UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

PLAINTIFF, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. OUTSET MEDICAL, INC., LESLIE TRIGG, and NABEEL AHMED, Defendants.	Case No. **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

Plaintiff, individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Outset Medical, Inc. ("Outset Medical" or the "Company") with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Outset Medical; and (c) review of other publicly available information concerning Outset Medical.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Outset Medical securities between August 1, 2022 and August 7, 2024, inclusive (the "Class Period"). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Outset Medical is a medical technology company. Its primary products are the Tablo series devices used in dialysis care, including the Tablo Hemodialysis System and the TabloCart. The Tablo Hemodialysis System is a dialysis machine. The TabloCart is an accessory to Tablo Hemodialysis System. On July 29, 2022, the Company received Section 510(k) clearance from the United States Food and Drug Administration ("FDA") for the Tablo Hemodialysis System as "indicated for use in patients with acute and/or chronic renal failure, with or without ultrafiltration, in an acute or chronic care facility" and "in the home."

3. On July 7, 2023, after the market closed, Outset Medical disclosed that it had received a Warning Letter from the FDA which "asserted that certain materials . . . promote continuous renal replacement therapy (CRRT), a modality outside of the current indications for the Tablo Hemodialysis System" and "assert[ed] that the TabloCart with Prefiltration . . . requires prior 510(k) clearance for marketing authorization." and that the Company would "work collaboratively with the FDA to resolve this observation, including potentially submitting a 510(k) on TabloCart."

4. On this news, Outset Medical's stock price fell $1.20, or 5.9%, to close at $19.26 per share on July 10, 2023, on unusually heavy trading volume.

5. On August 2, 2023, after the market closed, the Company issued a press release which announced a ***"Shipment Pause of TabloCart with Prefiltration Pending 510(k) Clearance."***

6. On this news, Outset Medical's stock price fell $1.97, or 10.18%, to close at $17.39 per share on August 3, 2023, on unusually heavy trading volume.

7. On October 12, 2023, after the market closed, the Company revealed that revenue growth had been significantly impacted by the FDA's warning letter. Specifically, the Company issued a press release announcing preliminary third quarter 2023 financial results, as well as updated financial guidance for 2023 revenue, which reflected that "[g]rowth in the quarter was dampened by a larger-than-expected impact in the field from the recent FDA warning letter."

8. On this news, the Company's share price fell $3.38, or 49.9%, to close at $3.39 per share on October 13, 2023, on unusually heavy trading volume.

9. On August 7, 2024, after the market closed, Outset Medical released its second quarter 2024 financial results, significantly missing consensus estimates and lowering its full year 2024 revenue guidance by $39 million at the midpoint. The Company disclosed it would be forced to take "clear steps to improve our execution" including "sales team and process restructuring." As a result, the Company disclosed it would be unable to deliver on a post-approval sales ramp of TabloCart previously forecast.

10. On this news, the Company's share price fell $2.33, or 68.53%, to close at $1.07 per share on August 8, 2024, on unusually heavy trading volume.

11. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the Tablo products were marketed for continuous renal replacement therapy, which is not one of the indications approved by the FDA; (2) that, as a result, Outset Medical was reasonably likely to submit an additional 510(k) application for the Tablo products; (3) that there was a substantial risk that the Company would cease sales of the Tablo products pending FDA approval of additional

indications; (4) that Outset Medical lacked the sales team and process to execute on the ramp of Tablo sales; (5) that, as a result of the foregoing, the Company's revenue growth would be adversely impacted; and (6) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

12. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

13. The claims asserted herein arise under Sections 1O(b) and 2O(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 1Ob-5 promulgated thereunder by the SEC (17 C.F.R. § 24O.1Ob-5).

14. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

15. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this District.

16. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

17. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Outset Medical securities during the Class Period, and suffered

damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

18. Defendant Outset Medical is incorporated under the laws of Delaware with its principal executive offices located in San Jose, California. Outset Medical's common stock trades on the NASDAQ exchange under the symbol "OM."

19. Defendant Leslie Trigg ("Trigg") was the Company's Chief Executive Officer ("CEO") at all relevant times.

20. Defendant Nabeel Ahmed ("Ahmed") was the Company's Chief Financial Officer ("CFO") at all relevant times.

21. Defendants Trigg and Ahmed (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

22. Outset Medical is a medical technology company. Its primary products are the Tablo series devices used in dialysis care, including the Tablo Hemodialysis System and the TabloCart. The Tablo Hemodialysis System is a dialysis machine. The TabloCart is an accessory to Tablo Hemodialysis System. On July 29, 2022, the Company received Section 510(k) clearance from the FDA for the Tablo Hemodialysis System as "indicated for use in patients with acute and/or chronic renal failure, with or without ultrafiltration, in an acute or chronic care facility" and "in the home."

Materially False and Misleading

Statements Issued During the Class Period

23. The Class Period begins on August 1, 2022.[1] On that day, the Company announced that it had resumed shipment of Tablo Systems for home use because the FDA had approved its 510(k) submission. In a press release, the Company stated, in relevant part:

> Outset Medical, Inc. (Nasdaq: OM) ("Outset" or the "Company"), a medical technology company pioneering a first-of-its-kind technology to reduce the cost and complexity of dialysis, ***today announced clearance by the Food and Drug Administration of its previously disclosed 510(k) submission and resumption of Tablo® Hemodialysis System shipments for home use.***
>
> The Company also reported financial results for the second quarter ended June 30, 2022 and provided financial guidance for 2022. Revenue for the second quarter totaled $25.1 million, in line with guidance provided on June 13, 2022. Gross margin for the second quarter was 15.1%, compared to 4.2% in the second quarter of 2021 and 14.5% in the first quarter of 2022.
>
> "We are pleased to begin supporting new patients in the home again and helping them achieve autonomy and control over where and when they dialyze," said Leslie Trigg, Chair and Chief Executive Officer. "As we look to the second half of the year, we see no change in underlying demand for Tablo. ***However, we have reflected in our guidance the staffing and inflationary pressures our provider customers are facing, as well as the work we need to do to regain commercial momentum following release of the Tablo ship hold***."

24. On August 1, 2022, the Company submitted its quarterly report for the fiscal period ended June 30, 2022 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the Company's sales practices and FDA approval:

> ***Tablo is cleared by the FDA for use in the hospital, clinic, or home setting***.
>
> * * *
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> ***In late July 2022, the FDA cleared our 510(k) application of Tablo for patient use in the home and we have resumed marketing and shipping Tablo for home use.***
>
> ***Driving adoption of Tablo in the acute care setting has been our primary focus to date.*** We have invested in growing our economic and clinical evidence, built a veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program. Our experience in the acute care market has demonstrated Tablo's clinical flexibility and operational versatility, while also delivering meaningful cost savings to the providers. We plan to continue leveraging our commercial infrastructure to broaden our installed base in

[1] Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

the acute care market as well as driving utilization and fleet expansion with our existing customers.

25. On November 8, 2022, the Company issued a press release announcing the Company's financial results for the quarter ended September 30, 2022, stating in relevant part:

> • ***Recorded net revenue of $27.8 million in the third quarter of 2022***, a 5.5% increase compared to $26.3 million in the third quarter of 2021 and a 10.8% increase compared to $25.1 million in the second quarter of 2022
>
> • Achieved ***gross margin for the third quarter of 2022 of 15.6%,*** compared to 11.2% in the third quarter of 2021 and 15.1% in the second quarter of 2022
>
> • ***Resumed shipments to new home patients, and grew the Tablo home patient base beyond initial expectations for the third quarter***
>
> • Awarded five-year contract by the Department of Veterans Affairs, enabling Tablo to be sold into the 106 VA hospitals across the U.S. as well as into home settings
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> * * *
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> ***Full Year 2022 Financial Guidance***
>
> Outset now ***projects revenue for 2022 of $111 million to $113 million***, which represents 8% to 10% growth over 2021. This updated guidance compares to prior 2022 guidance of $105 million to $110 million.

26. On November 9, 2022, the Company submitted its quarterly report for the fiscal period ended September 30, 2022 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the Company's sales practices and FDA approval:

> ***Tablo is cleared by the FDA for use in the hospital, clinic, or home setting.*** In May 2022, we implemented a shipment hold on the distribution and marketing of Tablo for use in the home environment pending the FDA's review and clearance of a 510(k) application we submitted for changes made since the device's original March 2020 clearance.
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> * * *
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> ***In late July 2022, the FDA cleared our 510(k) application of Tablo for patient use in the home and we resumed marketing and shipping Tablo for home use.***
>
> ***Driving adoption of Tablo in the acute care setting has been our primary focus to date.*** We have invested in growing our economic and clinical evidence, ***built a veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program***.

27. On January 9, 2023, the Company issued a press release announcing preliminary financial results for fourth quarter and fiscal year ended December 31, 2022, as well as guidance for fiscal 2023, stating in relevant part:

> < Revenue in the fourth quarter is expected to be approximately ***$31.5 million, a 13%***
> ***increase compared to $27.8 million in the third quarter of 2022***
>
> < ***Revenue for 2022 is expected to be approximately $115 million, a 12% increase compared to $102.6 million in 2021***
>
> < Period-end installed base increased 54% year-over-year to approximately 4,000
> Tablo® Hemodialysis Systems, including 3,200 with acute- and sub-acute care providers and a more than doubling of units with home providers to nearly 800
>
> * * *
>
> Outset expects ***2023 revenue to be between $140 million to $150 million, growing approximately 22% to 30% over expected revenue for 2022.*** Non-GAAP gross margin is expected to expand to approximately 20% for the full year 2023 and exit the year in the mid-20% range for the fourth quarter of 2023.

28. On February 13, 2023, the Company issued a press release announcing the Company's financial results for the quarter and year ended December 31, 2022, stating in relevant part:

> < ***Recorded net revenue of $32.0 million in the fourth quarter***, a 15.3% increase compared to $27.8 million in the third quarter, and a 14.0% increase compared to
> $28.2 million in the fourth quarter of 2021. Revenue for the full year was $115.4 million, an increase of 12.4% compared to $102.6 million in 2021
>
> < ***Achieved gross margin for the fourth quarter of 16.5%*** (17.1% on a non-GAAP basis), compared to 11.8% (12.0% on a non-GAAP basis) in the fourth quarter of 2021. Gross margin for the full year was 15.5% (16.1% on a non-GAAP basis), an increase of more than 800 basis points over 2021
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> **Full Year 2023 Financial Guidance**
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> Outset reaffirmed its previously provided ***guidance for 2023, including revenue of $140 million to $150 million,*** growing approximately 22% to 30% over 2022, and non-GAAP ***gross margin of approximately 20% for 2023***, exiting the year in the mid-20% range for the fourth quarter.

29. On February 13, 2023, the Company submitted its annual report for the fiscal year ended December 31, 2022 on a Form 10-K filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the TabloCart and the Company's sales practices:

Tablo is an FDA-cleared single enterprise solution for hemodialysis, comprised of a compact console with integrated water purification, on-demand dialysate production and advanced software and connectivity capabilities.

* * *

The ***Tablo system is comprised of the following components***:

* * *

We recently introduced ***TabloCart,*** a non-medical accessory for the Tablo Hemodialysis System that provides added maneuverability and optional prefiltration storage.

* * *

Driving adoption of Tablo in the acute care setting has been our primary focus to date. We have invested in growing our economic and clinical evidence, ***built a veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program***.

* * *

We sell our solution through our direct sales organization, which covers most major metropolitan markets in the United States***. Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization and fleet expansion of Tablo consoles at existing customer sites***.

* * *

We ***believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business***.

30. On May 3, 2023, the Company issued a press release announcing first quarter 2023 financial results for the quarter ended March 31, 2023, which reported the Company's quarterly revenue and an updated Full Year 2023 guidance, and stated in relevant part:

Recent Highlights

• Recorded ***net revenue of $33.5 million in the first quarter***, a 9.5% increase compared to $30.6 million in the first quarter of 2022, and a 4.6% increase compared to $32.0 million in the fourth quarter of 2022

• Achieved ***gross margin for the first quarter of 19.2%*** (20.3% on a non-GAAP basis), compared to 14.5% (14.8% on a non-GAAP basis) in the first quarter of 2022

* * *

Full Year 2023 Financial Guidance

Outset now projects ***revenue for 2023 to range from $144 million to $150 million***, which represents approximately 25% to 30% growth over the Company's fiscal year

2022 revenue. This updated guidance compares to ***prior 2023 revenue guidance of $140 million to $150 million.*** In addition, the Company expects ***gross margin for the year to be in the low-20% range, up from its prior guidance*** of approximately 20%, and exiting the fourth quarter in the mid-20% range.

31. On May 4, 2023, the Company submitted its quarterly report for the period ended March 31, 2023, on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the Company's sales practices:

Tablo is ***cleared by the FDA for use in the hospital, clinic, or home setting***.

* * *

In late July 2022, ***the FDA cleared our 510(k) application of Tablo*** for patient use in the home and we resumed marketing and shipping Tablo for home use.

* * *

We primarily sell our solutions through our direct sales organization, which covers most major metropolitan markets in the United States. ***Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization and fleet expansion of Tablo consoles at existing customer sites***.

* * *

We believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business.

32. The above statements identified in ¶¶ 23-31 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the Tablo products were marketed for continuous renal replacement therapy, which is not one of the indications approved by the FDA; (2) that, as a result, Outset Medical was reasonably likely to submit an additional 510(k) application for the Tablo products; (3) that there was a substantial risk that the Company would cease sales of the Tablo products pending FDA approval of additional indications; (4) that Outset Medical lacked the sales team and process to execute on the ramp of Tablo sales; (5) that, as a result of the foregoing, the Company's revenue growth would be adversely impacted; and (6) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

33. The truth began to emerge on July 7, 2023, after the market closed, when Outset Medical disclosed that it had been warned by the FDA of off-label marketing of the Tablo. Specifically, in a Form 8-K filed with the SEC, Outset Medical stated that it received a Warning Letter from the FDA which "asserted that certain materials . . . promote continuous renal replacement therapy (CRRT), a modality outside of the current indications for the Tablo Hemodialysis System" and "assert[ed] that the TabloCart with Prefiltration . . . requires prior 510(k) clearance for marketing authorization." The Company stated, in relevant part:

> As previously disclosed by the Company in its Annual Report on Form 10-K filed on February 13, 2023, the FDA issued an FDA Form-483 identifying four inspectional observations resulting from an FDA inspection that concluded on February 10, 2023. The Company provided its response plan to the FDA on March 3, 2023, and has since completed the associated remediation workstreams to fully address these observations.
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> The Warning Letter raises two additional observations. The first observation asserts that certain materials reviewed by the FDA and found on the Company's website promote continuous renal replacement therapy (CRRT), a modality outside of the current indications for the Tablo® Hemodialysis System. The Company believes this concern has been effectively addressed through labeling and promotional changes already underway.
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> The second observation asserts that the TabloCart with Prefiltration (the "TabloCart"), requires prior 510(k) clearance for marketing authorization. TabloCart, an accessory to the Tablo System, launched in the third quarter of 2022 and sales to date have not been material to the Company's financial results. The Company intends to work collaboratively with the FDA to resolve this observation, including potentially submitting a 510(k) on TabloCart.
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> The Warning Letter does not request the restriction of the manufacture, production or shipment of the Tablo System in the United States nor does it request the withdrawal of the Tablo System from the U.S. marketplace.
>
> The Company intends to fully cooperate with the FDA, including by responding within 15 business days, to expeditiously and completely resolve the Warning Letter. The Company cannot, however, give any assurances that the FDA will be satisfied with the Company's actions taken in response to the matters raised in the Warning Letter. The Company also cannot give any assurances as to the timing of the resolution of such matters.

34. On this news, Outset Medical's stock price fell $1.20, or 5.9%, to close at $19.26 per share on July 10, 2023, on unusually heavy trading volume.

35. The truth continued to emerge on August 2, 2023, after the market closed, when the Company announced a shipment pause of TabloCart pending FDA approval. Specifically, Outset Medical issued a press release which announced second quarter 2023 financial results, including

quarterly revenue of $36.0 million and total quarterly gross profit of $7.7 million. The press release also stated the Company "***Announces Shipment Pause of TabloCart with Prefiltration Pending 510(k) Clearance.***" The press release further provided the Company's full year 2023 guidance, stating in relevant part:

> The Company also announced it has paused the shipment of TabloCart with Prefiltration, an accessory for the Tablo System, pending the Food and Drug Administration's clearance of a 510(k) the company plans to submit later this month.
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> "Since receiving the Warning Letter on July 6, we have made the decision to file a 510(k) for TabloCart with Prefiltration and pause distribution of the product until a 510(k) clearance has been granted," added Trigg. "As we look ahead to the second half of the year, we expect our strong momentum both in the acute and home end markets to continue to drive the business."
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> * * *
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> Outset ***reiterated its 2023 revenue guidance range of $144 million to $150 million, and now expects to be at the low end of this range as a result of the shipment pause for TabloCart with Prefiltration.*** The Company reaffirmed its gross margin guidance for the year to be in the low-20% range, exiting the fourth quarter in the mid-20% range.

36. On this news, Outset Medical's stock price fell $1.97, or 10.18%, to close at $17.39 per share on August 3, 2023, on unusually heavy trading volume.

37. On August 3, 2023, the Company submitted its quarterly report for the period ended June 30, 2023 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the Company's sales practices:

> Although we evaluated TabloCart with Prefiltration prior to marketing and distributing the product and concluded that no marketing authorization was necessary***, we have paused distribution of TabloCart with Prefiltration pending the FDA's review and clearance of the 510(k) application we plan to submit.***
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> * * *
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> Driving adoption of Tablo in the acute care setting has been our primary focus to date. ***We have invested in growing our economic and clinical evidence, built a veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program***. Our experience in the acute care market has demonstrated Tablo's clinical flexibility and operational versatility, while also delivering meaningful cost savings to the providers. We plan to continue leveraging our commercial infrastructure to broaden our installed base in the acute care market, as well as driving utilization and fleet expansion with our existing customers.

38. The truth continued to emerge on October 12, 2023, when the Company revealed that revenue growth had been significantly impacted by the FDA's warning letter. Specifically, the Company issued a press release announcing preliminary third quarter 2023 financial results, as well as updated financial guidance for 2023 revenue, which reflected that "[g]rowth in the quarter was dampened by a larger-than-expected impact in the field from the recent FDA warning letter." The press release stated, in relevant part:

> ***Preliminary revenue for the third quarter was $30.4 million***, a 9% increase over revenue of $27.8 million in the third quarter of 2022. ***Outset now expects revenue for 2023 to be approximately $130 million. Preliminary gross margin for the third quarter was 23.6%, or 25.6% on a non-GAAP basis***, compared to 16.4% on a non-GAAP basis in the third quarter of 2022. Total cash, including restricted cash, cash equivalents and short-term investments, was $197 million as of Sept. 30, 2023.
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> "Growth in the quarter was dampened by a larger-than-expected impact in the field from the recent FDA warning letter, and early signs of a more cautious outlook on capital spending that we see as a headwind continuing through the fourth quarter," said Leslie Trigg, Chair and Chief Executive Officer. "Importantly, we did not see deals fall out of our pipeline and our economic value proposition remains resonant and differentiated. Our confidence around generating sustained long-term growth and reaching profitability remains high."

39. On this news, the Company's share price fell $3.38, or 49.9%, to close at $3.39 per share on October 13, 2023, on unusually heavy trading volume.

40. On November 7, 2023, the Company announced its financial results for the third quarter ended September 30, 2023 in a press release. The press release stated, in relevant part:

> ***Revenue for the third quarter was $30.4 million,*** a 9% increase over revenue of $27.8 million in the third quarter of 2022, and gross margin was 23.6%, or 25.6% on a non-GAAP basis, compared to 16.4% on a non-GAAP basis in the third quarter of 2022.
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> * * *
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> **Full Year 2023 Financial Guidance**
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> Outset reiterated its ***2023 revenue guidance of approximately $130 million and its previous gross margin guidance for the year to be in the low-20% range***, exiting the fourth quarter in the mid-20% range.

41. On November 8, 2023, the Company submitted its quarterly report for the period ended September 30, 2023 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated the following regarding the Company's sales practices:

> First, although we evaluated TabloCart with Prefiltration prior to marketing and distributing the product and concluded that ***no marketing authorization was necessary, we paused distribution of TabloCart with Prefiltration pending the FDA's review and clearance of a 510(k) application.***
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> * * *
>
> We primarily sell our solutions through our direct sales organization, which covers most major metropolitan markets in the United States. ***Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization and fleet expansion of Tablo consoles at existing customer sites***. In addition, our field service team provides maintenance services and product support to Tablo customers. Our field sales and service teams represent 45% of our total full-time employees as of September 30, 2023. The same sales organization and field service team drive Tablo penetration in both the acute and home markets. ***We believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business***.

42. On January 8, 2024, the Company issued a press release which announced unaudited fourth quarter and 2023 revenue, and provided 2024 revenue and gross margin guidance. The press release reported "***revenue for 2023 to $130 million,*** a 13% increase compared to $115 million in 2022" and provided 2024 guidance which stated, in relevant part:

> **2024 Guidance**
>
> Outset expects 2024 revenue to be between ***$145 million to $153 million, growing 12% to 18% over unaudited revenue for 2023 based on the assumptions previously disclosed***. Non-GAAP ***gross margin is expected to expand to the low-30% range for the full year 2024*** and exit the year in the mid-30% range for the fourth quarter of 2024.

43. On February 21, 2024, the Company issued a press release announcing financial results for the quarter and year ended December 31, 2023. The press release stated, in relevant part, the following concerning the Company's financial results and full year 2024 guidance:

> • Recorded net ***revenue of $30.5 million*** in the fourth quarter, bringing ***2023 revenue to $130.4 million***, a 13% increase compared to $115.4 million in 2022.
>
> • Increased gross margin in the fourth quarter by nearly 900 basis points from the prior-year period. ***Fourth quarter gross margin reached 25.3%*** (26.7% on a non-GAAP basis) compared to 16.5% (17.1% on a non-GAAP basis) in the fourth quarter of 2022. Gross margin for the full year was 22.2% (23.6% on a non-GAAP basis) compared to 15.5% (16.1% on a non-GAAP basis) in 2022.

* * *

Full Year 2024 Financial Guidance

Outset reaffirmed its previously provided guidance for 2024, including ***revenue of $145 million to $153 million, growing 12% to 18% over 2023***, and non-GAAP gross margin in the ***low-30% range for 2024***, exiting the year in the mid-30% range for the fourth quarter.

44. On February 21, 2024, the Company filed its annual report for the fiscal year ended December 31, 2023 on a Form 10-K filed with the SEC, affirming the previously reported financial results (the "FY23 10-K"). The FY23 10-K stated, in relevant part, the following concerning the Company's sales practices:

Driving adoption of Tablo in the acute setting has been our primary focus since Tablo's clearance by the FDA for use in an acute or chronic care facility in September 2014. ***We have invested in growing our economic and clinical evidence, built veteran field service, sales and clinical support teams with significant expertise, and implemented a comprehensive training and customer experience program***. Our experience in the acute market has demonstrated Tablo's clinical flexibility and operational versatility, while also delivering meaningful cost savings to the providers. ***We plan to continue leveraging our commercial infrastructure, including our sales, field service and marketing teams, to broaden our installed base in the acute care market***, as well as driving utilization and fleet expansion with our existing customers.

* * *

We primarily sell our solutions through our direct sales organization, which covers most major metropolitan markets in the United States. ***Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization and fleet expansion of Tablo at existing customer sites***. In addition, our field service team provides maintenance services and product support to our customers. Our field sales and service teams represent 48% of our total full-time employees as of December 31, 2023. The same sales organization and field service team drive Tablo penetration in both the acute and home markets. ***We believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business.***

45. The FY23 10-K purported to warn of risks to the Company, stating in relevant part:

If we fail to retain our sales and marketing personnel, fail to increase our sales and marketing capabilities or develop broad awareness of Tablo in a cost-effective manner, we may not be able to generate revenue growth.

We have limited experience marketing and selling Tablo. We currently rely on our direct sales force to sell Tablo in the United States, and ***any failure to maintain, leverage and optimize our direct sales force will negatively affect our business***, financial condition and results of operations. The members of our direct sales force are highly trained and possess substantial technical expertise, which we believe is critical in increasing adoption of Tablo.

46. On May 6, 2024, the Company announced that the United States Food and Drug Administration has granted 510(k) clearance to TabloCart in a press release which stated in relevant part that "***Outset has resumed distribution of TabloCart with prefiltration and has product available to ship to customers in the United States***."

47. On May 8, 2024, the Company announced its first quarter 2024 financial results in a press release which reported quarterly revenue of $28.2 million, total gross profit of $8.2 million, and a net loss of $39.9 million. The press release provided an optimistic outlook based, in part, on the recent TabloCart FDA approval, stating in relevant part:

> "With our ***recent 510(k) clearance for TabloCart with Prefiltration***, 12th consecutive quarter of gross margin expansion and ***strong sales pipeline growth during the quarter, we are well positioned to capitalize on the $11 billion U.S. dialysis market opportunity,***" said Leslie Trigg, Chair and Chief Executive Officer. "Tablo's uniquely compelling value proposition continues to resonate with acute- and home-care providers, with significant new customer wins in both settings during the quarter.
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> * * *
>
> **Full Year 2024 Financial Guidance**
>
> Outset ***reaffirmed its previously provided guidance for 2024*** including revenue of ***$145 million to $153 million, growing 12% to 18% over 2023, and non-GAAP gross margin in the low-30% range for the full year 2024,*** exiting the year in the mid-30% range for the fourth quarter.

48. On May 9, 2024, the Company submitted its quarterly report for the period ended March 31, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report stated, in relevant part, the following concerning the Company's sales practices:

> Driving adoption of Tablo in the acute care setting has been our primary focus to date. We have invested in growing our economic and clinical evidence, built a ***veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program***. Our experience in the acute care market has demonstrated Tablo's clinical flexibility and operational versatility, while also delivering meaningful cost savings to the providers. ***We plan to continue leveraging our commercial infrastructure to broaden our installed base in the acute care market, as well as driving utilization and fleet expansion with our existing customers.***
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> * * *
>
> ***We primarily sell our solutions through our direct sales organization,*** which covers most major metropolitan markets in the United States. ***Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization***

and fleet expansion of Tablo at existing customer sites. In addition, our field service team provides maintenance services and product support to our customers. Our field sales and service teams represent 49% of our total full-time employees as of March 31, 2024. The same sales organization and field service team drive Tablo penetration in both the acute and home markets. ***We believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business.***

49. The above statements identified in ¶¶ 33, 35, 37-38, 40-48 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Outset Medical lacked the sales team and process to execute on the ramp of Tablo sales; (2) that, as a result of the foregoing, the Company's revenue growth would be adversely impacted; and (3) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis

Disclosures at the End of the Class Period

50. On August 7, 2024, after the market closed, Outset Medical released its second quarter 2024 financial results, significantly missing consensus estimates and lowering its full year 2024 outlook, reducing its full year 2024 revenue guidance by $39 million at the midpoint. The press release disclosed the Company would be forced to take "clear steps to improve our execution." Specifically, the press release reported, in relevant part:

[N]ew console placements were below our expectations and will be ***lower than we originally forecasted for the year. We are taking clear steps to improve our execution*** and grow the business over the long term to bring the benefits of Tablo to even more providers and dialysis patients.

* * *

Second Quarter 2024 Financial Results

Revenue for the second quarter was $27.4 million compared to $36.0 million in the second quarter of 2023, driven by a decline in product revenue to $19.2 million. Service and other revenue was $8.2 million, an increase of 21.5% compared to $6.7 million in the second quarter of 2023. Recurring revenue from the sale of Tablo cartridges and service increased by 24% as compared to the prior-year period.

Total gross profit was $9.8 million, compared to $7.7 million for the second quarter of 2023. Total gross margin was 35.7%, compared to 21.4% in the second quarter of 2023.

* * *

Full Year 2024 Financial Guidance

> ***Outset now expects 2024 revenue to be approximately $110 million, revised from a prior range of $145 million to $153 million***, and non-GAAP gross margin to be in the low-to-mid 30% range, revised from prior guidance in the low-30% range for 2024 and exiting the year in the mid-30% range for the fourth quarter.

51. On that same date, the Company held its second quarter 2024 earnings conference call announcing the Company's financial results for the quarter. During that earnings call, Defendant Trigg disclosed the Company would have to undergo "***sales team and process restructuring***" and would be ***unable to deliver on a ramp of TabloCart as previously forecast***. Specifically, during the earnings call, Defendant Trigg stated:

> What we're experiencing is a temporary dislocation of converting the pipeline to revenue on our timeline due to the changes in customer profile and ***process and the improvements needed in our own sales execution[.]***
>
> * * *
>
> Given the ***depth and breadth of the sales team and process restructuring, we expect it to take several quarters to fully implement and realize the many benefits*** that will come from it. As we look ahead to the second half of the year, we now know ***it will not be possible to execute this transformation given the expected accompanying disruption while simultaneously delivering on the ramp we previously forecasted***. As a result, we expect the second half of 2024 will look similar to the first half with ***expected revenue for the year of approximately $110 million***.

52. On this news, the Company's share price fell $2.33, or 68.53%, to close at $1.07 per share on August 8, 2024, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

53. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Outset Medical securities between August 1, 2022 and August 7, 2024, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

54. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Outset Medical's shares actively traded on the

NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Outset Medical shares were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by Outset Medical or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

55. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

56. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

57. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Outset Medical; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

58. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

59. The market for Outset Medical's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Outset Medical's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Outset Medical's securities relying upon the integrity of the market price of the Company's securities and market information relating to Outset Medical, and have been damaged thereby.

60. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Outset Medical's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Outset Medical's business, operations, and prospects as alleged herein.

61. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Outset Medical's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

62. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

63. During the Class Period, Plaintiff and the Class purchased Outset Medical's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

64. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Outset Medical, their control over, and/or receipt and/or modification of Outset Medical's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Outset Medical, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

65. The market for Outset Medical's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Outset Medical's securities traded at artificially inflated prices during the Class Period. On February 2, 2023, the Company's share price closed at a Class Period high of $30.26 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Outset Medical's securities and market information relating to Outset Medical, and have been damaged thereby.

66. During the Class Period, the artificial inflation of Outset Medical's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the

Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Outset Medical's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Outset Medical and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

67. At all relevant times, the market for Outset Medical's securities was an efficient market for the following reasons, among others:

(a) Outset Medical shares met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Outset Medical filed periodic public reports with the SEC and/or the NASDAQ;

(c) Outset Medical regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Outset Medical was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

68. As a result of the foregoing, the market for Outset Medical's securities promptly digested current information regarding Outset Medical from all publicly available sources and reflected such information in Outset Medical's share price. Under these circumstances, all purchasers of Outset Medical's securities during the Class Period suffered similar injury through their purchase of Outset Medical's securities at artificially inflated prices and a presumption of reliance applies.

69. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose-positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

70. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Outset Medical who knew that the statement was false when made.

FIRST CLAIM

Violation of Section lO(b) of The Exchange Act

and Rule lOb-5 Promulgated Thereunder Against

All Defendants

7l. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

72. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Outset Medical's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

73. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Outset Medical's securities in violation of Section lO(b) of the Exchange Act and Rule lOb-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

74. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Outset Medical's financial well-being and prospects, as specified herein.

75. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Outset Medical's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make

the statements made about Outset Medical and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

76. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

77. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Outset Medical's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

78. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Outset Medical's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Outset Medical's securities during the Class Period at artificially high prices and were damaged thereby.

79. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Outset Medical was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Outset Medical securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

80. By virtue of the foregoing, Defendants violated Section l0(b) of the Exchange Act and Rule l0b-5 promulgated thereunder.

8l. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

82. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

83. Individual Defendants acted as controlling persons of Outset Medical within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level

positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

84. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

85. As set forth above, Outset Medical and Individual Defendants each violated Section 1O(b) and Rule 1Ob-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 2O(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.