space) commenced in February 2019 and was amended in April 2020 in order to relocate to a new expanded space. In August 2025, the Company entered into a second amendment to extend the term of the lease by five years, extending the lease expiration from August 2028 to July 2033. This second amendment had a net effect of increasing the Company's future lease payments by approximately $5.4 million, primarily due to the five additional years of rent payments. In accordance with ASC 842, the Company remeasured the present value of the aggregate lease payments over the amended lease term and recorded an increase to the Company’s operating lease liabilities and existing right-of-use lease asset of approximately $2.9 million in the third quarter of 2025 as a result of this remeasurement.

Manufacturing Agreements

In the normal course of business, the Company enters into manufacturing supply agreements for the commercial supply of ZORYVE, which include certain minimum purchase commitments. There have been no material changes to the Company's minimum purchase commitments during the nine months ended September 30, 2026.

Indemnification

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless, and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third-party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has never incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by the provisions of the Company's Bylaws and the Delaware General Corporation Law. The Company currently has directors' and officers' insurance coverage that reduces its exposure and enables the Company to recover a portion of any future amounts paid. The Company believes any potential loss exposure under these indemnification agreements in excess of applicable insurance coverage is minimal.

Contingencies

From time to time, the Company may be involved in legal proceedings, as well as demands, claims, and threatened litigation, which arise in the normal course of business or otherwise. The ultimate outcome of any litigation is uncertain, and unfavorable outcomes could have a negative impact on the Company's results of operations and financial condition. Regardless of outcome, litigation can have an adverse impact on the Company because of the defense costs, the diversion of management resources, and other factors.

As of September 30, 2026 and December 31, 2025, the Company determined that no loss contingencies from legal proceedings met the threshold of "probable" and "reasonably estimable," as defined in ASC 450. Accordingly, no material amounts have been accrued related to loss contingencies under ASC 450.

8. Debt

On December 22, 2021, the Company entered into a loan and security agreement (the Prior Loan Agreement) with SLR and the lenders party thereto. The Prior Loan Agreement was amended and restated on January 10, 2023 (the AR Loan Agreement) to include Arcutis Canada, Inc. as a borrower and party. On November 1, 2023, the Company entered into an amendment to the AR Loan Agreement to, among others, (i) modify the financial covenant relating to minimum net product revenue, and (ii) include an additional minimum financing covenant. On August 9, 2024, the Company entered into a second amendment to the AR Loan Agreement (the AR Loan Agreement, as amended by the first and second amendments, the Loan Agreement), which it determined to be a modification, to, among others, (i) permit, during the period commencing on October 7, 2024 and ending on December 15, 2024, an optional partial prepayment of term loans outstanding, subject to a 1.0% prepayment penalty (the 2024 Partial Prepayment), (ii) add the tranche C-1 and tranche C-2 term loans, and (iii) facilitate certain other changes, including with respect to the applicable interest rate and maturity date in the event of a 2024 Partial Prepayment. As security for the obligations under the Loan Agreement, the Company granted SLR, for the benefit of the lenders, a continuing security interest in substantially all of the Company's assets, including its intellectual property, subject to certain exceptions. The term loan facility is comprised of (i) a tranche A term loan of $75.0 million, (ii) a tranche B-1 term loan of $50.0 million, (iii) a tranche B-2 term loan of up to $75.0 million, (iv) a tranche C-1 term loan of up to $50.0 million, and (v) a tranche C-2 term loan of up to $50.0 million (collectively, the Term Loans). The tranche A term loan was funded in December 2021. With the approval of ZORYVE cream 0.3% on July 29, 2022, the tranche B term loans were funded in August 2022. As of September 30, 2026 and December 31, 2025, the aggregate principal amount outstanding under the Loan Agreement was $100.0 million.

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On October 8, 2024, the Company made a 2024 Partial Prepayment of $100.0 million, which reduced the aggregate principal amount outstanding under the Loan Agreement to $100.0 million. In connection with the 2024 Partial Prepayment, the Company paid a prepayment penalty of $1.0 million during the three months ended June 30, 2026, and is obligated to pay a final fee of $6.95 million, representing the final fee applicable to the amount of the 2024 Partial Prepayment, on January 4, 2027.

As a result of such 2024 Partial Prepayment, subject to the Company generating a minimum net product revenue for the trailing six (6) month period ending as of the month prior to the borrowing date equal to 80% of the Company's projected net product revenue as set forth in its annual plan for the respective period, the Company obtained the ability to draw down the tranche C-1 and tranche C-2 term loans. The tranche C-1 term loan availability expired on March 31, 2026 and the tranche C-2 term loan availability expired on June 30, 2026. Neither tranche was drawn prior to its expiration. In addition, as a result of the 2024 Partial Prepayment, (i) the maturity date of the Loan Agreement is August 1, 2029, (ii) the applicable per annum interest rate is equal to 5.95% plus the greater of (a) 2.50% per annum and (b) the one-month Secured Overnight Financing Rate (SOFR), (iii) the Company is no longer subject to certain cost and purchase price restrictions regarding acquisitions, and (iv) the Company may prepay principal amounts outstanding under the Term Loans in minimum increments of $25.0 million, subject to a prepayment premium of (a) 2.0% for any prepayment made after August 9, 2025 and prior to August 9, 2026 or (b) 1.0% for any prepayment made after August 9, 2026 and prior to the maturity date.

Principal amounts outstanding under the Term Loans will accrue interest at a floating rate equal to the applicable rate in effect from time to time, as determined by SLR on the third business day prior to the funding date of the applicable Term Loan and on the first business day of the month prior to each payment date of each Term Loan. As a result of the 2024 Partial Prepayment, the applicable interest rate is a per annum interest rate equal to 5.95% plus the greater of (a) 2.50% and (b) the one-month SOFR. On September 30, 2026, the rate was 9.69%. The benchmark SOFR is subject to change in the event of certain events with respect to the benchmark rate. Interest payments are payable monthly following the funding of any Term Loan.

If the Term Loans are accelerated due to, among others, the occurrence of a bankruptcy or insolvency event, the Company is required to make mandatory prepayments of (i) all principal amounts outstanding under the Term Loans, plus accrued and unpaid interest thereon through the prepayment date, (ii) any fees applicable by reason of such prepayment, (iii) the prepayment premiums set forth above, plus (iv) all other obligations that are due and payable, including expenses and interest at the Default Rate (as defined below) with respect to any past due amounts.

The Loan Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, among others, requirements as to financial reporting and insurance and restrictions on the Company's ability to dispose of its business or property, to change its line of business, to liquidate or dissolve, to enter into any change in control transaction, to merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, to incur additional indebtedness, to incur liens on its property, to pay any dividends or other distributions on capital stock other than dividends payable solely in capital stock or to redeem capital stock. The Company also agreed to a financial covenant whereby the Company must generate a minimum net product revenue equal to 75% of its projected net product revenue as set forth in the Company's annual plan for the respective period, tested on a trailing six-month basis, as of the end of each month. Each annual plan shall be approved by the Company's board of directors and SLR, in its capacity as collateral agent, in its reasonable discretion. Any failure by the Company to deliver such annual plan on or before December 15 of the prior year shall be an immediate event of default. The Company was in compliance with all covenants under the Loan Agreement as of September 30, 2026.

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In addition, the Loan Agreement contains customary events of default that entitle the lenders to cause any indebtedness under the Loan Agreement to become immediately due and payable, and to exercise remedies against the Company and the collateral securing the Term Loans. Under the Loan Agreement, an event of default will occur if, among other things, the Company fails to make payments under the Loan Agreement, the Company breaches any of the covenants under the Loan Agreement, subject to specified cure periods with respect to certain breaches, the lenders determine that a material adverse change has occurred, or the Company or the Company's assets become subject to certain legal proceedings, such as bankruptcy proceedings. Upon the occurrence and for the duration of an event of default, an additional default interest rate equal to 4.0% per annum (Default Rate) will apply to all obligations owed under the Loan Agreement. The prepayment upon default and other potential additional interest provisions under the Loan Agreement were determined to be a compound embedded derivative instrument to be bifurcated from the loan and accounted for as a separate liability for accounting purposes under the guidance in ASC 815, *Derivatives and Hedging*. At the inception of the Loan Agreement, the fair value of the embedded derivative was determined to be immaterial. The embedded derivative instrument is remeasured at fair value each reporting period with any future changes in fair value reported in other income (expense), net, in the condensed consolidated statements of operations and comprehensive income (loss). The fair value of the embedded derivative as of September 30, 2026 and December 31, 2025 was immaterial and any gains (losses) recognized as a result of the change in fair value during the three and nine months ended September 30, 2026 and 2025 were immaterial.

In connection with the Loan Agreement, the Company is obligated to pay a final fee equal to 6.95% of the aggregate original principal amount of the Term Loans outstanding as of the date of the second amendment (A) with respect to any 2024 Partial Prepayment, upon the earliest to occur of (a) January 4, 2027, (b) the acceleration of all outstanding Term Loans and (c) the prepayment, or refinancing, substitution or replacement of all outstanding Term Loans, and (B) with respect to the Term Loans outstanding as of the date of the second amendment (other than the 2024 Partial Prepayment), upon the earliest to occur of (a) the maturity date, (b) the acceleration of all outstanding Term Loans and (c) the prepayment, or refinancing, substitution or replacement of all outstanding Term Loans. The Company was also obligated to pay (i) a $1.0 million facility fee with respect to tranche C term loans, which was accrued for in the first quarter of 2026 and paid out in the second quarter of 2026, and (ii) a $1.0 million extension fee with respect to tranche C term loans that remained unfunded after December 31, 2025, which was accrued for and paid out during the period commencing January 1, 2026 and ending on June 30, 2026. Additionally, in connection with the original Prior Loan Agreement, the Company previously had entered into an Exit Fee Agreement, whereby the Company agreed to pay an exit fee in the amount of 3.0% of each Term Loan funded upon (i) any change of control transaction or (ii) a revenue milestone, calculated on a trailing six-month basis. Notwithstanding the prepayment or termination of the Term Loans, the exit fee will expire 10 years from the date of the Loan Agreement.

The debt issuance costs have been recorded as a debt discount which is being accreted to interest expense through the maturity date of the term loan. Interest expense is calculated using the effective interest method, and is inclusive of non-cash amortization of debt issuance costs. The final fee of $13.9 million and other fees referenced in the previous paragraph are recognized throughout the life of the term loan and recorded in interest expense. At September 30, 2026 and December 31, 2025, the effective interest rate was 10.82% and 10.92%, respectively. Interest expense relating to the term loan was $3.0 million and $10.7 million for the three and nine months ended September 30, 2026, respectively, and $3.1 million and $9.1 million for the three and nine months ended September 30, 2025, respectively.

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The following summarizes additional information related to the Company's long-term debt (in thousands):

	September 30, 2026	December 31, 2025
Long-term debt, gross	$ 100,000	$ 100,000
Accrued final fee	10,054	8,824
Accrued prepayment penalty	—	1,000
Unamortized debt issuance costs	(656)	(865)
Total carrying value of debt	109,398	108,959
Less current portion	(6,950)	(1,000)
Long-term debt, net	$ 102,448	$ 107,959

Upon the contractual maturity of the Company's long-term debt, a payment of principal and final fees of $107.0 million is due on August 1, 2029.

9. Stockholders' Equity

The Company's authorized capital stock consists of 310,000,000 shares, all with a par value of $0.0001 per share, of which 300,000,000 shares are designated as common stock and 10,000,000 shares are designated as preferred stock. There were no shares of preferred stock outstanding as of September 30, 2026.

Equity Offerings

In October 2023, the Company completed a public sale of its common stock, receiving aggregate net proceeds of $95.8 million. In addition to the sale of common stock, the Company issued pre-funded warrants to purchase 7,500,000 shares of the Company's common stock at $2.4999 per underlying share of common stock. The pre-funded warrants have an exercise price of $0.0001 per underlying share of common stock, were fully exercisable upon issuance, and have no expiration date. In October 2025, certain pre-funded warrants were exercised, resulting in the issuance of 2,285,000 shares. As of September 30, 2026, pre-funded warrants to purchase 5,215,000 shares of the Company's common stock remained outstanding.

In March 2024, the Company completed a public sale of its common stock, receiving aggregate net proceeds of $161.7 million.

At-the-Market (ATM) Offerings

In January 2024, the Company entered into an amended and restated sales agreement (2024 Sales Agreement) with Cowen and Company, LLC (TD Cowen), under which the Company may from time to time issue and sell shares of its common stock through ATM offerings for an aggregate offering price of up to $100.0 million. Pursuant to the 2024 Sales Agreement, TD Cowen acted as the Company's sales agent for the ATM program and was entitled to compensation for its services up to 3% of the gross proceeds of any shares of common stock sold under the 2024 Sales Agreement. The Company has not issued or sold any common stock under the 2024 Sales Agreement.

In November 2026, the Company amended and restated the 2024 Sales Agreement (as amended and restated, the 2026 Sales Agreement) with TD Cowen. Pursuant to the 2026 Sales Agreement, the Company may from time to time issue and sell shares of its common stock through ATM offerings for an aggregate offering price of up to $200.0 million. All other material terms of the 2026 Sales Agreement are substantially consistent with the 2024 Sales Agreement. The Company has not yet issued or sold any common stock under the 2026 Sales Agreement.

Equity Incentive Plans

In December 2021, the Company’s board of directors approved the 2022 Employment Inducement Incentive Plan (2022 Plan). The 2022 Plan initially reserved 1,250,000 shares of common stock available for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, restricted stock awards, restricted stock units (RSUs), and other stock-based awards. In November 2022 and April 2026, the 2022 Plan reserve was increased by 1,500,000 and 1,200,000 shares, respectively. As of September 30, 2026, the Company had 888,032 shares available for future grant under the 2022 Plan.

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Stock Option Exchange Program

On January 16, 2024, the Company commenced an offer to certain eligible employees and consultants to exchange certain outstanding eligible options to purchase shares of the Company's common stock for a lesser number of RSUs pursuant to an option exchange program (the Option Exchange). The Option Exchange expired on February 12, 2024. Pursuant to the Option Exchange, eligible option holders elected to exchange, and the Company accepted for cancellation, eligible options to purchase an aggregate of 5,059,129 shares of the Company's common stock, representing approximately 98% of the total shares of common stock underlying the eligible options. On February 13, 2024, immediately following the expiration of the Option Exchange, the Company granted 2,129,594 Replacement RSU Awards, pursuant to the terms of the Option Exchange. The Replacement RSU Awards vest based on continued service with the Company over a period of either 1, 2 or 3 years, depending on the grant date of the exchanged options.

The exchange of stock options was treated as a modification for accounting purposes, which requires an incremental expense of $8.6 million to be recognized for the Replacement RSU Awards over their new service periods (1-3 years). In addition, any unamortized expense remaining on the exchanged options as of the modification will be recognized over their original remaining service period.

Stock Option Activity

The following summarizes information regarding the Company's stock options:

	Number of Options	Weighted-Average Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Balance—December 31, 2025	6,436,972	$ 9.17	7.75	$ 127,945
Granted	1,839,617	26.15		
Exercised	(609,676)	8.01		
Forfeited	(636,273)	12.74		
Expired	(73,618)	17.71		
Balance—September 30, 2026	6,957,022	$ 13.35	7.22	$ 92,134
Exercisable—September 30, 2026	3,474,891	$ 9.52	5.76	$ 59,072

The aggregate intrinsic value is calculated as the difference between the exercise price of the options and the fair value of the Company's common stock as of September 30, 2026. The intrinsic value of options exercised for the nine months ended September 30, 2026 and 2025 was $10.1 million and $2.9 million, respectively.

The total grant-date fair value of the options vested during the nine months ended September 30, 2026 and 2025 was $10.2 million and $6.6 million, respectively. The weighted-average grant-date fair value of options granted during the nine months ended September 30, 2026 and 2025 was $17.82 and $9.69, respectively.

Restricted Stock Unit Activity

The following table summarizes information regarding the Company's RSUs:

	Number of Units	Weighted-Average Grant Date Fair Value
Unvested Balance—December 31, 2025	6,007,515	$ 10.83
Granted	2,641,414	25.95
Vested	(1,987,623)	10.58
Forfeited	(569,916)	14.47
Unvested Balance—September 30, 2026	6,091,390	$ 17.13

The grant-date fair value of an RSU equals the closing price of the Company's common stock on the grant date. The total grant-date fair value of the RSUs vested during the nine months ended September 30, 2026 and

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2025 was $21.0 million and $17.1 million, respectively. RSUs generally vest equally over four years, except for those issued in connection with the Option Exchange previously described.

Stock-Based Compensation Expense

Stock-based compensation expense included in the condensed consolidated statements of operations and comprehensive income (loss) was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Research and development	$ 3,260	$ 3,059	$ 9,818	$ 9,287
Selling, general and administrative	9,098	6,976	25,992	21,017
Total stock-based compensation expense	$ 12,358	$ 10,035	$ 35,810	$ 30,304

As of September 30, 2026, there was $39.8 million of total unrecognized compensation cost related to unvested options that are expected to vest, which is expected to be recognized over a weighted-average period of 2.9 years. As of September 30, 2026, there was $85.1 million of total unrecognized compensation cost related to RSUs that are expected to vest, which is expected to be recognized over a weighted-average period of 3.0 years.

10. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted-average common shares outstanding. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method. Pre-funded warrants to purchase 5,215,000 shares of the Company's common stock for the three and nine months ended September 30, 2026, and 7,500,000 shares of the Company's common stock for the three and nine months ended September 30, 2025, were included in the weighted-average common shares outstanding used in calculating basic and diluted earnings (loss) per share, as the exercise price of the pre-funded warrants is negligible and the pre-funded warrants are fully vested and exercisable.

The following table is a reconciliation of the share amounts used in calculating basic and diluted earnings (loss) per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Weighted-average common shares outstanding-Basic	131,011,100	127,622,860	130,306,005	126,891,285
Effect of dilutive securities	5,824,620	5,261,707	5,885,955	—
Weighted-average common shares outstanding-Diluted	136,835,720	132,884,567	136,191,960	126,891,285

The Company's potential dilutive securities include unvested RSUs and unvested performance-based RSUs for which established performance criteria have been achieved as of the end of the respective periods, vested and unvested options to purchase common stock, and shares to be issued under the Company's employee stock purchase plan (ESPP). Certain of these potential dilutive securities have been excluded from the calculation of diluted earnings (loss) per common share as the effect would be antidilutive.

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted earnings (loss) per share for the periods presented due to their antidilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options to purchase common stock	1,953,728	2,672,832	1,991,228	6,725,216
RSUs subject to future vesting	55,877	27,837	267,877	6,189,884
ESPP shares subject to future issuance	71,483	82,600	74,771	82,600
Total	2,081,088	2,783,269	2,333,876	12,997,700

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11. Segment Reporting

The Company has one reportable segment relating to the development and commercialization of treatments for dermatological diseases. The Company's Chief Operating Decision Maker (the CODM) is its Chief Executive Officer. The CODM evaluates financial information on a consolidated basis for the purposes of allocating resources and assessing performance. Substantially all of the Company's assets are located in the United States.

The table below is a summary of the segment profit or loss, including significant segment expenses (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total revenues	$ 143,919	$ 99,219	$ 379,178	$ 246,569
Less:				
Cost of sales excluding amortization	11,898	8,123	31,496	20,903
Topical roflumilast program costs	1,325	3,340	6,615	7,613
ARQ-234 program costs	2,378	634	14,683	2,668
Other program costs	105	806	302	3,181
Research and development compensation and personnel-related expenses	11,345	10,553	33,756	29,970
Selling, general and administrative expenses excluding depreciation	99,465	62,269	255,427	195,186
Other segment expenses[(1)]	7,967	4,968	20,123	17,662
Total operating expenses	134,483	90,693	362,402	277,183
Operating income (loss)	9,436	8,526	16,776	(30,614)
Interest income	2,596	2,118	7,150	6,731
Interest expense	(2,959)	(3,071)	(10,733)	(9,082)
Other income (expense), net	(77)	(83)	(254)	130
Less: Provision for income taxes	195	80	424	701
Segment and consolidated net income (loss)	$ 8,801	$ 7,410	$ 12,515	$ (33,536)

(1) Other segment expenses include professional services related to research and development, medical affairs, depreciation and amortization expenses.

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

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q, and the audited financial statements and notes thereto as of and for the year ended December 31, 2025 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2025, which has been filed with the SEC. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans, objectives, expectations, projections, and strategy for our business, includes forward-looking statements that involve risks and uncertainties. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. As a result of many factors, including those factors identified below and those set forth in the "Risk Factors" section of our Annual Report on Form 10-K, our actual results and the timing of selected events could differ materially from the forward-looking statements contained in the following discussion and analysis.

Overview

We are a commercial-stage biopharmaceutical company focused on developing and commercializing treatments for dermatological diseases with high unmet medical needs. Our current portfolio is comprised of highly differentiated topical and systemic treatments with significant potential to treat immune-mediated dermatological diseases and conditions. We believe we have built a leading platform for dermatologic product development and commercialization. Our strategy is to focus on validated biological targets and to use our drug development platform and deep dermatology expertise to develop and commercialize differentiated products that have the potential to address major shortcomings of existing therapies in our targeted indications. We believe this strategy uniquely positions us to rapidly advance our goal of bridging the treatment innovation gap in dermatology, while maximizing our probability of technical success and efficient use of financial resources.

Commercial and Regulatory Overview

ZORYVE® (roflumilast) cream 0.3%

Our initial product, ZORYVE (roflumilast) cream 0.3% (ZORYVE cream 0.3%), is a once-daily, steroid-free topical phosphodiesterase-4 (PDE4) inhibitor approved for the treatment of mild, moderate, and severe plaque psoriasis, with no limitations on severity, location, or duration of use, and is the first and only topical specifically approved for use in intertriginous areas (e.g., groin or axillae). Key milestones for ZORYVE cream 0.3% include:

- In July 2022, we received our first U.S. Food and Drug Administration (FDA) approval for individuals aged 12 years and older, and we commercially launched in the United States in August 2022.
- In June 2023, we commercially launched in Canada for individuals aged 12 years and older following approval by Health Canada, achieving our first commercial launch outside the United States.
- In October 2023, we commercially launched an expanded indication in the United States for individuals aged 6 years and older.
- In February 2026, Health Canada accepted for review our Supplement to a New Drug Submission (SNDS) for an expanded indication for individuals down to 2 years of age.
- In June 2026, we commercially launched an expanded indication in the United States for individuals down to the age of 2.

ZORYVE foam 0.3%

ZORYVE foam 0.3% (ZORYVE foam) is a once-daily, steroid-free topical foam PDE4 inhibitor approved for the treatment of both seborrheic dermatitis and plaque psoriasis of the scalp and body, with no limitations on severity, location, or duration of use. It was the first drug approved for the treatment of seborrheic dermatitis with a new mechanism of action in over two decades. Key milestones for ZORYVE foam include:

- In January 2024, we commercially launched in the United States for treatment of seborrheic dermatitis in individuals aged 9 years and older.
- In November 2024, we commercially launched in Canada for the treatment of seborrheic dermatitis in individuals aged 9 years and older.
- In June 2025, we commercially launched in the United States for the treatment of plaque psoriasis of the scalp and body in individuals aged 12 years and older.
- In November 2025, we commercially launched in Canada for the treatment of plaque psoriasis of the scalp and body in adults and adolescents aged 12 years and older.
- We have completed enrollment of a Maximum Usage Systemic Exposure (MUSE) trial in children aged 2 to 11 years old with plaque psoriasis of the scalp and body, which we believe could be sufficient basis for an expansion of the indication of this product in the future.

ZORYVE cream 0.15% and ZORYVE cream 0.05%

ZORYVE cream 0.15% and ZORYVE cream 0.05% are once-daily steroid-free topical PDE4 inhibitors approved for the topical treatment of mild-to-moderate atopic dermatitis, with no limitation on location, body surface area treated, concomitant use with systemic therapies, or duration of use in the approved labeling. Both strengths provide rapid disease clearance and significant reduction in itch and have been specifically developed as treatment options for long-term disease control of atopic dermatitis. Key milestones for ZORYVE cream 0.15% and ZORYVE cream 0.05% include:

- In July 2024, we commercially launched ZORYVE cream 0.15% in the United States for the treatment of atopic dermatitis in individuals aged 6 years and older.
- In April 2025, we commercially launched ZORYVE cream 0.15% in Canada for the treatment of atopic dermatitis in individuals aged 6 years and older.
- In October 2025, we commercially launched ZORYVE cream 0.05% in the United States for children with atopic dermatitis aged 2 to 5 years.
- In February 2026, we announced positive topline data for INTEGUMENT-INFANT, a Phase 2 study evaluating the safety and efficacy of investigational ZORYVE cream 0.05% in infants as young as 3 months to less than 2 years of age with atopic dermatitis. We submitted a supplemental New Drug Application (sNDA) to the FDA based on the results of this trial to potentially expand the indication for ZORYVE cream 0.05% for the treatment of infants with atopic dermatitis down to the age of 3 months, which has been assigned a Prescription Drug User Fee Act (PDUFA) target action date of February 23, 2027.
- In October 2026, we commercially launched ZORYVE cream 0.05% in Canada for children with atopic dermatitis aged 2 to 5 years..

Business Relationships

In July 2024, we entered into a promotion agreement with Kowa Pharmaceuticals America, Inc. (Kowa) to leverage Kowa's primary care sales force to exclusively market and promote ZORYVE in the United States to primary care practitioners and pediatricians for all FDA-approved indications until at least July 2029. Under the terms of the agreement, Kowa received a commission from net sales attributed to Kowa. Promotion of ZORYVE in primary care and pediatrics under the Kowa agreement began in late September 2024. Effective January 23, 2026, we mutually agreed to terminate the promotion agreement. Following this termination, Kowa ceased all sales and promotions of ZORYVE, and we will not be required to make any further payments to Kowa. We have now assumed all responsibility for promotion of ZORYVE to primary care practitioners and pediatricians in the United States and have built a dedicated commercial team to execute those activities.

In August 2023, we entered into a strategic collaboration and licensing agreement (the Huadong Agreement) for topical roflumilast in Greater China and Southeast Asia with Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (Huadong), a wholly owned subsidiary of Huadong Medicine Co., Ltd. In February 2024, we entered into a strategic collaboration and licensing agreement (the Sato Agreement) for topical roflumilast in Japan with Sato Pharmaceutical Co., Ltd. (Sato).

In September 2022, we acquired Ducentis Biotherapeutics Ltd. (Ducentis) and its lead asset, DS-234 (now ARQ-234), a fusion protein that is a potent and highly selective checkpoint agonist of the CD200 receptor (CD200R). We are developing ARQ-234 for moderate-to-severe atopic dermatitis, where we believe it could be a highly complementary biologic treatment option to ZORYVE cream 0.15% in that indication, if approved. ARQ-234 could potentially be used to treat other inflammatory conditions as well. In March 2026, the first subject was enrolled in our Phase 1a/1b clinical study evaluating the safety and tolerability of ARQ-234. In October 2026, the first atopic dermatitis patient was enrolled in the multiple ascending dose (MAD) portion of the trial.

In July 2018, we executed a licensing agreement with AstraZeneca AB (AstraZeneca) for exclusive worldwide rights to roflumilast as a topical product for use in humans solely for dermatological indications. Moreover, we have our own intellectual property portfolio around topical uses of roflumilast, with issued and pending formulation, pharmacokinetic, and method-of-use patents in the United States and other jurisdictions from several distinct patent families, which provides us with exclusivity in the United States for our product cream formulation through 2037 and foam formulation through 2042.

Financial Overview

We have incurred annual net losses in each year since inception. We had net income of $12.5 million and a net loss of $33.5 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $1,125.6 million and cash, cash equivalents, restricted cash, and marketable securities of $259.8 million, and had $100.0 million principal outstanding under a loan and security agreement, as amended, with SLR and the lenders party thereto.

While we have generated net income for certain recent fiscal quarters, the extent of any net income or losses for future periods is uncertain, and we may continue to incur net losses in future periods. We expect to continue to incur significant expenses as we commercialize ZORYVE and as we advance our product candidates and label extensions through clinical trials, regulatory submissions, and potentially commercialization. We expect to incur commercialization expenses related to the sales, marketing, manufacturing, and distribution of ZORYVE, while we focus our clinical development spending on ARQ-234 and ZORYVE label expansions. While we do not anticipate the need to obtain funds through financings or other sources to support our current planned operations, if our available cash and marketable securities balances, amounts available under financing arrangements, and anticipated future cash flows from operations are insufficient to cover these expenses, we may need to fund our operations through equity or debt financings or other sources, such as potential future collaboration agreements. Adequate funding may not be available to us on acceptable terms, or at all. Any failure to obtain sufficient funds on acceptable terms if or when needed could have a material adverse effect on our business, results of operations, and financial condition.

Manufacturing

We do not own or independently operate any manufacturing facilities, and currently have no plans to establish any such facilities. We rely on third parties to conduct our nonclinical studies and clinical trials, as well as for the manufacturing and supply of our product candidates and for the commercial supply of our products. Many of these suppliers that we rely on are single-source suppliers.

Components of Our Results of Operations

Revenue

Product Revenue, Net

In August 2022, in conjunction with the launch of our first FDA-approved product, we began to recognize revenue from product sales, net of deductions. Below are the time periods in which we began to recognize product revenue, net of deductions, related to the launches of each of our products and indications:

Product/Indication	Concentration	Region	Age	2022	2023	2024	2025	2026
ZORYVE cream for Plaque Psoriasis	0.3%	U.S.	≥ 12 yrs	August				
	0.3%	Canada	≥ 12 yrs		June			
	0.3%	U.S.	6 yrs - 11 yrs		October			
	0.3%	U.S.	2 yrs - 5 yrs					June
ZORYVE foam for Seborrheic Dermatitis	0.3%	U.S.	≥ 9 yrs			January		
	0.3%	Canada	≥ 9 yrs			November		
ZORYVE cream for Atopic Dermatitis	0.15%	U.S.	≥ 6 yrs			July		
	0.15%	Canada	≥ 6 yrs				April	
	0.05%	U.S.	2 yrs - 5 yrs				October	
	0.05%	Canada	2 yrs - 5 yrs					October
ZORYVE foam for Scalp & Body Psoriasis	0.3%	U.S.	≥ 12 yrs				June	
	0.3%	Canada	≥ 12 yrs				November	

Other Revenue

Other revenue recognized to date is derived primarily from upfront license fees and milestone payments received pursuant to the Sato Agreement and Huadong Agreement. We expect that any other revenue we generate pursuant to these agreements will fluctuate from period to period as a result of the timing of potential milestone achievements and any potential regulatory approvals within the respective Sato Territory and Huadong Territories.

Operating Expenses

Cost of Sales

Cost of sales includes direct and indirect costs related to the manufacturing and warehousing of ZORYVE, including raw materials, third-party manufacturing costs, packaging services, storage and freight-in, as well as third-party royalties payable on our net product sales and amortization of intangible assets associated with ZORYVE.

Prior to the date on which the initial regulatory approval was received for each product, costs of inventory production were recorded as research and development expense. As of September 30, 2026 and December 31, 2025, the value of this expensed inventory on hand was $0.1 million and $2.6 million, respectively. Subsequent to initial regulatory approval, costs of production are capitalized into inventory, and as that inventory is sold and revenue is recognized, the cost of the inventory is recognized in cost of sales.

Research and Development Expenses

Since our inception, we have focused significant resources on our research and development activities, including conducting nonclinical studies and clinical trials, manufacturing development efforts, activities related to regulatory filings for our product candidates, and medical affairs activities related to ZORYVE. Research and development costs are expensed as incurred. These costs include direct program expenses, which are third-party expenses incurred related to our research and development programs, including for clinical research organizations, clinical investigators, the manufacturing of clinical material, nonclinical testing, and consultants. In addition, employee costs, including salaries, payroll taxes, benefits, stock-based compensation, and travel for employees contributing to research and development activities, are classified as research and development costs. Direct external costs relate to a specific program. Our internal costs are primarily related to personnel or professional services, apply across programs, and, thus, are not allocable to a specific program.

We expect to continue to incur research and development expenses in the future as we develop our product candidates. In particular, we expect to incur research and development expenses for the development of ARQ-234 for atopic dermatitis and for ZORYVE label expansions and lifecycle management.

We have entered, and may continue to enter, into in-license agreements to access and utilize certain molecules for the treatment of dermatological diseases and disorders. We evaluate whether an in-license agreement is an acquisition of an asset or a business. To date, none of our in-license agreements have been considered to be an acquisition of a business. For asset acquisitions, the upfront payments, as well as any milestone payments made before regulatory approval, are immediately recognized as research and development expense, provided there is no alternative future use of the rights in other research and development projects.

The successful development of our product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing, or costs required to complete the remaining development of ZORYVE label expansions and lifecycle management, ARQ-234 for atopic dermatitis, or any other product candidates. This is due to the numerous risks and uncertainties associated with the development of product candidates. See “Risk Factors” for a discussion of the risks and uncertainties associated with the development of our product candidates.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of salaries and related costs, including payroll taxes, benefits, stock-based compensation, and travel, for sales, commercial operations, human resources, information technology, legal, and finance employees. Other selling, general and administrative expenses include costs related to the sales and marketing of ZORYVE; outbound distribution; commissions earned by Kowa under our promotion agreement, which was terminated effective January 23, 2026; professional services costs for patent protection, accounting, auditing, tax, and general legal services; other outside services and consulting costs; information technology; and other overhead.

Interest Income

Interest income consists of interest earned on our cash, cash equivalents, and marketable securities.

Interest Expense

Interest expense is related to interest and fees incurred on our debt.

Provision for Income Taxes

Provision for income taxes is primarily related to foreign income tax expense, foreign withholding taxes incurred in relation to payments received pursuant to our in-license agreements, and domestic state income tax.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

Product revenue, net

	Three Months Ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Product revenue, net				
ZORYVE cream 0.3%	$ 37,777	$ 30,491	$ 7,286	24 %
ZORYVE foam	75,141	49,781	25,360	51 %
ZORYVE cream 0.15%	27,261	18,947	8,314	44 %
ZORYVE cream 0.05%	3,740	—	3,740	*
Total product revenue, net	$ 143,919	$ 99,219	$ 44,700	45 %

*Not applicable

The increases in product revenue, net, for ZORYVE cream 0.3%, ZORYVE foam, and ZORYVE cream 0.15% were primarily driven by greater patient demand for each respective product.

The increase in product revenue, net, for ZORYVE cream 0.05% was due to its commercial launch in the United States in October 2025.

Cost of Sales

Cost of sales increased by $3.8 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase was primarily due to higher sales volumes and the associated increase in expenses recognized for product sold and royalties.

Research and Development Expenses

	Three Months Ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Direct external costs:				
ARQ-234 program	$ 2,378	$ 634	$ 1,744	275 %
Topical roflumilast program	1,325	3,340	(2,015)	(60)%
Other programs	105	806	(701)	(87)%
Indirect costs:				
Compensation and personnel-related	11,345	10,553	792	8 %
Other	7,269	4,271	2,998	70 %
Total research and development expense	$ 22,422	$ 19,604	$ 2,818	14 %

The increase in research and development expenses was primarily due to higher indirect costs attributable to investments in medical education and support of potential ZORYVE label expansions and an increase in direct program development costs for ARQ-234 stemming from continued enrollment in the Phase 1a/1b clinical study, partially offset by a decrease in direct topical roflumilast costs as we closed out the INTEGUMENT-INFANT trial and ZORYVE foam MUSE trial.

We expect research and development expenses to continue to increase in future periods, primarily due to our clinical development program for ARQ-234, as well as the development costs associated with ZORYVE label expansions and lifecycle management efforts.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $37.2 million, or 60%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. Marketing, media and celebrity costs accounted for $16.4 million of the increase, including those related to our recently announced “Skin to Believe In” awareness campaign. Additionally, $8.6 million of the increase in selling, general and administrative expenses related to compensation and personnel-related expenses, primarily associated with the growth in headcount for the expansion of our dermatology sales force and the build-out of a sales force dedicated to primary care practitioners and pediatricians. The remaining growth in selling, general and administrative expenses was primarily associated with commercialization efforts in support of increased ZORYVE sales volume.

We expect our selling, general and administrative expenses to continue to increase in future periods as we continue to support the commercialization and marketing of ZORYVE, as well as support our overall business operations.

Interest Expense

Interest expense for the three months ended September 30, 2026 was materially consistent with that for the three months ended September 30, 2025.

Comparison of the Nine Months Ended September 30, 2026 and 2025

Product Revenue, Net

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Product revenue, net				
ZORYVE cream 0.3%	$ 105,774	$ 81,553	$ 24,221	30 %
ZORYVE foam	192,145	119,233	72,912	61 %
ZORYVE cream 0.15%	73,233	43,783	29,450	67 %
ZORYVE cream 0.05%	8,026	—	8,026	*
Total product revenue, net	$ 379,178	$ 244,569	$ 134,609	55 %

*Not applicable

The increases in product revenue, net, for ZORYVE cream 0.3%, ZORYVE foam, and ZORYVE cream 0.15% were primarily driven by greater patient demand for each respective product.

The increase in product revenue, net, for ZORYVE cream 0.05% was due to its commercial launch in the United States in October 2025.

Other Revenue

Other revenue for the nine months ended September 30, 2025 was related to a milestone payment received in connection with the Huadong Agreement. See Note 6 to the condensed consolidated financial statements for additional information.

Cost of Sales

Cost of sales increased by $8.2 million for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, due to higher sales volumes and the associated increase in expenses recognized for product sold and royalties, partially offset by $2.7 million of catch-up amortization expense recognized in the comparative period for an AstraZeneca milestone achieved.

Research and Development Expenses

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Direct external costs:				
ARQ-234 program	$ 14,683	$ 2,668	$ 12,015	450 %
Topical roflumilast program	6,615	7,613	(998)	(13)%
Other programs	302	3,181	(2,879)	(91)%
Indirect costs:				
Compensation and personnel-related	33,756	29,970	3,786	13 %
Other	18,048	13,168	4,880	37 %
Total research and development expense	$ 73,404	$ 56,600	$ 16,804	30 %

The increase in research and development expenses was primarily due to a $12.0 million increase in ARQ-234 program costs, including the $10.0 million milestone that became payable to certain former Ducentis stockholders in the first quarter of 2026 upon the dosing of the first subject in the ARQ-234 Phase 1a/1b clinical study and $2.0 million stemming from continued enrollment in this clinical trial. Higher indirect costs were due primarily to growth in headcount and investments in medical education and support of potential ZORYVE label expansions. These increases were partially offset by lower direct other program costs following the completion of the Phase 1b clinical study for our ARQ-255 program in 2025.

We expect research and development expenses to continue to increase in future periods, primarily due to our clinical development program for ARQ-234, as well as the development costs associated with ZORYVE label expansions and lifecycle management efforts.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $60.2 million, or 31%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. Marketing, media and celebrity costs accounted for $20.3 million of the increase, including those related to our recently announced “Skin to Believe In” awareness campaign. Additionally, $23.0 million of the increase in selling, general and administrative expenses related to compensation and personnel-related expenses, primarily associated with the growth in headcount for the expansion of our dermatology sales force and the build-out of a sales force dedicated to primary care practitioners and pediatricians. The remaining growth in selling, general and administrative expenses was primarily associated with commercialization efforts in support of increased ZORYVE sales volume. These increases were partially offset by lower commissions following the termination of our promotion agreement with Kowa in January 2026.

We expect our selling, general and administrative expenses to continue to increase in future periods as we continue to support the commercialization and marketing of ZORYVE, as well as support our overall business operations.

Interest Expense

Interest expense increased by $1.7 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily due to fees incurred to maintain the availability of the tranche C-1 and tranche C-2 term loans through March 31, 2026 and June 30, 2026, respectively.

Liquidity, Capital Resources, and Requirements

Liquidity

Our primary sources of capital to date have been private placements of preferred stock, our Initial Public Offering (IPO) and follow-on financings, our Loan Agreement, our ATM program, and revenue from the sale of ZORYVE products. We have incurred annual operating losses since our inception and have an accumulated deficit as a result of ongoing efforts to develop and commercialize our products and product candidates, including conducting nonclinical and clinical trials and providing selling, general and administrative support for these operations. As of September 30, 2026, we had cash, cash equivalents, restricted cash, and marketable securities of $259.8 million, and an accumulated deficit of $1,125.6 million and had $100.0 million principal outstanding under the Loan Agreement. In November 2026, we increased the offering capacity under our ATM program to $200.0 million.

We believe that our existing capital resources will be sufficient to meet the projected operating requirements for at least 12 months from the date of issuance of our financial statements.

If our capital resources are insufficient to satisfy our requirements, we may need to fund our operations through the sale of our equity securities, accessing or incurring additional debt, entering into licensing or collaboration agreements with partners, grants, or other sources of financing. There can be no assurance that sufficient funds will be available to us at all or on attractive terms when needed from these sources. If we are unable to obtain additional funding from these or other sources if or when needed, it may be necessary to significantly reduce our current rate of spending through, among other things, reductions in staff and delaying, scaling back, or stopping certain research and development programs, nonclinical studies, clinical trials, or other development activities, and commercialization efforts. In addition, market conditions impacting financial institutions could impact our ability to access some or all of our cash, cash equivalents, and marketable securities, and we may be unable to obtain alternative funding when and as needed on acceptable terms, if at all.

We have based our projected operating requirements on assumptions that may prove to be incorrect, and we may use all our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development, and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Any future funding requirements will depend on many factors, including, but not limited to:

- the timing, receipt, and amount of sales of any current and future products;
- the scope, progress, results, and costs of researching and developing our product candidates or any future product candidates, and conducting nonclinical studies and clinical trials, in particular our planned or ongoing development activities and our formulation and nonclinical efforts;
- suspensions or delays in the enrollment or changes to the number of subjects we decide to enroll in our ongoing clinical trials;
- the number and scope of clinical programs we decide to pursue, and the number and characteristics of any product candidates we develop or acquire;
- the timing of, and the costs involved in, obtaining regulatory approvals for any future product candidates;
- the cost of manufacturing ZORYVE or any future product candidates and any products we successfully commercialize, including costs associated with building out our supply chain;
- the cost of commercialization activities for ZORYVE or any future product candidates that are approved for sale, including marketing, sales and distribution costs, and any discounts or rebates to obtain access;
- our ability to acquire attractive assets or businesses or to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that we may enter into;
- the costs related to milestone payments to AstraZeneca or any future collaborator or licensing partner, upon the achievement of predetermined milestones;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- any disputes, lawsuits, or other legal proceedings related to contracts or employment matters;

- the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing our intellectual property portfolio; and
- costs associated with any adverse market conditions or other macroeconomic factors.

As part of our business strategy, we regularly evaluate and engage in discussions with third parties regarding potential strategic transactions, including the in-license or acquisition of product candidates, products, technologies or businesses that we believe may complement our existing portfolio and business. We may engage in such discussions at any time, and any such transaction could be material to our business, financial condition and results of operations and could require significant upfront, milestone or other payments, the issuance of equity securities, the incurrence of debt or the use of a significant portion of our cash, cash equivalents and marketable securities. There can be no assurance that any such discussions will result in a definitive agreement or that any transaction will be completed on favorable terms, or at all; however, any such transaction may impact our liquidity and funding and operating requirements.

Indebtedness

On December 22, 2021, we entered into a loan and security agreement (the Prior Loan Agreement) with SLR and the lenders party thereto. The Prior Loan Agreement was amended and restated on January 10, 2023 (the AR Loan Agreement) to include Arcutis Canada, Inc., a corporation incorporated under the laws of the Province of Ontario, as a borrower and party. On November 1, 2023, we entered into an amendment to the AR Loan Agreement to, among others, (i) modify the financial covenant relating to minimum net product revenue, and (ii) include an additional minimum financing covenant. On August 9, 2024, we entered into a second amendment to the AR Loan Agreement (the AR Loan Agreement, as amended by the first and second amendments, the Loan Agreement) to, among others, (i) permit, during the period commencing on October 7, 2024 and ending on December 15, 2024, an optional partial prepayment of term loans outstanding, subject to a 1.0% prepayment penalty (the 2024 Partial Prepayment), (ii) add the tranche C-1 and tranche C-2 term loans, and (iii) facilitate certain other changes, including with respect to the applicable interest rate and maturity date in the event of a 2024 Partial Prepayment. The term loan facility is comprised of (i) a tranche A term loan of $75.0 million, (ii) a tranche B-1 term loan of $50.0 million, (iii) a tranche B-2 term loan of up to $75.0 million, (iv) a tranche C-1 term loan of up to $50.0 million, and (v) a tranche C-2 term loan of up to $50.0 million (collectively, the Term Loans). The tranche A term loan was funded in December 2021. With the approval of ZORYVE cream 0.3% on July 29, 2022, the tranche B term loans were funded in August 2022. As of September 30, 2026 and December 31, 2025, the aggregate principal amount outstanding under the Loan Agreement was $100.0 million.

In October 2024, we made a 2024 Partial Prepayment of $100.0 million, which reduced the aggregate principal amount outstanding under the Loan Agreement to $100.0 million. In connection with the 2024 Partial Prepayment, we paid a prepayment penalty of $1.0 million during the second quarter of 2026 and are obligated to pay a final fee of $6.95 million, representing the final fee applicable to the amount of the 2024 Partial Prepayment, on January 4, 2027. As a result of such 2024 Partial Prepayment, subject to us generating a minimum net product revenue for the trailing six-month period ending as of the month prior to the borrowing date equal to 80% of our projected net product revenue as set forth in our annual plan for the respective period, we obtained the ability to draw down the tranche C-1 and tranche C-2 term loans. The tranche C-1 term loan availability expired on March 31, 2026, and the tranche C-2 term loan availability expired on June 30, 2026. Neither tranche was drawn prior to its expiration. In addition, as a result of the 2024 Partial Prepayment, (i) the maturity date of the Loan Agreement is August 1, 2029 (such date, the Maturity Date), (ii) the applicable per annum interest rate is equal to 5.95% plus the greater of (a) 2.50% per annum and (b) the one-month Secured Overnight Financing Rate (SOFR), (iii) we are no longer subject to certain cost and purchase price restrictions regarding acquisitions, and (iv) we may prepay principal amounts outstanding under the Term Loans in minimum increments of $25.0 million, subject to a prepayment premium of (a) 2.0% for any prepayment made after August 9, 2025 and prior to August 9, 2026 or (b) 1.0% for any prepayment made after August 9, 2026 and prior to the Maturity Date.

Principal amounts outstanding under the Term Loans will accrue interest at a floating rate equal to the applicable rate in effect from time to time, as determined by SLR on the third business day prior to the funding date of the applicable Term Loan and on the first business day of the month prior to each payment date of each Term Loan. Prior to the 2024 Partial Prepayment, the applicable rate was a per annum interest rate equal to 7.45% plus the greater of (a) 0.10% and (b) the one-month SOFR. As a result of such 2024 Partial Prepayment, the applicable interest rate is a per annum interest rate equal to 5.95% plus the greater of (a) 2.50% and (b) the one-month SOFR. On September 30, 2026, the rate was 9.69%. The benchmark SOFR is subject to change in the event of certain events with respect to the benchmark rate. Interest payments are payable monthly following the funding of any Term

Loan. Any principal amounts outstanding under the Term Loans, if not repaid or prepaid, are due and payable on August 1, 2029.

As security for the obligations under the Loan Agreement, we granted SLR, for the benefit of the lenders, a continuing security interest in substantially all of our assets, including our intellectual property, subject to certain exceptions.

If the Term Loans are accelerated due to, among others, the occurrence of a bankruptcy or insolvency event, we are required to make certain mandatory prepayments of (i) all principal amounts outstanding under the Term Loans, plus accrued and unpaid interest thereon through the prepayment date, (ii) any fees applicable by reason of such prepayment, (iii) the prepayment premiums set forth above, plus (iv) all other obligations that are due and payable, including expenses and interest at the Default Rate (as defined below) with respect to any past due amounts.

The Loan Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, among others, requirements as to financial reporting and insurance and restrictions on our ability to dispose of our business or property, to change our line of business, to liquidate or dissolve, to enter into any change in control transaction, to merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, to incur additional indebtedness, to incur liens on our property, to pay any dividends or other distributions on capital stock other than dividends payable solely in capital stock or to redeem capital stock. We also agreed to a financial covenant whereby we must generate a minimum net product revenue equal to 75% of our projected net product revenue as set forth in our annual plan for the respective period, tested on a trailing six-month basis as of the end of each month. Each annual plan shall be approved by our board of directors and SLR, in its capacity as collateral agent, in its reasonable discretion. Any failure by us to deliver such annual plan on or before December 15 of the prior year shall be an immediate event of default.

In addition, the Loan Agreement contains customary events of default that entitle the lenders to cause any indebtedness under the Loan Agreement to become immediately due and payable, and to exercise remedies against us and the collateral securing the Term Loans. Upon the occurrence and for the duration of an event of default, an additional default interest rate (the Default Rate) equal to 4.0% per annum will apply to all obligations owed under the Loan Agreement.

In connection with the Loan Agreement, we are obligated to pay a final fee equal to 6.95% of the aggregate original principal amount of the Term Loans outstanding as of the date of the second amendment, (A) with respect to any 2024 Partial Prepayment, upon the earliest to occur of (a) January 4, 2027, (b) the acceleration of all outstanding Term Loans, and (c) the prepayment, or refinancing, substitution or replacement of all outstanding Term Loans, and (B) with respect to the Term Loans outstanding as of the date of the second amendment (other than the 2024 Partial Prepayment), upon the earliest to occur of (a) the Maturity Date, (b) the acceleration of all outstanding Term Loans and (c) the prepayment, or refinancing, substitution or replacement of all outstanding Term Loans. We were also obligated to pay (i) a $1.0 million facility fee with respect to tranche C term loans, which was paid in the second quarter of 2026, (ii) a $1.0 million extension fee with respect to tranche C term loans that remained unfunded after December 31, 2025, which was accrued for and paid out during the period commencing January 1, 2026, and ending on June 30, 2026, and (iii) a certain amount of lenders' expenses incurred in connection with the execution of the Loan Agreement. Additionally, in connection with the original Prior Loan Agreement, we had previously entered into an Exit Fee Agreement, whereby we agreed to pay an exit fee in the amount of 3.0% of each Term Loan funded upon (i) any change of control transaction or (ii) a revenue milestone, calculated on a trailing six-month basis. Notwithstanding the prepayment or termination of the Term Loans, the exit fee will expire 10 years from the date of the Loan Agreement.

We were in compliance with all covenants under the Loan Agreement as of September 30, 2026.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Cash provided by (used in) operating activities	$ 33,776	$ (31,810)
Cash provided by (used in) investing activities	(48,640)	3,926
Cash provided by (used in) financing activities	5,510	3,251
Effect of exchange rate changes on cash	(180)	109
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (9,534)	$ (24,524)

Net Cash Provided by (Used in) Operating Activities

During the nine months ended September 30, 2026, net cash provided by operating activities primarily consisted of net income of $12.5 million and net changes in operating assets and liabilities of $17.9 million. Non-cash items primarily related to stock-based compensation expense of $35.8 million. The overall decrease in cash from changes in our net operating assets and liabilities was the result of increasing accounts receivable associated with growing sales, increasing inventory due to timing of raw material purchases and increased production to support continued sales growth, and higher prepaid assets primarily related to the timing of payments. These were partially offset by an increase in accrued sales deductions resulting from growing sales volumes, as well as the $9.2 million Ducentis milestone liability recorded in 2026 and payable as of September 30, 2026. Other fluctuations in our operating assets and liabilities were due to the timing of payments made to third parties.

During the nine months ended September 30, 2025, net cash used in operating activities was $31.8 million, which consisted of a net loss of $33.5 million and a change in net operating assets and liabilities of $32.5 million, partially offset by net non-cash charges of $34.2 million. The net non-cash charges were primarily related to stock-based compensation expense of $30.3 million and amortization of intangible assets of $4.1 million.

Net Cash Provided by (Used in) Investing Activities

During the nine months ended September 30, 2026, net cash used in investing activities was $48.6 million, which consisted primarily of purchases of marketable securities of $199.1 million, partially offset by proceeds from the maturities of marketable securities of $150.7 million.

During the nine months ended September 30, 2025, net cash provided by investing activities was $3.9 million, which was comprised primarily of proceeds from the maturities of marketable securities of $172.4 million, partially offset by purchases of marketable securities of $157.8 million and a milestone payment made to AstraZeneca of $10.0 million.

Net Cash Provided by (Used in) Financing Activities

During the nine months ended September 30, 2026, net cash provided by financing activities was $5.5 million, which was comprised primarily of $4.9 million of proceeds from the issuance of our common stock upon exercise of employee stock options and $1.6 million of proceeds from purchase of shares pursuant to our employee stock purchase plan. These were partially offset by a $1.0 million payment of the prepayment penalty associated with our tranche A term loan.

During the nine months ended September 30, 2025, net cash provided by financing activities was $3.3 million, which was comprised primarily of proceeds from the issuance of our common stock upon exercise of employee stock options and purchase of shares pursuant to our employee stock purchase plan.

Contractual Obligations and Contingent Liabilities

Other than the change related to Ducentis described in Note 6 to the condensed consolidated financial statements in Item 1, there have been no material changes to our contractual obligations and commitments outside the ordinary course of business as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. As of September 30, 2026, we had cash and cash equivalents of $33.4 million, restricted cash of $0.3 million, and marketable securities of $226.1 million, which consist of bank deposits, money market funds, certificates of deposit, commercial paper, government securities, and corporate debt securities. The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. Because our investments are primarily short-term in duration, we believe that this exposure to interest rate risk is not significant, and a 1% movement in market interest rates would not have a significant impact on the total value of our portfolio.

In addition, as of September 30, 2026, we had $100.0 million principal outstanding under our Loan Agreement. Principal amounts outstanding under our Loan Agreement bear interest at a floating per annum rate equal to 5.95% plus the greater of (a) 2.50% and (b) the one-month Secured Overnight Financing Rate (SOFR). The benchmark SOFR is subject to change in the event of certain events with respect to the benchmark rate. As a result, we are exposed to risks related to our indebtedness from changes in interest rates. Based on the principal amount outstanding under our Loan Agreement as of September 30, 2026, for every 100 basis point increase in the interest rates, we would incur approximately $1.0 million of additional annual interest expense. We do not currently engage in hedging transactions to manage our exposure to interest rate risk, but higher interest expense would be offset in part by higher earnings on our cash and marketable securities. We may in the future use swaps, caps, collars, structured collars or other common derivative financial instruments to reduce interest rate risk. It is difficult to predict the effect that future hedging activities would have on our operating results.

The majority of our transactions occur in U.S. dollars; however, we are exposed to foreign currency exchange risk as our Canadian subsidiary operates with the Canadian dollar as its functional currency. The fluctuation in the value of the U.S. dollar against the Canadian dollar affects the reported amounts of expenses, assets, and liabilities. If we expand our international operations, our exposure to exchange rate fluctuations will increase. At September 30, 2026, we had cash balances denominated in Canadian dollars of $8.1 million. We currently do not hedge any foreign currency exposure. A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have a material impact on our condensed consolidated financial statements.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision of and with the participation of our management, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of September 30, 2026, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such required information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 30, 2026, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Arcutis Biotherapeutics, Inc. filed a lawsuit against Padagis Israel Pharmaceuticals Ltd., Padagis US LLC, and Padagis LLC (collectively, Padagis) in the U.S. District Court for the District of Delaware on March 27, 2024, based on the submission to the FDA of an Abbreviated New Drug Application (ANDA) seeking approval to market and sell a generic version of Arcutis' ZORYVE cream 0.3% for the treatment of plaque psoriasis. The Company asserts infringement of the following eleven patents, which are listed in the FDA's Orange Book for Arcutis' ZORYVE cream 0.3%: 9,884,050; 9,907,788; 10,940,142; 11,129,818; 11,793,796; 11,819,496; 11,992,480; 12,005,051; 12,005,052; 12,011,437; and 12,016,848 (collectively, Asserted Patents). Arcutis seeks a judgment that Padagis has infringed or will infringe one or more claims of each of the Asserted Patents, and, based on that judgment, a permanent injunction prohibiting the commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of Padagis's proposed generic product before expiration of each of the Asserted Patents found to be infringed.

In March 2025, Arcutis agreed to file a joint stipulation to stay the ongoing patent litigation with Padagis at the request of Padagis. On April 3, 2025, the court stayed the case and canceled all case deadlines, including the trial. The automatic 30-month stay of FDA approval of Padagis's ANDA seeking approval for Arcutis' ZORYVE cream 0.3% was set to expire on August 14, 2026. The 30-month stay will be extended for each day the stay is in place, starting March 24, 2025, until the stay is lifted.

We may from time to time be involved in various legal proceedings of a character normally incident to the ordinary course of our business. We are not currently a defendant in any material litigation or other material legal proceedings.

Item 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

None.

Issuer Purchases of Equity Securities

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Trading Plans

On September 1, 2026, Patrick Burnett, our Chief Medical Officer, entered into a Rule 10b5-1 trading plan, intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. Between December 2, 2026 and August 31, 2027, the plan provides for the potential exercise and sale of up to 100,000 options, the potential sale of up to 38,150 shares resulting from the vesting of RSUs and the potential sale of up to 20,117 shares of common stock held by Mr. Burnett.

Chief Commercial Officer

On October 31, 2026, our board of directors appointed Robert Lisicki, who has served as the Company's interim executive vice president and interim chief commercial officer since August 2026, as the Company's executive vice president and chief commercial officer on a permanent basis, effective as of November 4, 2026. Mr.

Lisicki's appointment as interim executive vice president and interim chief commercial officer, his biographical information, and the material terms of his compensatory arrangements with the Company were previously reported in Item 5.02 of the Company's Current Report on Form 8-K filed with the SEC on August 5, 2026 (Prior Form 8-K), which information is incorporated herein by reference. Other than the change in Mr. Lisicki's role from interim to permanent basis, there have been no changes to the information reported in the Prior Form 8-K, including the terms of his Employment Agreement and Severance & Change in Control Agreement (each as defined in the Prior Form 8-K). Each of those agreements is filed as an exhibit to this Quarterly Report on Form 10-Q.

Employment and Severance Agreements

Our board of directors approved certain updates to our severance and change in control agreements with our executive officers. The updated agreements increase the severance paid in the form of continued base salary and annual bonus and extend the duration of COBRA reimbursements. In the event of a qualifying termination (i) within eighteen (18) months following a change of control or (ii) within three (3) months preceding a change in control, (a) Mr. Todd Franklin Watanabe will be entitled to receive severance pay in an amount equal to twenty-four (24) months of his base salary rate in effect immediately prior to the qualifying termination, 2.0 times his annual bonus amount for the then-current fiscal year based on 100% of target performance, and twenty-four (24) months of COBRA reimbursements, and (b) our other executive officers will be entitled to receive severance pay in an amount equal to eighteen (18) months of their base salary rate in effect immediately prior to the qualifying termination, 1.5 times their annual bonus amount for the then-current fiscal year based on 100% of target performance, and eighteen (18) months of COBRA reimbursements, in each case paid out in a single cash lump sum. We have entered or will enter into updated severance and change in control agreements with our executive officers.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document	Incorporated by Reference Form	Date	Number	Filed/Furnished Herewith
3.1	Restated Certificate of Incorporation.	10-Q	5/12/20	3.1	
3.2	Restated Bylaws.	10-Q	5/12/20	3.2	
4.1	Form of Common Stock Certificate.	S-1/A	1/21/20	4.1	
4.2^	Amended and Restated Investors' Rights Agreement, dated October 8, 2019, by and among the Registrant and certain of its stockholders.	S-1/A	1/21/20	4.2	
5.1	Opinion of Latham & Watkins LLP				X
10.1#	Transition and General Release Agreement, dated August 21, 2026, by and between the Registrant and Todd Edwards.				X
10.2	Amended and Restated Sales Agreement, dated November 4, 2026, by and between the Registrant and TD Securities (USA) LLC.				X
10.3#	Employment Agreement, dated August 4, 2026, by and between the Registrant and Robert Lisicki.				X
10.4#	Severance & Change in Control Agreement, dated October 27, 2026, by and between the Registrant and Robert Lisicki.				X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

^ Registrant has omitted schedules (or similar attachments) pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of the omitted schedules and exhibits to the SEC upon request.

# Indicates management contract or compensatory plan.

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Arcutis Biotherapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

ARCUTIS BIOTHERAPEUTICS, INC.

Date: November 04, 2026

By: /s/ Todd Franklin Watanabe

Todd Franklin Watanabe
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 04, 2026

By: /s/ Latha Vairavan

Latha Vairavan
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 5.1

650 Town Center Drive, 20th Floor
Costa Mesa, California 92626-1925
Tel: +1.714.540.1235 Fax: +1.714.755.8290
www.lw.com

LATHAM & WATKINS LLP

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November 4, 2026

Arcutis Biotherapeutics, Inc.
3027 Townsgate Road, Suite 300
Westlake Village, CA 91361

Re: Registration Statement on Form S–3 (No. 333–293736); Up to $200,000,000 of shares of common stock, par value $0.0001 per share

To the addressee set forth above:

We have acted as special counsel to Arcutis Biotherapeutics, Inc., a Delaware corporation (the "***Company***"), in connection with the proposed issuance from time to time of shares (the "***Shares***") of common stock, par value $0.0001 per share (the "***Common Stock***"), of the Company having an aggregate offering price of up to $200,000,000, by the Company pursuant to an amended and restated sales agreement dated November 4, 2026 (the "***Sales Agreement***") between the Company and TD Securities (USA) LLC. The Shares are included in a registration statement on Form S–3 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on February 25, 2026 (Registration No. 333–293736) (as so filed, the "***Registration Statement***") and are being offered pursuant to a base prospectus dated February 25, 2026 included in the Registration Statement (the "***Base Prospectus***") and a prospectus supplement dated November 4, 2026 filed with the Commission pursuant to Rule 424(b) under the Act (together with the Base Prospectus, the "***Prospectus***").

This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to the General Corporation Law of the State of Delaware (the "***DGCL***"), and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof upon the completion of all Corporate Proceedings (as defined below) relating to the Shares, when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor (not less than par value) in accordance with the Corporate Proceedings and the terms of the Sales Agreement, the issue and sale of the Shares will have been duly authorized by all necessary corporate action of the Company, and the Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that (i) the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the DGCL; (ii) upon the issuance of any of the Shares, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under its certificate of incorporation; and (iii) certain terms of the Shares to be issued by the Company from time to time will be authorized and approved by the board of directors (the "***Board***") of the Company or one or more committees thereof established by the Board with the authority to issue and sell Shares pursuant to the Sales Agreement in accordance with the DGCL, the certificate of incorporation and the bylaws of the Company and certain resolutions of the Board and one or more committees thereof (with such approvals referred to herein as the "***Corporate Proceedings***") prior to issuance thereof.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, and to the reference to our firm in the Prospectus under the heading "Legal Matters." In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Sincerely,

/s/ Latham & Watkins LLP

TRANSITION AND GENERAL RELEASE AGREEMENT

This TRANSITION AND GENERAL RELEASE AGREEMENT ("Agreement") is made by and between Arcutis Biotherapeutics, Inc. ("Company") and Todd Edwards ("Employee") with reference to the following:

WHEREAS, Employee, an at-will employee, was employed by Company as Executive Vice President, Chief Commercial Officer,

WHEREAS, on July 31, 2026, Employee tendered his resignation from the Company, effective as of August 21, 2026, and

WHEREAS, Company and Employee would like to ensure a smooth transition for Company's commercial function.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, Employee and Company agree as follows:

1. Separation Date: Employee's employment with the Company is terminated effective as of August 21, 2026 (the "Separation Date"). With the exception of the payments set forth herein, Employee acknowledges that he is not owed any further payment of any type as a result of his rendering of services as an employee for Company. Employee will receive payment for any final wages through the Separation Date, in a final paycheck; this amount will be provided regardless of whether Employee executes this Agreement. A final paycheck or direct deposit including these sums will be provided to Employee on or before the Separation Date.

2. Consideration: In consideration of Employee entering into this Agreement and not revoking it, Company agrees to the following:

a. Company shall pay Employee a severance payment of twenty five thousand dollars ($25,000), less standard withholdings and deductions (the "Severance Payment"). The Severance Payment shall be paid 30 days after the Separation Date.

b. Employee shall be eligible to earn a transition payment in the amount of one hundred fifty thousand dollars ($150,000) ("the Transition Payment"). Employee may earn the Transition Payment if (i) Employee chooses to not solicit any current employee of the Company to work for any entity that employs Employee or is otherwise affiliated with Employee between July 30, 2026 and March 31, 2027, and (ii) Employee otherwise helps participate in an orderly transition of Employee's job duties and ongoing tasks. The Transition Payment, if earned, will be less standard withholdings and deductions and paid out no later than March 31, 2027.

3. General Release: Except for those obligations created by or arising out of this Agreement, and excluding only those claims that cannot be waived as a matter of law, Employee acknowledges full and complete satisfaction of any obligations to him by Company and hereby releases and discharges Company, its parent, subsidiaries and affiliated entities, past and present, and each of them, as well as its and their trustees, directors, partners, officers, agents, employees, attorneys, and insurers, past and present, and each of them, together and each of them (collectively "Releasees") from any and all liabilities, claims, wages, agreements, obligations, demands and causes of action, attorneys' fees, and/or expenses, known or unknown, suspected or unsuspected, arising out of or in any way connected with Employee's employment relationship with Company, or termination of employment, or any other transactions, occurrences, acts or omissions, known or unknown, suspected or unsuspected, resulting from any act or omission by or on the part of said Releasees, or any of them, committed or omitted prior to the date Employee executes this

Agreement (collectively, "Claims"), including, without limiting the generality of the foregoing, any Claims (on an individual or representative basis) for: (i) wages, including overtime wages, bonuses, long term incentive, commissions, vacation pay, holiday pay, sick pay, severance, back pay, front pay, penalties, life insurance, health or medical insurance or any other fringe benefit or compensation of any kind including any such claims arising under federal or state law; and (ii) under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act of 1993 ("FMLA"), the California Fair Employment and Housing Act, the California Labor Code, the California Family Rights Act ("CFRA"), the New York Constitution, the New York Executive Law, including the New York State Human Rights Law, the New York Labor Law, including any applicable regulations and/or wage orders, the New York Equal Rights Law, the Administrative Code of the City of New York, including the New York City Human Rights Law, or any other federal, state or local statute, ordinance or regulation or constitutional, contract, tort or common law theory which Employee ever had, now has, or hereafter can, shall or may have against the Releasees for, upon or by reason of any act, omission, transaction or occurrence up to and including the date Employee executes this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall affect: (i) any vested interest Employee may have in Company's 401(k) Plan (if any) (ii) any rights Employee may have under COBRA; (iii) claims or causes of action that cannot be released as a matter of law; or (iv) any rights to indemnification that Employee may have under Delaware law, the Company's by-laws, or the Indemnity Agreement, dated September 27, 2023, by and between the Company and Employee.

a. Employee represents and warrants that he has brought no complaint, claim, charge, action or proceeding against Company in any jurisdiction or forum, nor will he, from the date of signing forward, unless compelled by law, advise, aid or encourage any person or entity to bring a claim against (i) Company or any of its affiliated, subsidiary or parent companies or their managers, employees, officers, members, partners, directors, shareholders, investors, agents, attorneys or representatives or (ii) any other Releasees, and will not assist any person or entity in connection with any such claim unless required by legal process or applicable law. As of the date hereof, Company is not aware of any legal claims it may have against Employee arising from and relating to Employee's employment and separation therefrom.

b. Except with respect to a breach of obligations arising out of this Agreement, if any, and to the fullest extent permitted by law, execution of this Agreement by the parties operates as a complete bar and defense against any and all of Employee's Claims.

c. Employee represents and warrants that Employee does not currently suffer from any work-related injuries and that Company has never denied Employee the right to take leave under the FMLA and/or the CFRA.

4. **Age Discrimination Release:** Employee expressly acknowledges and agrees that, among the matters waived and released are any and all rights or claims arising under the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 *et seq.* (the "ADEA"), which have or may have arisen on or before the date Employee executes this Agreement. Because the ADEA contains special provisions affecting the release of ADEA claims, Employee also expressly acknowledges and agrees that:

a. In return for this Agreement, Employee will receive consideration, *i.e.,* something of value, beyond that which he was already entitled to receive before entering into this Agreement;

b. Employee is hereby advised to consult with an attorney before signing this Agreement;

c. The releases contained in this Agreement do not cover the rights or claims that may arise after the date on which Employee executes this Agreement;

d. Employee has been given at least twenty one (21) days within which to consider the Agreement, although Employee may sign sooner if he so chooses;

e. Employee warrants that any signature prior to that twenty one day time is knowing, voluntary, and has not been induced by Employer through fraud, misrepresentation, a threat by Employer to withdraw or alter the Agreement prior to the expiration of the reasonable time period, or by Employer providing different terms to other employees who sign a similar agreement prior to the expiration of such twenty one (21) day time period;

f. Employee has been informed that he has seven (7) days following the date he executes the Agreement in which to revoke it (the "Revocation Period"), understanding that the Agreement will not be enforceable until this seven-day Revocation Period has expired. Any revocation of the Agreement must be in writing and delivered to Todd Tucker, Chief Human Resources Officer, at 3027 Townsgate Road, Suite 300, Westlake Village, CA 91361 before expiration of the Revocation Period, in which case, the Agreement, and the obligations contained herein, will be null and void; and

g. The release(s) contained in this Agreement shall become effective and enforceable on the day following the end of the Revocation Period (the "Effective Date").

5. **Waiver of Unknown Claims:** This Agreement is intended to be effective as a bar to all Claims as stated above, up to and including the date Employee executes this Agreement. Accordingly, Employee hereby expressly waives any and all rights and benefits conferred by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE ("SECTION 1542") and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims, if any, as well as those relating to any other Claims as stated above. SECTION 1542 provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Employee warrants that he has had the opportunity to consult with counsel about this Agreement and specifically about the waiver of SECTION 1542 and that Employee understands such waiver and freely and knowingly enters into this Agreement.

6. **Agency Charges/Complaints:** Nothing in this Agreement, including the Release, Confidentiality, and Non-Disparagement provisions at Paragraphs 3, 4, 5, 7, 8 and 9 is intended to prohibit Employee from filing a charge with any agency that enforces anti-discrimination or other employment or securities laws, or from cooperating with or providing truthful information to any such agency or law enforcement. However, Employee understands that by signing this Agreement and not revoking it, he has waived his right to recover any money from any of the Releasees, other than the Severance Payment under Paragraph 2.

7. **Confidentiality Regarding Agreement and Separation of Employment:** Except as otherwise provided in Paragraph 6, absent the prior express written approval and permission of the Chief Executive Officer of Company, Employee will keep confidential and not make public or reveal to any person, firm, corporation, association, partnership or entity of any kind whatsoever, including, without limitation, any current, former or future employees or agents of Company or any of its affiliated, subsidiary or parent companies or their current, former or future employees or agents any information regarding the

terms or existence of this Agreement, including, without limitation, the payments Employee is receiving under it. This confidentiality provision shall not apply to: (i) Employee providing any such information to his immediate family, attorney, accountant, tax consultant and/or the duly designated taxing authorities of the United States of America and/or the State of California and the State of New York (and any other state in which Employee files tax returns for the 2023 tax year); or (ii) any disclosures compelled by law or legal process (after notice to Company within a reasonable period for making an objection to such disclosures). In the event that Employee reveals any material terms of this Agreement to the limited extent permitted in this Paragraph 7, Employee shall instruct the recipient of such information that this is a private, confidential agreement and that the terms of this Agreement may not be revealed to any other person for any reason whatsoever. Notwithstanding the above, this confidentiality provision does not prevent or restrict Employee from enforcing Employee's Section 7 rights under the National Labor Relations Act, participating in Section 7 activity (including the right to communicate with former coworkers and/or third parties about terms and conditions of employment or labor disputes, unrelated to the amount of severance pay under this Agreement) or otherwise cooperating through investigation, testimony, or otherwise with the National Labor Relations Board or any other administrative agency or court.

8. Confidential Information:

a. Confidential Information: The term "Confidential Information," as used herein, means all information or material not generally known by those with whom Company or any of its affiliated, subsidiary or parent companies compete or do business, or with whom Company or any of its affiliated, subsidiary or parent companies plan to compete or do business, and any and all information, which, if disclosed by Company or any of its affiliated, subsidiary or parent companies, would assist in competition against them. Confidential Information includes, but is not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing): creative materials, formats, trade secrets, formulation information, research & development strategic plans, protocols and information, customer lists, business policies, financial information, technical information, methods of operation, marketing programs, customer price lists, research or development, marketing techniques and materials, marketing and development plans, artwork, advertising strategies, formulas, information and designs and business plans. Confidential Information also includes any information described above which Company or any of its affiliated, subsidiary or parent companies obtain from another party and which Company or any of its affiliated, subsidiary or parent companies treat as proprietary or designates as Confidential Information, whether or not owned or developed by Company or any of its affiliated, subsidiary or parent companies. Notwithstanding the above, however, no information constitutes Confidential Information if it is: (i) generic information or general knowledge which Employee would have learned in the course of similar employment elsewhere in the biotechnology industry; (ii) information Employee possessed prior to his employment by Company; or (iii) information that is otherwise publicly known and in the public domain.

b. Employee's Duties Regarding Confidential Information: Employee acknowledges that the nature of his engagement by Company was such that he had access to Confidential Information which has great value to Company or any of its affiliated, subsidiary or parent companies and that except for Employee's engagement by Company he would not otherwise have had access to such material. Employee shall keep all of the Confidential Information in confidence and shall not disclose any of the same to any other person, except: (i) personnel of Company entitled thereto and other persons designated in writing by Company; or (ii) as legally required by a lawful subpoena or by court order and then only after immediate written notice by Employee to Company of the existence of such subpoena or court order, with a copy of any such document and the allowance of no less than five (5) business days after receipt by Company of such written notice with copy of subpoena or court order for Company to object to or move to quash any subpoena, court order or potential disclosure. Employee shall not cause, suffer or permit the Confidential Information to be used for the gain or benefit of any party outside of Company, or for his

personal gain or benefit outside the scope of his engagement by Company. Additionally, Employee acknowledges Employee's continuing obligations under his Employment Inventions Assignment and Confidentiality Agreement dated September 27, 2023 with Company to the extent those obligations are lawful.

c. Effect of Previous Obligations: Employee acknowledges that this Agreement is not intended to supersede, limit or affect any obligation, contractual or otherwise, which Employee has with respect to the disclosure, use or protection of any proprietary or privileged, confidential, work product or trade secret information of Company and non-solicitation of Company employees. All previous written agreements and responsibilities imposed by law and/or by contract relating to Company's intellectual property, proprietary, confidential, and/or privileged information, and/or trade secrets and/or non-solicitation of Company employees, shall remain in full force and effect and shall survive the execution of this Agreement. To the extent that there is any conflict between Paragraph 8.c. of this Agreement and any prior obligation(s), contractual or otherwise, which Employee has with respect to the disclosure, use or protection of any proprietary or privileged, confidential, work product or trade secret information of Company and/or non-solicitation of Company employees, the terms of the prior obligation/agreement shall control.

9. Non Disparagement: Except as otherwise provided in Paragraph 6 or as otherwise provided by law, Employee agrees that he will not disparage Company or any of its affiliated, subsidiary or parent companies or any of their current or former officers, directors, members, partners, investors, agents, attorneys, representatives, employees, products or services, in any manner. Employer agrees that on or before the effective date, Employer will instruct and cause its executive management team, commercial leadership team and the VP of Medical Affairs not to disclose to the public or any person, any false or misleading information about Employee, any information that reflects negatively upon or otherwise disparages Employee, or which may harm the reputation of Employee including via social media. Employee agrees that Employee will not disclose to the public or any person, any maliciously false or defamatory information about Employer (including its officers, directors, and employees) or which may harm the reputation of Employer including, but not limited to, any statements that defame or are maliciously untrue about any product, service, capability, or any other aspect of the business of Employer, including via social media. This Section is not intended to prevent Employee from exercising any other rights protected by law or any rights protected by the National Labor Relations Act, including the right to communicate with former coworkers and/or third parties about terms and conditions of employment or labor disputes, unrelated to the amount of severance pay under this Agreement, when the communication is not so reckless, or maliciously untrue as to lose the protection of the law. Nothing in this Agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

10. Ongoing Cooperation: Employee agrees that Employee will assist and cooperate with the Company and its affiliates, (i) concerning reasonable requests for information about the business of the Company or its affiliates or Employee's involvement and participation therein; (ii) in connection with the defense, prosecution or investigation of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company or its subsidiaries or affiliates, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including testifying in any proceeding to the extent such claims, actions, investigations or proceedings relate to services performed or required to be performed by Employee, pertinent knowledge possessed by Employee, or any act or omission by Employee; and (iii) and in connection with any investigation or review by any federal, state or local regulatory, quasi- or self-regulatory or self-governing authority or organization as any such investigation or review relates to services performed or required to be performed by Employee, pertinent knowledge possessed by Employee, or any act or omission by Employee. Employee's full cooperation shall include, but not be limited to, being available to meet and speak with officers or employees of the Company, its

affiliates and/or their counsel at reasonable times and locations, executing accurate and truthful documents, appearing at the Company's request as a witness at depositions, trials or other proceedings without the necessity of a subpoena, and taking such other actions as may reasonably be requested by the Company and/or its counsel to effectuate the foregoing. In requesting such services, the Company will consider other commitments such as other subsequent full-time employment and alike that Employee may have at the time of the request. Employee will receive reasonable compensation for his time based on the matter and circumstance, and reimbursed for customary and reasonable travel expenses incurred in connection with this Section 10 as requested and approved by the Company.

11. **Return of Property:** As of the Separation Date, or at the time he ceases providing services to Company, whichever is earlier, Employee agrees to return immediately all of Company's property in his possession or control including but not limited to security access cards or other access devices, keys, cellular phones, PDAs, memory cards, flash drives, laptop computers, work files (including hard copies and electronic documents), memoranda, notes and records or any other documents made or compiled by Employee or made available to Employee during the term of his employment at Company.

12. **Integration/Modification:** Employee acknowledges and agrees that this instrument constitutes and contains the entire agreement and final understanding concerning his employment with Company and his termination from employment and the other matters addressed, and that it is intended to be a complete and exclusive statement of the terms of his agreement with Company. Except as expressly provided otherwise herein (including, without limitation, in Paragraph 8.c above), Employee understands and agrees that this Agreement supersedes and replaces all prior negotiations and/or agreements, whether written or oral, and that any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against Company. This is a fully integrated instrument. Further, this Agreement can be modified only in the form of a writing signed by both parties hereto.

13. **Construction of Agreement/Invalid Agreement Provisions:** Employee acknowledges and agrees that, in interpreting this Agreement, there will be no presumption against Company because it is its drafter. Should any provision or term, or part of a provision or term of this Agreement be determined by any court to be illegal or invalid, excepting only the release contained in Paragraphs 3 through 5, the validity of the remaining parts, provision or terms shall not be affected thereby and said illegal or invalid part, provision or term shall not be deemed to be a part of this Agreement.

14. **Indemnification:** Except with respect to claims pursuant to the ADEA, Employee shall indemnify Releasees against any loss or liability whatsoever, including all court costs and attorneys' fees, caused by any action or proceeding which is brought with respect to any Claim arising out of Employee's gross negligence or willful misconduct.

15. **Choice of Law:** Except as otherwise provided under the Federal Arbitration Act ("FAA") or other applicable federal law, this Agreement shall be governed by the laws of the State of New York without reference to any state's or country's choice of law provisions to the contrary.

16. **No Admission of Wrongdoing:** Nothing contained in this Agreement nor the fact that the parties sign this Agreement shall be considered as an admission by either party of any wrongdoing by either party.

17. **SEC Reporting**. Employee acknowledges that to the extent required by the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), he will have continuing obligations under and he will continue to abide by Section 16(a) and 16(b) of the Exchange Act to report his transactions in Company common stock for six (6) months following the Separation Date.

18. **Arbitration:** Employee agrees that any dispute or controversy between the parties in any way arising out of, related to, or connected with this Agreement, his employment with Company or termination of the same, shall be resolved through final and binding arbitration pursuant to the Employment Arbitration Rules and Procedures of JAMS, Inc. ("JAMS"), available at www.jamsadr.com, incorporated herein by reference. Any such arbitration shall be administered by JAMS in the office nearest to Employee's last place of employment with Company, unless otherwise required by law or agreed to by the parties in writing. In the event of a dispute subject to this section, the parties shall be entitled to written discovery and depositions adequate to give the parties access to documents and witnesses that are essential to the dispute, subject to the discretion of the arbitrator and pursuant to the applicable JAMS rules. The arbitrator selected shall have the authority to grant either party or both all remedies otherwise available by law, including injunctions. The arbitrator shall render an award and written opinion explaining the basis for the award. The arbitral award shall be binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having competent jurisdiction thereof. Both parties shall take all reasonable steps to maintain the confidentiality of the arbitration award, including executing a confidentiality stipulation in a form acceptable to Company. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses and attorneys' fees. Provided however, Company shall pay for all costs which are unique to the arbitration process, if required by applicable law. The parties acknowledge that by agreeing to arbitration, they are waiving their right to a judicial forum and to a trial by jury. The parties agree that the Company is engaged in interstate commerce and that, except as provided in this Agreement, the FAA shall govern the interpretation and enforcement of, and all proceedings pursuant to, this Agreement.

19. **Successors and Assigns:** This Agreement shall bind and shall inure to the benefit of the successors and assigns of each party. With respect to Employee, the Agreement shall also bind and inure to the benefit of his heirs and assigns.

20. **Counterparts:** This Agreement may be executed in counterparts, and by facsimile or portable document format (pdf), and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

21. **Captions**: The parties understand and agree that any captions are utilized for convenience only, and do not operate to explain or limit the provisions of this Agreement.

22. **Notices:** All notices required or permitted by the terms of this Agreement shall be sufficient if given in writing and delivered personally, by facsimile, or by certified mail or courier service, requiring written acknowledgement of receipt, to the following addresses for the persons or entities listed:

Company: Arcutis Biotherapeutics, Inc.
3027 Townsgate Road, Suite 300
Westlake Village, CA 91361
Attn: Todd Tucker

Employee: Todd Edwards
1620 Bristol Drive South
Mt. Juliet, TN 37122

[*Remainder of page is intentionally left blank; signatures on following page.*]

THIS TRANSITION AND GENERAL RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING THOSE PURSUANT TO THE AGE DISCRIMINATION IN EMPLOYMENT ACT.

Employee and Company hereby declare and affirm that they have read the foregoing Transition and General Release Agreement and understand and acknowledge the significance and consequence of it and execute it voluntarily with full understanding of its consequences.

EXECUTED on 8/21/2026, at South, TN.

/s/ Todd Edwards

Todd Edwards

EXECUTED on 8/21/2026, at Camarillo, CA.

Arcutis Biotherapeutics, Inc.

By: /s/ Todd Tucker

Name: Todd Tucker
Title: Chief Human Resources Officer

ARCUTIS BIOTHERAPEUTICS, INC.

COMMON STOCK

AMENDED AND RESTATED SALES AGREEMENT

November 4, 2026

TD Securities (USA) LLC
1 Vanderbilt Avenue
New York, NY 10017

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Sales Agreement, entered into as of January 31, 2024, (the "**Original Sales Agreement**"), by and between Arcutis Biotherapeutics, Inc., a Delaware corporation (the "**Company**"), and TD Securities (USA) LLC ("**TD Cowen**"), as sales agent. The Company and TD Cowen now intend to enter into this Amended and Restated Sales Agreement (this "**Agreement**") to amend and restate the terms of the Original Sales Agreement in its entirety. Therefore, the Company confirms its agreement with TD Cowen as follows:

1. Issuance and Sale of Shares. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through TD Cowen, acting as agent and/or principal, shares (the "**Placement Shares**") of the Company's common stock, par value $0.0001 per share (the "**Common Stock**"); *provided, however,* that in no event shall the Company issue or sell through or to TD Cowen such number or dollar amount of Common Stock that would exceed the lesser of (a) the number or dollar amount of authorized but unissued Common Stock registered under the Registration Statement (as defined below) pursuant to which the offering is being made, (b) the number of authorized but unissued Common Stock (less Common Stock issuable upon exercise, conversion or exchange of any outstanding securities of the Company or otherwise reserved from the Company's authorized share capital), (c) the number or dollar amount of Common Stock permitted to be sold under a registration statement on Form S-3 (including General Instruction I.B.6 thereof, if applicable), or (d) the number or dollar amount of Common Stock for which the Company has filed a Prospectus (as defined below) (the lesser of (a), (b), (c) and (d), the "**Maximum Amount**"). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitation set forth in this Section 1 on the number of shares of Common Stock issued and sold under this Agreement shall be the sole responsibility of the Company, and TD Cowen shall have no obligation in connection with such compliance. The issuance and sale of Common Stock through TD Cowen will be effected pursuant to the Registration Statement (as defined below) filed by the Company and automatically effective upon filing with the Securities and Exchange Commission (the "**Commission**"), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement (as defined below) to issue the Placement Shares. The Company acknowledges and agrees that sales of Placement Shares under this Agreement may be made through affiliates of TD Cowen and that TD Cowen may otherwise fulfill its obligations pursuant to this Agreement to or through an affiliated broker-dealer.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "**Securities Act**"), with the Commission a registration statement on Form S-3 (File No. 333-293736), including a base prospectus, relating to certain securities, including the Common Stock, to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the "**Exchange Act**"). The Company has prepared a prospectus supplement specifically relating to the Placement Shares (the "**Prospectus Supplement**") to the base prospectus included as part of such registration statement. The Company has furnished to TD Cowen, for use by TD Cowen, copies of the prospectus included as part of such registration statement, as supplemented by the Prospectus Supplement, relating to the Placement Shares. Except where the context otherwise requires, such registration statement, and any post-effective amendment thereto, as amended when it became effective, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed to be a part of such registration statement pursuant to Rule 430B or 462(b) of the Securities Act, or any subsequent registration statement on Form S-3 filed pursuant to Rule 415(a)(6) under the Securities Act by the Company with respect to the Placement Shares, is herein called the "**Registration Statement.**" Any registration statement and amendments thereto filed pursuant to Rule 462(b) of the Securities Act and relating to the offering covered by the Registration Statement is herein called a "**Rule 462(b) Registration Statement**" and, after such filing, the "Registration Statement" shall include any Rule 462(b) Registration Statement. The base prospectus, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented by the Prospectus Supplement, in the form in which such prospectus and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act, together with any "issuer free writing prospectus," as defined in Rule 433 under the Securities Act ("**Rule 433**"), relating to the Placement Shares that (i) is consented to by TD Cowen, hereinafter referred to as a "**Permitted Free Writing Prospectus,**" (ii) is required to be filed with the Commission by the Company or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i), in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g), is herein called the "**Prospectus**." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to the Electronic Data Gathering Analysis and Retrieval system ("**EDGAR**").

2. Placements. Each time that the Company wishes to issue and sell the Placement Shares hereunder (each, a "**Placement**"), it will notify TD Cowen by email notice (or other method mutually agreed to in writing by the parties) (a "**Placement Notice**") containing the parameters in accordance with which it desires the Placement Shares to be sold, which shall at a minimum include the number of Placement Shares to be issued, the time period during which sales are requested to be made, any limitation on the number of Placement Shares that may be sold in any one Trading Day (as defined in Section 3) and any minimum price below which sales may not be made, a form of which containing such minimum sales parameters necessary is attached hereto as **Schedule 1**. The Placement Notice shall originate from any of the individuals from the Company set forth on **Schedule 2** (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from TD

Cowen set forth on **Schedule 2**, as such **Schedule 2** may be amended from time to time in accordance herewith. The Placement Notice shall be effective upon receipt by TD Cowen unless and until (i) in accordance with the notice requirements set forth in Section 4, TD Cowen declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares have been sold, (iii) in accordance with the notice requirements set forth in Section 4, the Company suspends or terminates the Placement Notice for any reason in its sole discretion, (iv) the Company issues a subsequent Placement Notice with parameters superseding those on the earlier dated Placement Notice, or (v) this Agreement has been terminated under the provisions of Section 11. The amount of any discount, commission or other compensation to be paid by the Company to TD Cowen in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in **Schedule 3**. It is expressly acknowledged and agreed that neither the Company nor TD Cowen will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to TD Cowen and TD Cowen does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by TD Cowen. Subject to the terms and conditions herein set forth, upon the Company's delivery of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, TD Cowen, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of the Nasdaq Stock Market, Inc. ("**Nasdaq**") to sell such Placement Shares up to the amount specified, and otherwise in accordance with the terms of such Placement Notice. TD Cowen will provide written confirmation to the Company (including by email correspondence to each of the individuals of the Company set forth on **Schedule 2**, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the volume-weighted average price of the Placement Shares sold, and the Net Proceeds (as defined below) payable to the Company. In the event the Company engages TD Cowen for a sale of Placement Shares that would constitute a "block" within the meaning of Rule 10b-18(a)(5) under the Exchange Act (a "**Block Sale**"), the Company will provide TD Cowen, at TD Cowen's request and upon reasonable advance notice to the Company, on or prior to the Settlement Date (as defined below), the opinions of counsel, accountant's letter and officers' certificates set forth in Section 8 hereof, each dated the Settlement Date, and such other documents and information as TD Cowen shall reasonably request. TD Cowen may sell Placement Shares in negotiated transactions, including block trades or Block Sales, or by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415(a)(4) of the Securities Act, including without limitation sales made through Nasdaq or on any other existing trading market for the Common Stock, or by any other method permitted by law. TD Cowen shall not purchase Placement Shares for its own account as principal unless expressly authorized to do so by the Company in a Placement Notice. The Company acknowledges and agrees that (i) there can be no assurance that TD Cowen will be successful in selling Placement Shares, and (ii) TD Cowen will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by TD Cowen to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares as required under this Section 3. For the purposes hereof, "**Trading Day**" means any day on which the Company's Common Stock is purchased and sold on the principal market on which the Common Stock is listed or quoted.

Notwithstanding any other provision of this Agreement, the Company shall not offer, sell or deliver, or request the offer or sale, of any Placement Shares pursuant to this Agreement and, by notice to TD Cowen given by telephone (confirmed promptly by email), shall cancel any instructions for the offer or sale of any Placement Shares, and TD Cowen shall not be obligated to offer or sell any Placement Shares, (i) during any period in which the Company is, or could be deemed to be, in possession of material non-public information, or (ii) at any time from and including the date on which the Company shall issue a press release containing, or shall otherwise publicly announce, its earnings, revenues or other results of operations (an "**Earnings Announcement**") through and including the time that the Company files a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K that includes consolidated financial statements as of and for the same period or periods, as the case may be, covered by such Earnings Announcement.

4. Suspension of Sales.

(a) The Company or TD Cowen may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on **Schedule 2**, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on **Schedule 2**), suspend any sale of Placement Shares; *provided, however*, that such suspension shall not affect or impair either party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. While a suspension is in effect any obligation under Sections 7(m), 7(n), and 7(o) with respect to the delivery of certificates, opinions, or comfort letters to TD Cowen, shall be waived, provided, however, that the Company shall deliver such certificates, opinions and comfort letters if such suspension is revoked prior to the next occurring Bring-Down Date. Each of the parties agrees that no such notice under this Section 4 shall be effective against the other unless it is made to one of the individuals named on **Schedule 2** hereto, as such schedule may be amended from time to time.

(b) If either TD Cowen or the Company has reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied with respect to the Common Stock, it shall promptly notify the other party, and TD Cowen may, at its sole discretion, suspend sales of the Placement Shares under this Agreement.

(c) Notwithstanding any other provision of this Agreement, during any period in which the Registration Statement is no longer effective under the Securities Act, the Company shall promptly notify TD Cowen, the Company shall not request the sale of any Placement Shares, and TD Cowen shall not be obligated to sell or offer to sell any Placement Shares.

5. Settlement.

(a) Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the first (1st) Trading Day following the date on which such sales are made (each, a "**Settlement Date**" and the first such settlement date, the "**First Delivery Date**"). The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "**Net Proceeds**") will be equal to the aggregate sales price received by TD Cowen at which such Placement Shares were sold, after deduction for (i) TD Cowen's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, (ii) any other amounts due and payable by the Company to TD Cowen hereunder pursuant to Section 7(g).

(Expenses) hereof, and (iii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales.

(b) Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting TD Cowen's or its designee's account (provided TD Cowen shall have given the Company written notice of such designee prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradeable, transferable, registered shares in good deliverable form. On each Settlement Date, TD Cowen will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. TD Cowen will be responsible for providing DWAC instructions or instructions for delivery by other means with regard to the transfer of the Placement Shares being sold. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver duly authorized Placement Shares on a Settlement Date (other than as a result of a failure by TD Cowen to provide instructions for delivery), the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Section 9(a) (Indemnification and Contribution) hereto, it will (i) hold TD Cowen harmless against any loss, claim, damage, or reasonable and documented expense (including reasonable and documented legal fees and expenses), as incurred, arising out of or in connection with such default by the Company and (ii) pay to TD Cowen (without duplication) any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

6. Representations and Warranties of the Company. Except as disclosed in the Registration Statement or the Prospectus, the Company represents and warrants to, and agrees with, TD Cowen that, unless such representation, warranty or agreement specifies otherwise, as of (i) the date of this Agreement, (ii) each Time of Sale (as defined below), (iii) each Settlement Date, and (iv) each Bring-Down Date (as defined below) (each date included in (i) through (iv), a "**Representation Date**"):

(a) The Registration Statement and any Rule 462(b) Registration Statement have been declared effective by the Commission under the Securities Act prior to the delivery of any Placement Notice by the Company. The Company has complied, to the Commission's satisfaction, with all requests of the Commission for additional or supplemental information. No stop order suspending the effectiveness of the Registration Statement, any post-effective amendment thereto or any Rule 462(b) Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of the Company, contemplated or threatened by the Commission. The Company meets the requirements for use of Form S-3 under the Securities Act. The sale of the Placement Shares hereunder meets the requirements of General Instruction I.B.1 of Form S-3.

(b) The Prospectus when filed complied and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act. Each of the Registration Statement, any Rule 462(b) Registration Statement, the Prospectus and any post-effective amendments or supplements thereto, at the time it became effective or its date, as applicable, complied and as of each Representation Date, complied and will comply in all material respects with the Securities Act and did not and, as of each Representation Date, did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, as amended or supplemented, as of its date, did not and, as of each Representation Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the two immediately preceding

sentences do not apply to statements in or omissions from the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment thereto, or the Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with information relating to Agent's Information (as defined below). There are no contracts or other documents required to be described in the Prospectus or to be filed as exhibits to the Registration Statement which have not been described or filed as required. As used herein, "**Time of Sale**" means with respect to each offering of Placement Shares pursuant to this Agreement, the time of TD Cowen's initial entry into contracts with purchasers for the sale of such Placement Shares.

(c) The Company has delivered to TD Cowen one complete copy of the Registration Statement and a copy of each consent and certificate of experts filed as a part thereof, and conformed copies of the Registration Statement (without exhibits) and the Prospectus, as amended or supplemented, in such quantities and at such places as TD Cowen has reasonably requested. The Registration Statement, the Prospectus and any Permitted Free Writing Prospectus (to the extent any such Permitted Free Writing Prospectus was required to be filed with the Commission) delivered to TD Cowen for use in connection with the public offering of the Placement Shares contemplated herein have been and will be identical to the versions of such documents transmitted to the Commission for filing via EDGAR, except to the extent permitted by Regulation S-T.

(d) Subsequent to the respective dates as of which information is given in the Prospectus, the Company has not, (i) sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or (ii) entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company or incurred any liability or obligation, direct or contingent, that is material to the Company, in each case, other than as set forth or contemplated in the Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been (x) any change in the capital stock of the Company (other than as a result of (i) the exercise, if any, of stock options or the award, if any, of stock options, restricted stock or other awards in the ordinary course of business pursuant to the Company's equity plans that are described in the Registration Statement and the Prospectus or (ii) the issuance, if any, of shares of Common Stock upon conversion of Company securities as described in the Registration Statement and the Prospectus), long-term debt of the Company or (y) any Material Adverse Effect (as defined below); as used in this Agreement, "**Material Adverse Effect**" or "**Material Adverse Change**" shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (i) the business, properties, general affairs, management, financial position, stockholders' equity, results of operations or prospects of the Company and its Subsidiaries (as defined below), except as set forth or contemplated in the Prospectus, or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Placement Shares.

(e) The Company and its Subsidiaries do not own any real property and the Company has good and marketable title to all personal property owned by it (other than with respect to Intellectual Property (as defined below), which is addressed exclusively in subsection (ii)) which is material to the business of the Company and its Subsidiaries, free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries; and any real property and buildings held under lease by the Company and its Subsidiaries are held by the Company or its Subsidiaries, to its knowledge, under valid, subsisting and enforceable leases with such exceptions as are not material and do not materially interfere with the use made and currently proposed to be made of such property and buildings by the Company and its Subsidiaries.

(f) The Company has been (i) duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with power and authority (corporate and other) to own and/or lease its properties and conduct its business as described in the Prospectus, and (ii) duly qualified as a foreign corporation for the transaction of business and is in good standing (where such concept exists) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except, in the case of this clause (ii), where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

(g) Each subsidiary of the Company (each a "**Subsidiary**") has been duly organized and is validly existing as a corporation or limited liability company in good standing under the laws of the jurisdiction of its organization and has the requisite power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus. Each of the Company and its Subsidiaries is duly qualified as a foreign corporation or foreign partnership to transact business and is in good standing under the laws of the jurisdiction of its incorporation or formation and each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Effect. Except as described in the Prospectus, all of the issued and outstanding equity interests of the Subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned by the Company free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21.1 to the Company's Annual Report on Form 10-K for the most recently ended fiscal year and other than (i) those subsidiaries not required to be listed on Exhibit 21.1 by Item 601 of Regulation S-K under the Exchange Act and (ii) those subsidiaries formed since the last day of the most recently ended fiscal year.

(h) The Company has an authorized capitalization as set forth in the Registration Statement and the Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform in all material respects to the description of the capital stock contained in the Registration Statement and Prospectus.

(i) The Placement Shares, when issued and delivered, will be duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company against payment therefor pursuant to this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and will conform in all material respects to the description of the Common Stock contained in the Registration Statement and the Prospectus; and the issuance of the Placement Shares is not subject to any preemptive or similar rights except as have been validly waived or complied with.

(j) The issue and sale of the Placement Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement, license, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or to which any of the property or assets of the Company or any Subsidiary is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any Subsidiary, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any Subsidiary or any of its properties, except, in the case of clauses (A) and (C), for such defaults, breaches, or violations that would not, individually or in the aggregate, have a Material Adverse Effect; and no consent,

approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Placement Shares or the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained under the Act, the approval by the Financial Industry Regulatory Authority ("**FINRA**") of the underwriting terms and arrangements and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the sale of the Placement Shares.

(k) Neither the Company nor any Subsidiary is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any Subsidiary or any of its properties or assets, or (iii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the performance or observance of any obligation, agreement, term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, license, lease or other agreement or instrument to which it is a party or by which it or any of its properties or assets may be bound, except, in the case of the foregoing clauses (ii) and (iii), for such violations or defaults as would not, individually or in the aggregate, have a Material Adverse Effect.

(l) The statements set forth in the Registration Statement and the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, are accurate, complete and fair in all material respects.

(m) Other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any Subsidiary, to the Company's knowledge, any officer or director of the Company or any Subsidiary, is a party or of which any property or assets of the Company or any Subsidiary is the subject which, if determined adversely to the Company (or such officer or director), would individually or in the aggregate have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others.

(n) The Company is not and, after receipt of payment for the Placement Shares and the application of the proceeds as described in the Prospectus, will not be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

(o) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Placement Shares in reliance on the exemption of Rule 163 under the Act, the Company was a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Placement Shares, and at the date hereof, the Company was not and is not an "ineligible issuer," as defined under Rule 405 under the Act.

(p) Ernst & Young LLP, who has certified certain financial statements of the Company, is an independent public accounting firm as required by the Act and the rules and regulations of the Commission thereunder.

(q) There are no off-balance sheet arrangements (as defined in Regulation S-K Item 303(a)(4)(ii) of the Act) that have or are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources.

(r) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act that (i) complies with the requirements of the Exchange Act applicable to the Company, (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and (iii) is designed to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences ; and the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes Oxley Act of 2002 as of an earlier date than it would otherwise be required to so comply under applicable law).

(s) Since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting.

(t) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act applicable to the Company; such disclosure controls and procedures have been designed to ensure that material information relating to the Company is made known to the Company's principal executive officer and principal financial officer by others within the Company; and such disclosure controls and procedures are effective in all material respects.

(u) The Company has all requisite corporate power and authority to execute and deliver, and to perform its obligations under, this Agreement. This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of, the Company, enforceable in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(v) Neither the Company nor any of its Subsidiaries nor any of their respective directors, officers, or employees or, to the knowledge of the Company, any agent, representative, affiliate or other person associated with or acting on behalf of the Company or any Subsidiary has (i) made, offered, promised, authorized, or approved any unlawful contribution, gift, entertainment or other unlawful expense (or taken or will take any action in furtherance thereof); (ii) made, offered, promised, authorized, or approved the provision or receipt of money, property, gifts, or anything else of value, directly or indirectly, to or from any person, including any government official (including any officer, employee, or director of a government, government-owned or controlled entity, or public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or

candidate for political office), in order to influence official action, improperly obtain or retain business, or otherwise in violation of applicable anti-corruption laws (or taken or will take any action in furtherance thereof); (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money or anything else of value, to any person in violation of any applicable anti-corruption laws. The Company and each Subsidiary has instituted, maintains and enforces, and will continue to maintain and enforce, policies and procedures designed to promote and achieve compliance with all applicable anti-bribery and anti-corruption laws and with the representations and warranties contained herein.

(w) The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with the requirements of applicable financial recordkeeping and reporting requirements and anti-money laundering laws in jurisdictions where the Company and its Subsidiaries conduct business, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules, regulations, and guidelines issued or promulgated thereunder, (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company and its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(x) The Company and each Subsidiary is and at all times has been in compliance in all material respects with all applicable foreign, federal, state and local healthcare laws, rules and regulations, including, without limitation, (i) the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 301 et seq.); (ii) all healthcare related fraud and abuse laws, including, without limitation, the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the criminal False Claims Law (42 U.S.C. § 1320a-7b(a)), the civil monetary penalties law (42 U.S.C. § 1320a-7a), the exclusion law (42 U.S.C. § 1320a-7), the Physician Payments Sunshine Act (42 U.S.C. § 1320a-7h), all criminal laws relating to healthcare fraud and abuse, including but not limited to 18 U.S.C. Sections 286, 287, 1035, 1347 and 1349, the healthcare fraud criminal provisions under the U.S. Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") (42 U.S.C. §§1320d et seq.), the Medicare statute (Title XVIII of the Social Security Act), and the Medicaid statute (Title XIX of the Social Security Act); and (iii) the patient privacy, data security and breach notification provisions under HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (42 U.S.C. §§17921 et seq.); each as amended and the regulations promulgated pursuant to such laws (collectively, "**Healthcare Laws**"). The Company has not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any arbitrator, court, governmental body, regulatory body, administrative agency, or other authority, body, or agency having jurisdiction over the Company or any Subsidiary (each, a "**Governmental Entity**") or third party alleging that any product operation or activity is in violation of any Healthcare Laws, and, to the Company's Knowledge, no such claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action is threatened, except in each case as would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Subsidiary is party to and does not have any ongoing reporting obligations pursuant to any corporate integrity agreement, deferred prosecution agreement, monitoring agreement, consent decree, settlement order, plan of correction or similar agreement with or imposed by any governmental or regulatory authority. Additionally, neither the Company, nor its Subsidiaries, nor any of their respective employees, officers or directors, or to the Company's knowledge, agents, is or has been excluded, suspended, debarred or is otherwise ineligible from participation in any U.S. state or federal healthcare program or human clinical research or, to the knowledge of the Company, is subject to a

governmental inquiry, investigation, proceeding, or other similar action that could reasonably be expected to result in debarment, suspension, or exclusion.

(y) The Company and each Subsidiary possesses such material permits, licenses, approvals, consents, exemptions, registrations, and other authorizations (collectively, "**Governmental Licenses**") issued by the appropriate Governmental Entities necessary to conduct the business now operated by them. The Company is in material compliance with the terms and conditions of all Governmental Licenses, and all Governmental Licenses are valid and in full force and effect. Neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or material modification of any Governmental Licenses.

(z) The Company and its Subsidiaries: (i) have not received any Form 483, notice of adverse finding, warning letter, untitled letter or other written correspondence, or to the Company's knowledge any oral or other notice from any governmental authority alleging or asserting material noncompliance with any Healthcare Laws or the terms of any Governmental Licenses; (ii) have not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any governmental authority or third party alleging that any product operation or activity is in violation of any Healthcare Laws or Governmental Licenses and have no knowledge that any such governmental authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding, except in each case as would not, individually or in the aggregate, have a Material Adverse Effect; (iii) (a) have filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Healthcare Laws or Governmental Licenses, (b) all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct and not misleading in all material respects on the date filed (or were corrected or supplemented by a subsequent submission), and (c) the Company is not aware of any reasonable basis for any material liability with respect to such filings; and (iv) has not, and to the knowledge of the Company, the Company's officers, employees and agents have not, made any untrue statement of a material fact or fraudulent statement to any Governmental Entity or failed to disclose a material fact required to be disclosed to any Governmental Entity.

(aa) The preclinical tests and clinical trials that are described in the Registration Statement or Prospectus were and, if still pending, are being conducted in all material respects in accordance with all applicable Healthcare Laws, including the Federal Food, Drug, and Cosmetic Act and the regulations set forth at 21 C.F.R. Parts 50, 54, 56, 58 and 312; the Company has no knowledge of any studies or tests the results of which are inconsistent with, or otherwise call into question, the results described in the Prospectus; and neither the Company nor any Subsidiary has received any written notices or other correspondence from any Governmental Entity requiring the termination, suspension or material modification of any preclinical tests or clinical trials.

(ab)

(A) Neither the Company nor any of its subsidiaries, nor any director, officer or employee thereof, nor to the Company's knowledge, any agent, affiliate, representative, or other person acting on behalf of the Company or any of its subsidiaries, is an individual or entity ("**Person**") that is, or is owned or controlled by a Person that is: (i) the subject of any economic, financial or trade sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations

Security Council, the European Union ("**EU**"), His Majesty's Treasury, the Swiss Secretariat of Economic Affairs, or other relevant sanctions authority (collectively, "**Sanctions**"), nor (ii) located, organized, or resident in a country or territory that is the subject of a U.S. government embargo (including, without limitation, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea Region of Ukraine, the non-government controlled areas of the Zaporizhzhia and Kherson Regions, Cuba, Iran, North Korea and Syria).

(B) The Company will not, directly or indirectly, use the Net Proceeds, or lend, contribute or otherwise make available such Net Proceeds to any Subsidiary, joint venture partner or other Person: (i) to fund or facilitate any activities or business of or with any Person that, at the time of such funding or facilitation, is the subject of Sanctions, or in any country or territory that, at the time of such funding or facilitation, is the subject of a U.S. government embargo; or (ii) in any other manner that will result in a violation of Sanctions by any Person (including TD Cowen)

(C) Since April 24, 2019, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any direct or indirect dealings or transactions with any Person that at the time of the dealing or transaction is or was the subject of Sanctions or any country or territory that, at the time of the dealing or transaction is or was the subject of a U.S. government embargo.

(ac) The financial statements included or incorporated by reference in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its Subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement or the Prospectus under the Act or the rules and regulations promulgated thereunder.

(ad) There are no debt securities, convertible securities or preferred stock issued or guaranteed by the Company that are rated by a "nationally recognized statistical rating organization", as such term is defined in Section 3(a)(62) under the Exchange Act.

(ae) There are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the Act except as have been validly waived or complied with.

(af) The Company's and each of the Subsidiary's information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "**IT Systems**") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company and its Subsidiaries as currently conducted, and, to the knowledge of the Company, are free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and each of the Subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data ("**Personal Data**")) used in connection with its businesses, and there have been no breaches, violations, outages or unauthorized uses of or accesses to the same, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any incidents under internal review or investigations relating to the same. The Company and each Subsidiary is presently, and at all times has been, in material compliance with all applicable data privacy and security laws and regulations, including the European Union General Data Protection Regulation) (EU 2016/679), and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data, and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification, except as would not, individually or in the aggregate, have a Material Adverse Effect. The Company and each Subsidiary has taken or is currently taking all necessary actions to comply with all other applicable laws and regulations with respect to Personal Data that have been announced as of the date hereof as becoming effective within 12 months after the date hereof, and for which any non-compliance with the same would be reasonably likely to create a material liability, as soon as reasonably practicable as they take effect.

(ag) The Company and the Subsidiaries have filed all tax returns required to be filed by it through the date hereof, or has duly requested extensions thereof (except where the failure to file would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect), and has paid all taxes shown as due thereon (except for cases in which the failure to file or pay would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and all such tax returns are true and correct in all material respects. No deficiencies for taxes of the Company or any Subsidiary has been assessed by a tax authority, and no deficiencies for taxes of the Company or any Subsidiary has, to the Company's knowledge, been proposed by a tax authority, except for such deficiencies as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ah) The Company and its Subsidiaries own, or have obtained valid and enforceable licenses for, the inventions, patent applications, patents, trademarks, trade names, service names, copyrights, know-how, trade secrets and other intellectual property described in the Registration Statement and the Prospectus as being owned or licensed by the Company or the Subsidiaries or which are necessary for the conduct of the Company's or any Subsidiary's business as currently conducted or as currently proposed to be conducted in the Registration Statement and the Prospectus (collectively, "**Intellectual Property**"), and there are no unreleased liens or security interests which have been filed against any of the patents owned by the Company or any Subsidiary. To the Company's knowledge: (i) there are no third parties who have rights to any Intellectual Property, except for customary reversionary rights of third-party licensors with respect to Intellectual Property that is disclosed in the Registration Statement and the Prospectus as licensed to the Company or the Subsidiaries, and the Company and the Subsidiaries have taken all reasonable steps necessary to secure their respective interests in the Intellectual

Property from its employees and contractors; (ii) there is no infringement, misappropriation or violation by third parties of any Intellectual Property; (iii) neither the Company nor any of the Subsidiaries is infringing, misappropriating or violating the intellectual property rights of third parties; (iv) the Company and the Subsidiaries are the sole owner of the Intellectual Property owned by them and has the valid right to use such Intellectual Property; and (v) no employee of the Company or any Subsidiary is in or has been in violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or any Subsidiary. There is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others: (A) challenging the Company's or any Subsidiary's rights in or to any Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; (B) challenging the validity, enforceability or scope of any Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; or (C) asserting that either the Company or any Subsidiary infringes or otherwise violates, or would, upon the commercialization of any product or service described in the Registration Statement and the Prospectus as under development, infringe, misappropriate or violate, any patent, trademark, trade name, service name, copyright, trade secret or other proprietary rights of others, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim. The Company and each Subsidiary has complied with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or any Subsidiary, and all such agreements are in full force and effect. The product candidates described in the Registration Statement and the Prospectus as under development by the Company or any Subsidiary fall within the scope of the claims of one or more patents or patent applications owned by, or exclusively licensed to, the Company or any Subsidiary.

(ai) All patents and patent applications owned by or exclusively licensed to the Company or any Subsidiary or under which the Company or any Subsidiary has rights have, to the knowledge of the Company, been duly and properly filed and each issued patent is being diligently maintained; to the knowledge of the Company, the parties prosecuting such applications have complied with their duty of candor and disclosure to the U.S. Patent and Trademark Office (the "**USPTO**") in connection with such applications; to the Company's knowledge, there is no prior art material to any patent or patent application of the Intellectual Property of the Company that may render any U.S. patent held by the Company or any Subsidiary invalid or any U.S. patent application held by the Company or any Subsidiary unpatentable; and the Company is not aware of any facts required to be disclosed to the USPTO that were not disclosed to the USPTO and which would preclude the grant of a patent in connection with any such application or would reasonably be expected to form the basis of a finding of invalidity with respect to any patents that have been issued with respect to such applications.

(aj) (i) the Company and each Subsidiary (x) is in compliance with all, and has not violated any, applicable federal, state, local and foreign laws, rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "**Environmental Laws**"); (y) has received and is in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of it under any Environmental Laws to conduct its businesses; and (z) has not received written notice of any actual or potential liability by the Company or any Subsidiary or obligation of the Company or any Subsidiary under or relating to, or any actual or potential violation of, any Environmental Laws by the Company or any Subsidiary, including for the investigation or remediation of any

disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or any Subsidiary, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Registration Statement and the Prospectus, (x) there is no proceeding that is pending, or that is known by the Company to be contemplated, against the Company or any Subsidiary under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which the Company reasonably believes no monetary sanctions of $100,000 or more will be imposed, (y) the Company is not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants, that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (z) the Company does not anticipate material capital expenditures relating to any Environmental Laws.

(ak) No labor disturbance by or dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its principal suppliers, manufacturers, customers or contractors, which, in either case, would, individually or in the aggregate, result in a Material Adverse Effect.

(al) (i) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), for which the Company or any member of its "Controlled Group" (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code")) would have any liability (each, a "**Plan**") has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (ii) none of the Plans are subject to Section 412 of the Code or Section 302 or Title IV of ERISA; (iv) neither the Company nor any member of the Controlled Group has incurred, nor reasonably expects to incur, any material liability under Title IV of ERISA in respect of a Plan (including a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA); and (v) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(am) There are no business relationships or related-party transactions involving the Company or any Subsidiary or any other person required to be described in the Prospectus that have not been described as required.

(an) The Company and each Subsidiary has insurance against such losses and risks and in such amounts as are, in the Company's reasonable judgment, prudent and customary for the size of the business and the industry in which it is engaged and neither the Company nor any Subsidiary has not received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance nor does the Company have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(ao) Except for TD Cowen, there is no broker, finder or other party that is entitled to receive from the Company any brokerage or finder's fee or other fee or commission as a result of any transactions contemplated by this Agreement.

(ap) The Company has not, and, to its knowledge, no one acting on its behalf (other than TD Cowen) has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Placement Shares.

(aq) The statistical and market-related data included in the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate in all material respects.

(ar) The interactive data in XBRL, if any, included or incorporated by reference in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto to the extent required.

(as) The Company has not distributed and will not distribute, prior to the completion of TD Cowen's distribution of the Placement Shares, any offering material in connection with the offering and sale of the Placement Shares other than the Prospectus or the Registration Statement.

(at) The documents incorporated or deemed to be incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act, and, when read together with the other information in the Prospectus, at the Settlement Dates, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(au) The Company is subject to and in compliance in all material respects with the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. The Common Stock is registered pursuant to Section 12(b) or Section 12(g) of the Exchange Act and is listed on the Nasdaq, and the Company has taken no action designed to, or reasonably likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange, nor has the Company received any notification that the Commission or Nasdaq is contemplating terminating such registration or listing. All of the Placement Shares that have been or may be sold under this Agreement have been approved for listing on the Nasdaq, subject to official notice of issuance; the Company has taken all necessary actions to ensure that, upon and at all times after the Nasdaq shall have approved the Placement Shares for listing, it will be in compliance with all applicable corporate governance requirements set forth in the Nasdaq's listing rules that are then in effect.

(av) Except as described in the Prospectus, there are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of the members of any of them.

(aw) The Company has not relied upon TD Cowen or legal counsel for TD Cowen for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

(ax) The Company has not been advised, and has no reason to believe, that it and each of its subsidiaries are not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not result in a Material Adverse Change.

(ay) The Company qualifies as an "experienced issuer" (within the meaning of FINRA Conduct Rule 5110(j)(6)) for purposes of the exemption from filing under FINRA Conduct Rule 5110(h)(1)(C).

(aaa) Neither the Company nor any of its Subsidiaries is a "covered foreign person," as that term is defined in 31 C.F.R. § 850.209. Neither the Company nor any of its Subsidiaries currently engages, or has plans to engage, directly or indirectly, in a "covered activity", as that term is defined in 31 C.F.R. § 850.208 ("**Covered Activity**"). The Company does not have any joint ventures that engage in or plan to engage in any Covered Activity. The Company also does not, directly or indirectly, hold a board seat on, have a voting or equity interest in, or have any contractual power to direct or cause the direction of the management or policies of any person or persons that engage or plan to engage in any Covered Activity.

(bbb) The Company is not a party to any agreement with an agent or underwriter for any other "at the market" offering.

Any certificate signed by an officer of the Company and delivered to TD Cowen or to counsel for TD Cowen pursuant to or in connection with this Agreement shall be deemed to be a representation and warranty by the Company to TD Cowen as to the matters set forth therein.

The Company acknowledges that TD Cowen and, for purposes of the opinions to be delivered pursuant to Section 7 hereof, counsel to the Company and counsel to TD Cowen, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

7. Covenants of the Company. The Company covenants and agrees with TD Cowen that:

(a) Registration Statement Amendments. After the date of this Agreement and during any period in which a Prospectus relating to any Placement Shares is required to be delivered by TD Cowen under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), (i) the Company will notify TD Cowen promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information (insofar as it relates to the transactions contemplated hereby), (ii) the Company will prepare and file with the Commission, promptly upon TD Cowen's reasonable request, any amendments or supplements to the Registration Statement or Prospectus that, in TD Cowen's reasonable opinion, may be necessary or advisable in connection with the distribution of the Placement Shares by TD Cowen (*provided, however*, that the failure of TD Cowen to make such request shall not relieve the Company of any obligation or liability hereunder, or affect TD Cowen's right to rely on the representations and warranties made by the Company in this Agreement and *provided, further*, that the only remedy TD Cowen shall have with respect to the failure by the Company to make such filing (other than TD Cowen's rights under Section 9

hereof) shall be to cease making sales under this Agreement until such amendment or supplement is filed); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus, other than documents incorporated by reference, relating to the Placement Shares or a security convertible into the Placement Shares unless a copy thereof has been submitted to TD Cowen within a reasonable period of time before the filing and TD Cowen has not reasonably objected thereto in writing within two business days (*provided, however*, that (A) the failure of TD Cowen to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect TD Cowen's right to rely on the representations and warranties made by the Company in this Agreement, (B) the Company has no obligation to provide TD Cowen any advance copy of such filing or to provide TD Cowen an opportunity to object to such filing if the filing does not name TD Cowen and does not relate to the transaction herein and (C) the only remedy TD Cowen shall have with respect to the failure by the Company to provide TD Cowen with such copy, to make such filings, or to obtain such consent (other than TD Cowen's rights under Section 9 hereof) shall be to cease making sales under this Agreement)) and the Company will furnish to TD Cowen at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; (iv) the Company will cause each amendment or supplement to the Prospectus, other than documents incorporated by reference, to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act, and (v) prior to the termination of this Agreement, the Company will notify TD Cowen if at any time the Registration Statement shall no longer be effective as a result of the passage of time pursuant to Rule 415 under the Securities Act or otherwise. Prior to the initial sale of any Placement Shares, the Company shall file a final Prospectus Supplement pursuant to Rule 424(b) relating to the Placement Shares.

(b) Notice of Commission Stop Orders. The Company will advise TD Cowen, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Delivery of Prospectus; Subsequent Changes. During any period in which a Prospectus relating to the Placement Shares is required to be delivered by TD Cowen under the Securities Act with respect to a pending sale of the Placement Shares, (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will use commercially reasonable efforts to comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates taking into account any extensions available under the Exchange Act) all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify TD Cowen to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance; provided, however, that the Company may delay any such amendment or supplement if, in the reasonable judgment of the Company, it is in the best interest of the Company to do so, provided that no Placement Notice is in effect during such time.

(d) Listing of Placement Shares. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by TD Cowen under the Securities Act with respect to a pending sale of the Placement Shares (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will use its commercially reasonable efforts to cause the Placement Shares to be listed on Nasdaq and to qualify the Placement Shares for sale under the securities laws of such jurisdictions as TD Cowen reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; *provided, however*, that the Company shall not be required in connection therewith to qualify as a foreign corporation or dealer in securities or file a general consent to service of process in any jurisdiction.

(e) Delivery of Registration Statement and Prospectus. The Company will furnish to TD Cowen and its counsel (at the expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during any period in which a Prospectus relating to the Placement Shares is required to be delivered under the Securities Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as TD Cowen may from time to time reasonably request and, at TD Cowen's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; *provided, however*, that the Company shall not be required to furnish any document (other than the Prospectus) to TD Cowen to the extent such document is available on EDGAR.

(f) Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act.

(g) Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, in accordance with the provisions of Section 11 hereunder, will pay the following expenses all incident to the performance of its obligations hereunder, including, but not limited to, expenses relating to (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of each Prospectus and of each amendment and supplement thereto, (ii) the preparation, issuance and delivery of the Placement Shares, (iii) the qualification of the Placement Shares under securities laws in accordance with the provisions of Section 7(d) of this Agreement, including filing fees (provided, however, that any fees or disbursements of counsel for TD Cowen in connection therewith shall be paid by TD Cowen except as set forth in (vii) below), (iv) the printing and delivery to TD Cowen of copies of the Prospectus and any amendments or supplements thereto, and of this Agreement, (v) the fees and expenses incurred in connection with the listing or qualification of the Placement Shares for trading on Nasdaq, (vi) the filing fees and expenses, if any, of the Commission, (vii) the filing fees and associated legal expenses of TD Cowen's outside counsel for filings with the FINRA Corporate Financing Department, such legal expense reimbursement not to exceed $15,000 and, (viii)) the reasonable fees and disbursements of TD Cowen's counsel in amounts not to exceed (A) $100,000 in connection with execution of this Agreement and (B) $25,000 in connection with each Bring-Down Date with respect to which the Company is obligated to deliver a certificate pursuant to Section 7(m), for which no waiver is applicable.

(h) Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

(i) Notice of Other Sales. During the pendency of any Placement Notice given hereunder, and for 5 trading days following the termination of any Placement Notice given hereunder, the Company shall provide TD Cowen notice as promptly as reasonably practicable before it offers to sell, contracts to sell, sells, grants any option to sell or otherwise disposes of any shares of Common Stock (other than Placement Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire Common Stock; *provided*, that such notice shall not be required in connection with the (i) offer, issuance, grant or sale of Common Stock (including restricted Common Stock), options to purchase shares of Common Stock or Common Stock, restricted stock units or other equity awards issuable upon the exercise of options or other equity awards pursuant to any stock option, stock bonus or other stock plan or arrangement described in the Prospectus, (ii) the offer or issuance of securities in connection with an acquisition, merger or sale or purchase or license of assets, (iii) the issuance or sale of Common Stock pursuant to any dividend reinvestment plan that the Company may adopt from time to time provided the implementation of such is disclosed to TD Cowen in advance or (iv) any shares of Common Stock, or securities convertible into or exercisable for Common Stock, offered and sold in a privately negotiated transaction to vendors, customers, investors, strategic partners or potential strategic partners and otherwise conducted in a manner so as not to be integrated with the offering of Placement Shares hereby or (v) the issuance or sale of any shares of common stock issuable upon the exchange, conversion or redemption of securities or the exercise of warrants, options or other rights in effect or outstanding or disclosed in filings by the Company available on EDGAR or otherwise in writing to TD Cowen prior to the date of the applicable Placement Notice. Notwithstanding the foregoing provisions, subject to the Company's compliance with the notice provisions set forth in this Section 7(i), nothing herein shall be construed to restrict the Company from entering into and/or consummating a committed underwritten equity offering or other similar offering of its registered securities, or otherwise prohibit the issuance of its equity securities in a private placement transaction, or obtain prior written consent, to do any of the foregoing.

(j) Change of Circumstances. The Company will, at any time during a fiscal quarter in which the Company intends to tender a Placement Notice or sell Placement Shares, advise TD Cowen promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document provided to TD Cowen pursuant to this Agreement.

(k) Due Diligence Cooperation. The Company will cooperate with any reasonable due diligence review conducted by TD Cowen or its agents in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as TD Cowen may reasonably request.

(l) Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every filing under Rule 424(b), a "**Filing Date**"), and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market. The Company shall disclose in its quarterly reports on Form 10-Q and in its annual report on Form 10-K, the number of the Placement Shares sold through TD Cowen under this Agreement, and the Net Proceeds to the Company from the sale of the Placement Shares pursuant to this Agreement during the relevant quarter or, in the case of an Annual Report on Form 10-K, during the fiscal year covered by such Annual Report and the fourth quarter of such fiscal year.

(m) Bring-Down Dates; Certificate. On or prior to the First Delivery Date and each time (i) the Company files the Prospectus relating to the Placement Shares or amends or supplements the Registration Statement or the Prospectus relating to the Placement Shares (other than a prospectus supplement filed in accordance with Section 7(l) of this Agreement) by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of document(s) by reference to the Registration Statement or the Prospectus relating to the Placement Shares; (ii) the Company files an annual report on Form 10-K under the Exchange Act; (iii) the Company files its quarterly reports on Form 10-Q under the Exchange Act; (iv) the Company files a report on Form 8-K containing amended financial information (other than an earnings release) under the Exchange Act; or (v) the Company effects a Block Sale in accordance with Section 3 of this Agreement (each event or date of filing of one or more of the documents referred to in clauses (i) through (v) shall be a "**Bring-Down Date**"); the Company shall furnish TD Cowen with a certificate, in the form attached hereto as Exhibit 7(m) within one (1) Trading Day of any Bring-Down Date if requested by TD Cowen. The requirement to provide a certificate under this Section 7(m) shall be waived for any Bring-Down Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Bring-Down Date) and the next occurring Bring-Down Date; *provided, however*, that such waiver shall not apply for any Bring-Down Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, if the Company subsequently decides to sell Placement Shares following a Bring-Down Date when the Company relied on such waiver and did not provide TD Cowen with a certificate under this Section 7(m), then before the Company delivers the Placement Notice or TD Cowen sells any Placement Shares, the Company shall provide TD Cowen with a certificate, in the form attached hereto as Exhibit 7(m), dated the date of the Placement Notice.

(n) Legal Opinion. On or prior to the First Delivery Date and within one (1) Trading Day of each Bring-Down Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(m) for which no waiver is applicable, the Company shall cause to be furnished to TD Cowen a written opinion of Latham & Watkins LLP ("**Company Counsel**"), or other counsel satisfactory to TD Cowen, in form and substance satisfactory to TD Cowen and its counsel, dated the date that the opinion is required to be delivered, modified, as necessary, to relate to the Registration Statement and the Prospectus as then amended or supplemented; *provided, however*, the Company shall be required to furnish to TD Cowen no more than one counsel for the Company written opinion hereunder per each filing of an annual report on Form 10-K or quarterly report on Form 10-Q; *provided, however* that in lieu of such opinions for subsequent Bring-Down Dates, counsel may furnish TD Cowen with a letter (a "**Reliance Letter**") to the effect that TD Cowen may rely on a prior opinion delivered under this Section 7(n) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented at such Bring-Down Date).

(o) Comfort Letter. On or prior to the First Delivery Date and within one (1) Trading Day of each Bring-Down Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(m) for which no waiver is applicable, the Company shall cause its independent accountants to furnish TD Cowen letters (the "**Comfort Letters**"), dated the date the Comfort Letter is delivered, in form and substance satisfactory to TD Cowen, (i) confirming that they are an independent registered public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to TD Cowen in connection with registered public offerings (the first such letter, the "**Initial Comfort Letter**") and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter

had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(p) Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares or (ii) sell, bid for, or purchase the Common Stock to be issued and sold pursuant to this Agreement, or pay anyone any compensation for soliciting purchases of the Placement Shares other than TD Cowen; provided, however, that the Company may bid for and purchase shares of its common stock in accordance with Rule 10b-18 under the Exchange Act.

(q) Insurance. The Company and its subsidiaries shall maintain, or cause to be maintained, insurance in such amounts and covering such risks as is reasonable and customary for the business for which it is engaged.

(r) Compliance with Laws. The Company and each of its subsidiaries shall maintain, or cause to be maintained, all material environmental permits, licenses and other authorizations required by federal, state and local law in order to conduct their businesses as described in the Prospectus, and the Company and each of its subsidiaries shall conduct their businesses, or cause their businesses to be conducted, in substantial compliance with such permits, licenses and authorizations and with applicable environmental laws, except where the failure to maintain or be in compliance with such permits, licenses and authorizations could not reasonably be expected to result in a Material Adverse Change.

(s) Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that neither it nor its subsidiaries will be or become, at any time prior to the termination of this Agreement, an "investment company," as such term is defined in the Investment Company Act, assuming no change in the Commission's current interpretation as to entities that are not considered an investment company.

(t) Securities Act and Exchange Act. The Company will use its best efforts to comply with all requirements imposed upon it by the Securities Act and the Exchange Act as from time to time in force, so far as necessary to permit the continuance of sales of, or dealings in, the Placement Shares as contemplated by the provisions hereof and the Prospectus.

(u) No Offer to Sell. Other than a Permitted Free Writing Prospectus, neither TD Cowen nor the Company (including its agents and representatives, other than TD Cowen in its capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405 under the Securities Act), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Common Stock hereunder.

(v) Sarbanes-Oxley Act. The Company and its subsidiaries will use their best efforts to comply with all effective applicable provisions of the Sarbanes-Oxley Act.

(w) Affirmation. Each Placement Notice delivered by the Company to TD Cowen shall be deemed to be (i) an affirmation that the representations, warranties and agreements of the Company herein contained and contained in any certificate delivered to TD Cowen pursuant hereto are true and correct at the time of delivery of such Placement Notice, and (ii) an undertaking that such representations, warranties and agreements will be true and correct on any applicable Time of Sale and Settlement Date, as though made at and as of each such time (it being understood that such representations, warranties and agreements shall relate to the

Registration Statement and the Prospectus as amended and supplemented to the time of such Placement Notice acceptance).

(x) Renewal. If immediately prior to the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, the aggregate gross sales price of Placement Shares sold by the Company is less than the Maximum Amount and this Agreement has not expired or been terminated, the Company will, prior to the Renewal Deadline, use its reasonable best efforts to file, if it has not already done so and is eligible to do so, a new shelf registration statement relating to the Placement Shares, in a form reasonably satisfactory to TD Cowen, and, if not automatically effective, will use its reasonable best efforts to cause such registration statement to be declared effective within 60 days after the Renewal Deadline. The Company will take all other action it reasonably determines to be necessary or appropriate to permit the issuance and sale of the Placement Shares to continue as contemplated in the expired registration statement relating to the Placement Shares. References herein to the Registration Statement shall include such new shelf registration statement.

8. Conditions to TD Cowen's Obligations. The obligations of TD Cowen hereunder with respect to a Placement Notice will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein, to the due performance by the Company of its obligations hereunder and thereunder, to the completion by TD Cowen of a due diligence review satisfactory to TD Cowen in its reasonable judgment, and to the continuing satisfaction (or waiver by TD Cowen in its sole discretion) of the following additional conditions:

(a) Registration Statement Effective. The Registration Statement shall be effective and shall be available for (i) all sales of Placement Shares issued pursuant to all prior Placement Notices and (ii) the sale of all Placement Shares contemplated to be issued pursuant to any Placement Notice.

(b) No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company or any of its subsidiaries of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; or (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any material document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related Prospectus or such documents so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) No Misstatement or Material Omission. TD Cowen shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in TD Cowen's reasonable opinion is material,

or omits to state a fact that in TD Cowen's reasonable opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any material adverse change, on a consolidated basis, in the authorized capital stock of the Company or any Material Adverse Change or any development that could reasonably be expected to result in a Material Adverse Change, or any downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset backed securities) by any rating organization or a public announcement by any rating organization that it has under surveillance or review its rating of any of the Company's securities (other than asset backed securities), the effect of which, in the case of any such action by a rating organization described above, in the reasonable judgment of TD Cowen (without relieving the Company of any obligation or liability it may otherwise have), is so material as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

(e) Company Counsel Legal Opinion. TD Cowen shall have received the opinions of Company Counsel required to be delivered pursuant to Section 7(n) on or before the date on which such delivery of such opinion is required pursuant to Section 7(n).

(f) TD Cowen Counsel Legal Opinion. TD Cowen shall have received from Cooley LLP, counsel for TD Cowen, such opinion or opinions, on or before the date on which the delivery of the Company Counsel legal opinion is required pursuant to Section 7(n), with respect to such matters as TD Cowen may reasonably require, and the Company shall have furnished to such counsel such documents as they request for enabling them to pass upon such matters.

(g) Comfort Letter. TD Cowen shall have received the Comfort Letter required to be delivered pursuant to Section 7(o) on or before the date on which such delivery of such Comfort Letter is required pursuant to Section 7(o).

(h) Representation Certificate. TD Cowen shall have received the certificate required to be delivered pursuant to Section 7(m) on or before the date on which delivery of such certificate is required pursuant to Section 7(m).

(i) Secretary's Certificate. On or prior to the First Delivery Date, TD Cowen shall have received a certificate, signed on behalf of the Company by its corporate secretary, in form and substance satisfactory to TD Cowen and its counsel.

(j) No Suspension. Trading in the Common Stock shall not have been suspended on Nasdaq.

(k) Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(m), the Company shall have furnished to TD Cowen such appropriate further information, certificates and documents as TD Cowen may have reasonably requested. All such opinions, certificates, letters and other documents shall have been in compliance with the provisions hereof. The Company will furnish TD Cowen with such conformed copies of such opinions, certificates, letters and other documents as TD Cowen shall have reasonably requested.

(l) Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

(m) Approval for Listing. To the extent required by the rules of Nasdaq, the Placement Shares shall either have been (i) approved for listing on Nasdaq, subject only to notice of issuance, or (ii) the Company shall have filed an application for listing of the Placement Shares on Nasdaq at, or prior to, the issuance of any Placement Notice.

(n) No Termination Event. There shall not have occurred any event that would permit TD Cowen to terminate this Agreement pursuant to Section 11(a).

9. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless TD Cowen, its affiliates and each of their respective directors, officers, partners, employees and agents and each person, if any, who (i) controls TD Cowen within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, or (ii) is controlled by or is under common control with TD Cowen from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all reasonable investigative, legal and other expenses incurred in connection with, and any and all amounts paid in settlement (in accordance with Section 9(c)) of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred, to which TD Cowen, or any such person, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based, directly or indirectly, on (x) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus or in any free writing prospectus or in any application or other document executed by or on behalf of the Company or based on written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Common Stock under the securities laws thereof or filed with the Commission, (y) the omission or alleged omission to state in any such document a material fact required to be stated in it or necessary to make the statements in it not misleading or (z) any breach by any of the indemnifying parties of any of their respective representations, warranties and agreements contained in this Agreement; *provided, however*, that this indemnity agreement shall not apply to the extent that such loss, claim, liability, expense or damage arises from the sale of the Placement Shares pursuant to this Agreement and is caused directly or indirectly by an untrue statement or omission made in reliance upon and in conformity with solely Agent's Information. "Agent's Information" means, solely, the following information in the Prospectus: the tenth paragraph under the caption "Plan of Distribution" in the Prospectus. This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) TD Cowen Indemnification. TD Cowen agrees to indemnify and hold harmless the Company and its directors and each officer of the Company that signed the Registration Statement, and each person, if any, who (i) controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 9(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Agent's Information.

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 9 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 9, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will

not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 9 and (ii) any liability that it may have to any indemnified party under the foregoing provision of this Section 9 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 9 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 9 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or TD Cowen, the Company and TD Cowen will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than TD Cowen, such as persons who control the Company within the meaning of the Securities Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and TD Cowen may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and TD Cowen on the other hand. The relative benefits received by the Company on the one hand and TD Cowen on the other hand shall be deemed to be in the same proportion as the total Net Proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total

compensation received by TD Cowen from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and TD Cowen, on the other hand, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or TD Cowen, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and TD Cowen agree that it would not be just and equitable if contributions pursuant to this Section 9(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 9(d) shall be deemed to include, for the purpose of this Section 9(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 9(c) hereof. Notwithstanding the foregoing provisions of this Section 9(d), TD Cowen shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9(d), any person who controls a party to this Agreement within the meaning of the Securities Act, and any officers, directors, partners, employees or agents of TD Cowen, will have the same rights to contribution as that party, and each officer and director of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 9(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 9(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 9(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 9(c) hereof.

10. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 9 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of TD Cowen, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

11. Termination.

(a) TD Cowen shall have the right by giving written notice as hereinafter specified at any time to terminate this Agreement if (i) any Material Adverse Change, or any development that could reasonably be expected to result in a Material Adverse Change has occurred that, in the reasonable judgment of TD Cowen, may materially impair the ability of TD Cowen to sell the Placement Shares hereunder, (ii) the Company shall have failed, refused or been unable to

perform any agreement on its part to be performed hereunder, or (iii) any other condition of TD Cowen's obligations hereunder is not fulfilled, or (iv), any suspension or limitation of trading in the Placement Shares or in securities generally on Nasdaq shall have occurred. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g) (Expenses), Section 9 (Indemnification and Contribution), Section 10 (Representations and Agreements to Survive Delivery), Section 16 (Applicable Law; Consent to Jurisdiction) and Section 17 (Waiver of Jury Trial) hereof shall remain in full force and effect notwithstanding such termination. If TD Cowen elects to terminate this Agreement as provided in this Section 11(a), TD Cowen shall provide the required written notice as specified in Section 12 (Notices).

The Company shall have the right, by giving ten (10) days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(b) TD Cowen shall have the right, by giving ten (10) days' notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(c) Unless earlier terminated pursuant to this Section 11, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through TD Cowen on the terms and subject to the conditions set forth herein; *provided* that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(d) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 11(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; provided, however, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 7(g), Section 9, Section 10, Section 16 and Section 17 shall remain in full force and effect.

Any termination of this Agreement shall be effective on the date specified in such notice of termination; *provided, however*, that such termination shall not be effective until the close of business on the date of receipt of such notice by TD Cowen or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement. Upon termination of this Agreement, the Company shall not have liability to TD Cowen for any discount, commission or other compensation with respect to any Placement Shares not otherwise sold by TD Cowen under this Agreement, except with respect to reimbursement of expenses pursuant to Section 7(g).

Subject to the additional limitations set forth in Section 7 of this Agreement, in the event of termination of this Agreement prior to the sale of any Placement Shares. TD Cowen shall be entitled only to reimbursement of its out of pocket expenses actually incurred.

12. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified in this Agreement, and if sent to TD Cowen, shall be delivered to TD Cowen at TD Securities (USA) LLC, 1 Vanderbilt Avenue, New York, NY 10017, Attention: ECM ATM Execution Team, email: atm-team@tdsecurities.com, with a copy to CIBLegal@tdsecurities.com and to Cooley LLP, attention: Daniel I. Goldberg, email: dgoldberg@cooley.com; or if sent to the Company, shall be delivered to Arcutis Biotherapeutics, Inc., 3027 Townsgate Road, Suite 300, Westlake Village, CA 91361, attention: General Counsel, email: mmatsuda@arcutis.com, with a copy to Latham & Watkins LLP, attention: Ross McAloon, email: ross.mcaloon@lw.com. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day (as defined below), or, if such day is not a Business Day on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, "**Business Day**" shall mean any day on which the Nasdaq and commercial banks in the City of New York are open for business.

13. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and TD Cowen and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 9 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; *provided, however*, that TD Cowen may assign its rights and obligations hereunder to an affiliate of TD Cowen without obtaining the Company's consent.

14. Adjustments for Share Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any share split, share dividend or similar event effected with respect to the Common Stock.

15. Entire Agreement; Amendment; Severability. This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and TD Cowen. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

16. Applicable Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the principles of conflicts of laws. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of

Manhattan, for the adjudication of any dispute hereunder or in connection with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof (certified or registered mail, return receipt requested) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

17. Waiver of Jury Trial. The Company and TD Cowen each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.

18. Absence of Fiduciary Relationship. The Company acknowledges and agrees that:

(a) TD Cowen has been retained solely to act as an arm's length contractual counterparty to the Company in connection with the sale of the Placement Shares contemplated hereby and that no fiduciary, advisory or agency relationship between the Company and TD Cowen has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether TD Cowen has advised or is advising the Company on other matters;

(b) the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) the Company has been advised that TD Cowen and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that TD Cowen has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) the Company waives, to the fullest extent permitted by law, any claims it may have against TD Cowen, for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that TD Cowen shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, partners, employees or creditors of the Company.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile or other electronic transmission (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com or www.echosign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes

20. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that TD Cowen is a Covered Entity and becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from TD Cowen of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that TD Cowen is a Covered Entity and TD Cowen or a BHC Act Affiliate of TD Cowen becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against TD Cowen are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section 20; (a) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k), (b) "**Covered Entity**" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b), (c) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable, and (d) "**U.S. Special Resolution Regime**" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[Remainder of Page Intentionally Blank]

If the foregoing correctly sets forth the understanding between the Company and TD Cowen, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and TD Cowen.

Very truly yours,

TD SECURITIES (USA) LLC

By: /s/ Michael Murphy
Name: Michael Murphy
Title: Managing Director

ACCEPTED as of the date first-above written:

ARCUTIS BIOTHERAPEUTICS, INC.

By: /s/ Latha Vairavan
Name: Latha Vairavan
Title: Chief Financial Officer

SCHEDULE 1

FORM OF PLACEMENT NOTICE

From: [ ]
Cc: [ ]
To: [ ]
Subject: TD Cowen At the Market Offering—Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the Amended and Restated Sales Agreement between Arcutis Biotherapeutics, Inc. (the "Company"), and TD Securities (USA) LLC ("TD Cowen") dated November 4, 2026 (the "Agreement"), I hereby request on behalf of the Company that TD Cowen sell up to [ ] shares of the Company's common stock, par value $0.0001 per share, at a minimum market price of $_____ per share. Sales should begin on the date of this Notice and shall continue until [DATE] [all shares are sold].

SCHEDULE 2

Notice Parties

Company

Todd Franklin Watanabe President and Chief Executive Officer

Latha Vairavan Chief Financial Officer

Masaru Matsuda Chief Legal Officer

TD Cowen

Michael J. Murphy Managing Director

William Follis Managing Director

Adriano Pierroz Director

Megan Sanford Associate

SCHEDULE 3

Compensation

TD Cowen shall be paid compensation of up to 3.0% of the gross proceeds from the sales of Common Stock pursuant to the terms of this Agreement.

Exhibit 7(m)

OFFICER CERTIFICATE

The undersigned, the duly qualified and elected _____, of Arcutis Biotherapeutics, Inc. ("**Company**"), a Delaware corporation, does hereby certify in such capacity and on behalf of the Company, pursuant to Section 7(m) of the Amended and Restated Sales Agreement dated November 4, 2026 (the "**Sales Agreement**") between the Company and TD Securities (USA), LLC, that to the best of the knowledge of the undersigned.

(i) The representations and warranties of the Company in Section 6 of the Sales Agreement (A) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to materiality or Material Adverse Change, are true and correct on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date, and (B) to the extent such representations and warranties are not subject to any qualifications or exceptions, are true and correct in all material respects as of the date hereof as if made on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date; and

(ii) The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Sales Agreement at or prior to the date hereof.

Cooley LLP and Latham & Watkins LLP are entitled to rely upon this Certificate in connection with the opinions given by such firms pursuant to the Sales Agreement

By:__
Name:
Title:

Date:__

Exhibit 10.3
August 4, 2026

Robert Lisicki

RE: Employment with Arcutis Biotherapeutics, Inc.

Dear Rob,

This employment letter sets forth the terms and confirms your employment as Interim Executive Vice President with Arcutis Biotherapeutics, Inc., a Delaware Corporation (the "Company" or "Arcutis"). You will report to me, the Company's Chief Executive Officer. If you accept this offer, you will commence employment with the Company on August 17, 2026, or such other date mutually agreed in writing between you and the Company (the date you actually commence employment with the Company, the "Effective Date"). Upon appointment by the Board of Directors, you will be named Interim Executive Vice President and Chief Commercial Officer, effective August 21, 2026.

1. **Work Location**. The Company will allow you to work primarily from your home office. However, as Arcutis' headquarters are located in the Los Angeles, California area, you will be expected to spend a reasonable amount of time at the Company's headquarters. The Company will provide expense reimbursement for your visits to our Los Angeles area offices as outlined in section 4 of this agreement.

2. **Compensation**.

a) **Salary**. In this position, the Company will pay you a semi-monthly salary of twenty-three thousand one hundred twenty-five dollars ($23,125), which is an annual base salary of five hundred fifty-five thousand dollars ($555,000), payable in accordance with the Company's standard payroll schedule. Your pay will be periodically subject to adjustment pursuant to the Company's policies as in effect from time to time and pro-rated for any partial employment hereunder.

b) **Bonus.** You will be eligible to receive a cash incentive annual bonus with a target of fifty percent (50%) of your base salary earned in a calendar year, with the possibility of up to seventy five percent (75%) of your base salary earned in a calendar year, based upon the achievement of both corporate and personal goals. Any annual bonus earned will be paid no later than March 15th of the year following the year in which such bonus was earned and will be contingent upon your continued employment through the applicable payment date. Please note that bonus programs, payouts and criterion are subject to change or adjustment as the business needs at the Company may require.

c) **Equity Awards.** In connection with entering into this employment letter agreement, following the Effective Date, the Company will recommend to the Board of Directors that it grant you:

i. **Stock Options.** An option to purchase one hundred forty-five thousand (145,000) shares of the Company's common stock (the "Stock Option") at a per-share exercise price equal to the fair market value of a share of the Company's common stock on the date of grant (the closing price of the Company's common stock as reported on the Nasdaq Global Select Market on the date of grant). The shares subject to the Stock Option will vest and become exercisable at the rate of 2.0833% per month, so long as you remain employed by the Company through the applicable vesting date.

ii. **Restricted Stock Units.** Fifty-five thousand (55,000) Restricted Stock Units of the Company's common stock (the "RSUs"). The RSUs will vest and become exercisable at the rate of twenty-five percent (25%) annually, beginning on the one (1) year anniversary of the vesting commencement date, so long as you main employed by the Company through the applicable vesting date.

The Stock Options and Restricted Stock Units will otherwise be subject to the terms and conditions of the Company's 2020 Equity Incentive Plan (the "2020 Plan") or the 2022 Employment Inducement Plan (the "2022 Plan") and a stock option agreement and/or restricted stock agreement(s) to be entered into between you and the Company. You may be eligible to receive such future stock options or restricted stock unit grants as the Board of Directors of the Company shall deem appropriate; however, the grant of such options or restricted stock units by the Company is not a promise of compensation and is not intended to create any obligation on the part of the Company.

d) **Withholdings**. All forms of compensation paid to you as an employee of the Company shall be less all applicable withholdings.

3. **Employee Benefits**. You will be entitled to participate in employee benefit plans currently and hereafter maintained by the Company of general applicability to other employees of the Company subject to the eligibility requirements of each such benefit plan. The Company, in its sole discretion, may amend, suspend or terminate its employee benefits at any time, with or without notice. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time. We also acknowledge that you have entered, or will enter, into the Severance and Change in Control Agreement with the Company (the "Severance & Change in Control Agreement").

4. **Expenses**.

a) The Company will reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in the furtherance of or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. **Confidentiality Agreement**. As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment, develop certain information or inventions that will be the property of the Company. To protect the interests of the Company, you will need to sign the Company's standard "Employee Invention Assignment and Confidentiality Agreement" as a condition of your employment. We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

6. **No Conflicting Obligations**. You understand and agree that by signing this letter agreement, you represent to the Company that your performance will not breach any other agreement to which you are a party, including, without limitation, any agreement currently in place between your current or past employers, and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

7. **Outside Activities**. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

8. **General Obligations**. As an employee, you will be expected to adhere to the Company's standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. You will also be expected to comply with the Company's policies and procedures. The Company is an equal opportunity employer.

9. **At-Will Employment**. Employment with the Company is for no specific period of time. Your employment with the Company will be on an "at will" basis, meaning that either you or the Company

may terminate your employment at any time for any reason or no reason. The Company also reserves the right to modify or amend the terms of your employment at any time for any reason. Any contrary representations which may have been made to you are superseded by this letter agreement. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

10. **Authorization to Work**. Please note that because of employer regulations adopted in the Immigration Reform and Control Act of 1986, within three (3) business days of starting your new position you will need to present documentation demonstrating that you have authorization to work in the United States.

11. **Arbitration and Class Action Waiver**. You and the Company agree to submit to mandatory binding arbitration any and all claims arising out of or related to your employment with the Company and the termination thereof, including, but not limited to, claims for unpaid wages, wrongful termination, torts, stock or stock options or other ownership interest in the Company, and/or discrimination (including harassment) based upon any federal, state or local ordinance, statute, regulation or constitutional provision except that each party may, at its, his or her option, seek injunctive relief in court related to the improper use, disclosure or misappropriation of a party's private, proprietary, confidential or trade secret information (collectively, "Arbitrable Claims"). Further, to the fullest extent permitted by law, you and the Company agree that no class or collective actions can be asserted in arbitration or otherwise. All claims, whether in arbitration or otherwise, must be brought solely in your or the Company's individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding. Nothing in this Arbitration and Class Action Waiver section, however, restricts your right, if any, to file in court a representative action under California Labor Code Sections 2698, et seq.

SUBJECT TO THE ABOVE PROVISO, THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS. THE PARTIES FURTHER WAIVE ANY RIGHTS THEY MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY ARBITRABLE CLAIMS BETWEEN YOU AND THE COMPANY.

This Agreement does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict the employee's ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, the parties agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in Orange County, California through JAMS before a single neutral arbitrator, in accordance with the JAMS employment arbitration rules then in

effect. The JAMS rules may be found and reviewed at http://www.jamsadr.com/rules-employment-arbitration. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration provisions of this Agreement shall be governed by and enforceable pursuant to the Federal Arbitration Act. In all other respects for provisions not governed by the Federal Arbitration Act, this employment letter agreement shall be construed in accordance with the laws of the State of California, without reference to conflicts of law principles.

12. **Entire Agreement**. This employment letter agreement, once accepted, together with the Severance & Change in Control Agreement and the Employee Invention Assignment and Confidentiality Agreement, constitute the entire agreement between you and the Company with respect to the subject matter hereof and supersedes all prior offers, negotiations and agreements, if any, whether written or oral, relating to such subject matter. You acknowledge that neither the Company nor its agents have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this agreement for the purpose of inducing you to execute the agreement, and you acknowledge that you have executed this agreement in reliance only upon such promises, representations and warranties as are contained herein.

13. **Acceptance**. This offer will remain open until 12:00 pm Pacific Time on Wednesday, August 5, 2026. If you decide to accept our offer, and I hope you will, please sign the enclosed copy of this letter in the space indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents, if any. Should you have anything else that you wish to discuss, please do not hesitate to call me.

We look forward to the opportunity to welcome you to the Company.

[SIGNATURE PAGE FOLLOWS]

This letter agreement supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter. This letter will be governed by the laws of California, without regard to its conflict of laws provisions.

Very truly yours,

/s/ Todd Franklin Watanabe

ARCUTIS BIOTHERAPEUTICS, INC.

By: Todd Franklin Watanabe
Title: Chief Executive Officer

ACCEPTED AND AGREED:

/s/ Robert Lisicki

Robert Lisicki
Signature Date: August 4, 2026

[Signature Page to Employment Letter Agreement]

Exhibit 10.4

Arcutis Biotherapeutics, Inc.
Severance & Change in Control Agreement

This Severance & Change in Control Agreement (the "**Agreement**"), is entered into by and between Robert Lisicki (the "**Executive**") and Arcutis Biotherapeutics, Inc., a Delaware company (the "**Company**"), and is effective as of the date that this Agreement is signed (the "**Effective Date**").

1. **Term of Agreement.**

This Agreement shall terminate on the earlier of (i) the date Executive's employment with the Company terminates for a reason other than a Qualifying Termination, or (ii) the date the Company has met all of its obligations under this Agreement following a Qualifying Termination (the "**Expiration Date**").

2. **Severance Benefit.**

Executive's receipt of any payments or benefits under Section 2 is subject to (I) Executive's continued compliance with any confidential information agreement or restrictive covenant agreement by and between Executive and the Company, including, without limitation that certain Employee Invention Assignment and Confidentiality Agreement by and between Executive and the Company and any restrictive covenants contained in any employment agreement or offer letter agreement by and between Executive and the Company, and (II) Executive's delivery to the Company of a general release (in a form prescribed by the Company) of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company (the "**Release**"), and satisfaction of all conditions to make the Release effective, within sixty (60) days (or such shorter period required by the Company) (the "**Release Period**") following Executive's Qualifying Termination, notwithstanding any other provision of this Agreement. In no event will any payment or benefits under Section 2 be paid or provided until the Release becomes effective and irrevocable or in the event Executive violates any agreement set forth in subsection (I) in the foregoing sentence.

(a) **Qualifying Termination Outside of a Change in Control Period.** If the Executive is subject to a Qualifying Termination outside of a Change in Control Period, the Executive shall be entitled to the following:

(i) Severance Payments. The Company shall pay Executive nine (9) months of Executive's base salary at the rate in effect immediately prior to the Qualifying Termination (the "**Severance**"). The Severance shall be paid out in substantially equal installments in accordance with the Company's payroll practice over the total number of months of Severance commencing the first payroll period more than 60 days after the Qualifying Termination, subject to the Release becoming effective prior to such time (with the first payment to include all amounts that otherwise would have been paid through such date). Solely for purposes of Section 409A of the Code, each installment payment is considered a separate payment.

(ii) Health Care Benefit. If the Executive elects to continue his or her health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following the termination of Executive's employment, then the Company shall pay, or reimburse, the Executive's monthly premium for Executive and his or her covered dependents under COBRA until the earliest of (A) nine (9) months, (B) the date when the Executive receives similar coverage with a new employer or (C) the expiration of the Executive's continuation coverage under COBRA; provided that on the first date

such amounts become payable as described above, the Company shall pay to Executive a lump sum cash payment equal to the monthly premiums that would have been paid on behalf of Executive had such payments commenced on the date of the Qualifying Termination. Notwithstanding the foregoing, the Company may elect that, in lieu of paying or reimbursing the premiums, the Company shall instead provide Executive with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 2(a)(ii), less applicable tax withholdings.

(b) **Qualifying Termination During a Change in Control Period.** If Executive is subject to a Qualifying Termination during a Change in Control Period, Executive shall be entitled to the following:

(i) Severance Payments. The Company shall pay Executive eighteen (18) months of Executive's base salary at the rate in effect immediately prior to the Qualifying Termination or the Change in Control, whichever is greater, and 1.5 times Executive's annual bonus for the then-current fiscal year based on 100% of target performance of any applicable performance objectives (together, the "**CIC Severance**"). The CIC Severance shall be paid out in a single cash lump sum on the first payroll period more than 60 days after the Qualifying Termination, subject to the Release becoming effective prior to such time (with the first payment to include all amounts that otherwise would have been paid through such date).

(ii) Health Care Benefit. If the Executive elects to continue his or her health insurance coverage under COBRA following the termination of Executive's employment, then the Company shall pay, or reimburse, the Executive's monthly premium for Executive and his or her covered dependents under COBRA until the earliest of (A) eighteen (18) months, (B) the date when the Executive receives similar coverage with a new employer or (C) the expiration of the Executive's continuation coverage under COBRA; provided that on the first date such amounts become payable as described above, the Company shall pay to Executive a lump sum cash payment equal to the monthly premiums that would have been paid on behalf of Executive had such payments commenced on the date of the Qualifying Termination. Notwithstanding the foregoing, the Company may elect that, in lieu of paying or reimbursing the premiums, the Company shall instead provide Executive with a monthly cash payment equal to the amount the Company would have otherwise paid pursuant to this Section 2(b)(ii), less applicable tax withholdings.

(iii) Equity. The vesting of each of Executive's then-outstanding unvested Equity Awards, other than Performance Awards (defined below), shall accelerate and such Equity Awards shall become vested and exercisable or settleable with respect to 100% of the then-unvested shares subject to the Equity Awards. With respect to awards that would otherwise vest only upon satisfaction of performance criteria ("**Performance Awards**"), the grant agreement for the Performance Award may provide for alternative treatment upon a Qualifying Termination and, absent any such treatment in such grant agreement, the vesting acceleration provided for herein shall be deemed to have been met based on the achievement of the Performance Award at the greater of "at target" or, if determinable, actual performance. The accelerated vesting described above shall be effective as of the later of (x) the fifth (5th) business day following expiration of the Release Period, and (y) the closing of the Change in Control; provided, that if (1) the Company terminates Executive's employment for any reason other than Cause before a Change in Control, or (2) Executive voluntarily resigns his or her employment for Good Reason before a Change in Control, then any unvested Equity Awards that would otherwise forfeit upon such termination shall remain outstanding and eligible to vest for three (3) months following such termination (provided that in no event will the Equity Awards remain outstanding beyond the expiration of the Equity Award's maximum term) to permit the acceleration described above. For the avoidance of doubt, upon such termination before a Change in Control Period, any unvested Equity Awards will not terminate but also shall not vest in the ordinary course and will only be eligible to vest in the event that the Change in Control is completed within such three (3) month period. In the event that a Change in Control is not completed during such three (3) month period, any unvested portion of the Equity Awards

will be automatically and permanently forfeited effective three (3) months following termination and not eligible for the acceleration described above.

(iv) **Non-Assumption of Equity Awards.** Notwithstanding anything to the contrary, if, in connection with a Change in Control, the successor or acquiring corporation (if any) of the Company refuses to assume, convert, replace, or substitute Executive's unvested Equity Awards, then notwithstanding any other provision in this Agreement, or any Equity Award Agreement to the contrary, then, subject to Executive's continued employment with the Company through the date of such Change in Control, each of Executive's then-outstanding and unvested Equity Awards, other than Performance Awards, that are not assumed, converted, replaced, or substituted in such Change in Control shall accelerate and become vested and exercisable as to 100% of the then-unvested shares subject to the Equity Awards effective immediately prior to the Change in Control and terminate to the extent not exercised (as applicable) upon the Change in Control. With respect to Performance Awards, the vesting for such Performance Awards will accelerate as set forth in the terms of the applicable performance-based Equity Award agreement; and, absent any such treatment in such grant agreement, the vesting acceleration provided for herein shall be deemed to have been met based on the achievement of the Performance Award at the greater of "at target" or, if determinable, actual performance.

(c) **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2 above, in connection with any termination of employment, the Company shall pay Executive's earned but unpaid base salary and other vested but unpaid cash entitlements, including the amount of any bonus earned and payable from a prior year which remains unpaid by the Company as of the date of the termination of employment determined in accordance with customary practice or as required by applicable law and unreimbursed documented business expenses incurred by Executive through and including the date of termination (collectively "**Accrued Compensation and Expenses**"). Any Accrued Compensation and Expenses to which Executive is entitled shall be paid to Executive in cash as soon as administratively practicable, in accordance with the Company's standard payroll schedule and procedures, after the termination, and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of Executive in which the termination occurs or at such earlier time as may be required by applicable law.

3. **Company Policies.** Executive will be bound by and comply fully with that certain Employee Invention Assignment and Confidentiality Agreement by and between the Company and Executive and the Company's insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement.

4. **Definitions.**

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

(b) "**Cause**" means the occurrence of any of the following events, as determined by the Company and/or the Board in its and/or their sole and absolute discretion: (i) Executive engaging in any act of fraud, embezzlement or material act of dishonesty or misrepresentation with respect to the Company; (ii) Executive's violation of any federal or state law or regulation applicable to the business of the Company or its affiliates; (iii) Executive's material breach of any confidentiality agreement or assignment agreement between Executive and the Company (or any affiliate of the Company); (iv) Executive's conviction of or plea of *nolo contendere* to a felony involving moral turpitude; (v) Executive's unauthorized use or disclosure of confidential information or trade secrets of the Company (or any parent, subsidiary or affiliate); (vi) any intentional misconduct by Executive adversely affecting the business or affairs of the Company (or any parent, subsidiary or affiliate) in any material manner; (vii) Executive has committed any breach of fiduciary or statutory duty that results in (or would reasonably be expected to result in) material harm to the Company; (viii) Executive has breached any material term or condition of this Agreement or any other material agreement with or material policy of the Company; (ix) Executive's willful and repeated failure to perform in any material respect Executive's duties hereunder after fifteen (15) days' notice and an opportunity to cure such failure and a reasonable opportunity to

present to the Board Executive's position regarding any dispute relating to the existence of such failure (other than on account of disability); or (x) Executive's failure to attempt in good faith to implement a clear and reasonable directive from the CEO (or the Board).

provided; however that the action or conduct described in clause (viii) above will constitute "Cause" only if such action or conduct continues after the Company has provided Executive with written notice thereof and ten (10) business days to cure the same if such action or conduct is curable. The determination as to the existence of grounds for Executive's termination for Cause shall be made in good faith by the Company or the Board and shall be final and binding on Executive.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended.

(d) "**Change in Control**" means the occurrence of any of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(e) "**Change in Control Period**" means the period beginning three (3) months preceding the closing of a Change in Control, and ending eighteen (18) months following the closing of such Change in Control.

(f) "**Equity Awards**" means all awards covering the Company's common stock granted to Executive, including but not limited to options, stock bonus awards, restricted stock, restricted stock units, and stock appreciation rights.

(g) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(h) "**Good Reason**" means the occurrence of any of the following events or conditions, without Executive's express written consent: (i) a material diminution of Executive's base salary or target annual performance bonus; (ii) a material diminution in Executive's authority, duties or responsibilities; or (iii) any requirement by the Company that Executive's principal place of employment be relocated to a location more than fifty (50) miles from Executive's principal place of employment prior to such change, which relocation materially increases Executive's commuting distance.

A termination of employment for Good Reason shall be effectuated by giving the Company written notice ("**Notice of Termination for Good Reason**"), setting forth in reasonable detail, the specific conduct of the Company that constitutes Good Reason and the specific provision(s) of this Notice on which Executive is relying. Notice of Termination for Good Reason must be provided within ninety (90) days of the condition first arising. The Company will have an opportunity to cure such conduct constituting Good Reason within thirty (30) days of receiving such Notice of Termination for Good Reason. If the Company does not cure such conduct within such thirty (30) day period, a termination of employment for Good Reason shall be effective on the thirty-first (31st) day following the date when the Notice of Termination for Good Reason is received by the Company.

(i) "**Qualifying Termination**" means a Separation resulting from (x) the Company terminating Executive's employment for any reason other than Cause or (y) Executive voluntarily resigning his or her employment for Good Reason.

(j) "**Separation**" means a "separation from service," as defined in the regulations under Section 409A of the Code, if required by Section 409A of the Code.

5. **Successors.**

(a) **Company's Successors**. The Company shall require any successor (whether direct or indirect and whether by purchase, merger, consolidation, liquidation, or otherwise) to all or substantially all of the Company's business and/or assets to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term "**Company**" shall include any successor to the Company's business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive's Successors**. This Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

6. **Golden Parachute Taxes.**

(a) **Best After-Tax Result**. In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise ("**Payments**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax ("**Excise Tax**"), then, subject to the provisions of Section 6(b) hereof, such Payments shall be either (x) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (y) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax ("**Reduced Amount**"), whichever of the foregoing amounts, taking into account the applicable federal, state, local, and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive ("**Independent Tax Counsel**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section 6(a), Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 6(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive's sole discretion and within thirty (30) days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the "**IRS**") determines that any Payment is subject to the Excise Tax, then Section 6(b) hereof shall apply, and the enforcement of Section 6(b) shall be the exclusive remedy to the Company.

(b) **Adjustments**. If, notwithstanding any reduction described in Section 6(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within one hundred twenty (120) days after a final IRS determination, an amount of such

payments or benefits equal to the "**Repayment Amount**." The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive's net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 6(b), Executive shall pay the Excise Tax.

7. **Miscellaneous Provisions.**

(a) **Section 409A**. To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code, and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (x) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (y) the date of Executive's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum (without interest).

Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A 2(b)(2) of the regulations under Section 409A.

(b) **Other Severance and Acceleration Arrangements**. Except as otherwise specified herein, this Agreement represents the entire agreement between Executive and the Company with respect to any and all severance arrangements, vesting acceleration arrangements, and post-termination stock option exercise period arrangements, and supersedes and replaces any and all prior verbal or written discussions, negotiations, and/or agreements between Executive and the Company relating to the subject matter hereof as may be set forth under, but not limited to, any and all prior agreements governing any Equity Award, any change in control and severance agreements, employment agreement, offer letter, or programs and plans which were previously offered by the Company to Executive, and Executive hereby waives Executive's rights to any and all such other severance arrangements, vesting acceleration arrangements, and post-termination stock option exercise period arrangements, as applicable.

(c) **Dispute Resolution**. To ensure rapid and economical resolution of any and all disputes that might arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved solely and exclusively by final, binding, and confidential arbitration, by a single arbitrator, in Los Angeles County, CA, and conducted by JAMs under its then-existing employment rules and procedures. The JAMS rules may be found and reviewed at http://www.jamsadr.com/rules-employment-arbitration. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration provisions of this Agreement shall be governed by and enforceable pursuant to the Federal Arbitration Act. In all other respects for provisions not governed by the Federal Arbitration Act, this Agreement shall be construed in accordance with the laws of the State of California, without reference to conflicts of law principles. Nothing in this section, however, is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Each party to an arbitration or litigation hereunder shall be responsible for the payment of its own attorneys' fees.

(d) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with an overnight courier, with shipping charges prepaid. In the case of Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Amendment; Waiver**. This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company other than Executive. No provision of this Agreement shall be modified, waived, superseded or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive) and, to the extent it supersedes this Agreement, that this Agreement is referred to by date. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(g) **Severability**. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **No Retention Rights**. Nothing in this Agreement shall confer upon Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary of the Company or of Executive, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without Cause.

(i) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than their choice-of-law provisions).

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has executed this **Severance & Change in Control Agreement,** as of the day and year this Agreement has been signed by both parties.

EXECUTIVE	ARCUTIS BIOTHERAPEUTICS, INC.
/s/ Robert Lisicki	/s/ Todd Tucker
Robert Lisicki	By: Todd Tucker
Date: 10/27/2026	Title: Chief Human Resources Officer
	Date: 10/27/2026

[Signature Page to the Severance & Change in Control Agreement]

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd Franklin Watanabe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcutis Biotherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

By: /s/ Todd Franklin Watanabe

Todd Franklin Watanabe
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Latha Vairavan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcutis Biotherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2026

By: /s/ Latha Vairavan

Latha Vairavan
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Arcutis Biotherapeutics, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Todd Franklin Watanabe, Chief Executive Officer of the Company, and Latha Vairavan, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2026 By: /s/ Todd Franklin Watanabe

Todd Franklin Watanabe
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 4, 2026 By: /s/ Latha Vairavan

Latha Vairavan
Chief Financial Officer
(Principal Accounting and Financial Officer)