Employee Stock Purchase Plan (“ESPP”)

Overview for Tarsus Employees

Tarsus

How the ESPP Works

The ESPP lets employees purchase Tarsus stock at a discount through scheduled after-tax payroll deductions, at your election.

AT A GLANCE

1. Elect payroll deductions

Your elected contribution is withheld each pay period during the offering period.

2. Contributions accumulate

Deductions accumulate during the semester and are used to purchase whole shares.

3. Receive a 15% discount

The purchase price is 85% of the lower of the TARS closing price on the first or last day of the offering period.

OFFERING PERIODS

1H Offering

January 1 - June 30 | Purchase date: June 30

2H Offering

July 1 - December 31 | Purchase date: December 31

Changing or withdrawing your election: During each offering period, you may increase your contribution election once and decrease it once. You may also withdraw and receive a refund for all contributions until two weeks before the offering period closes.

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ESPP Annual $25,000 Value Limit

The IRS limits ESPP purchases to a maximum undiscounted market value of $25,000 per employee in a calendar year.

1 Annual value cap

The $25,000 limit is based on the undiscounted market value of shares.

2 How shares are counted

For each offering period, the annual limit uses the pre-discount TARS price on the first day of the offering period.

3 Contribution impact

Because shares are purchased at a discount, the contribution dollars needed to reach the share-value cap may be lower than $25,000.

EXAMPLE: 1H 2026 OFFERING

$25,000	÷	$81.88	=	305.32	→	305
Annual market-value limit		First-day TARS price		Calculated shares		Max whole shares

Refund timing: Excess contributions are refunded through Tarsus payroll on the first payroll following the ESPP purchase (i.e., 7/15 payroll for 1H and 1/15 payroll for 2H).

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Other Key Plan Items

Contributions

ESPP contributions are made on an after-tax basis, unlike pre-tax 401(k) plan contributions.

Selling shares

Purchased ESPP shares are transferred to your Fidelity brokerage account where they must be kept until sold for required W-2 and tax recordkeeping.

Trading restrictions

You may sell ESPP shares at any time except during company-wide blackout periods or while you possess material non-public information.

Taxation overview

Compensation income reported upon sale depends on whether your sale is a qualifying or disqualifying disposition.

Qualifying disposition: Sale occurs after both ESPP holding periods are met: more than 1 year after purchase and more than 2 years after the offering start date. Tax treatment is generally more favorable: ordinary income is the lesser of i) the offering-date discount or ii) the actual gain at sale, and is reported by Tarsus in Box 1 of the employees Form W-2 for the year of sale; any additional gain is treated as long-term capital gains.

Disqualifying disposition: Sale occurs before both ESPP holding periods (described above) are met. The purchase-date spread, defined as the difference between the purchase-date fair market value and the discounted purchase price, is treated as ordinary income and reported by Tarsus in Box 1 of the employees Form W-2 for the year of the sale; any additional gain or loss is reported by the employee as a capital gain or loss.

Tax reporting reminder: No employee tax reporting is required until TARS shares are sold, regardless of the “spread” at the time of ESPP purchase. Fidelity provides required tax information for ESPP sales for year end tax reporting purposes.

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ESPP Tax Reporting by Tarsus

Tarsus reporting generally occurs at two key points: when shares are purchased and when ESPP shares are sold.

1

Purchase / acquisition

Form 3922

Information on your acquisition of shares is reported on Form 3922 in the year following the year of purchase. Form 3922 includes the date of grant, date of purchase, purchase price, and TARS price on the purchase date.

2

Sale / disposition

Form W-2

Any ordinary income on a disposition is reported in Form W-2, Box 1, in the year you sold your ESPP shares.

Why it matters: These tax forms help you and your tax advisor determine any ordinary income, capital gain, or capital loss to report on your tax return for the year of an ESPP sale.

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About Trading Windows

- All employees are subject to trading windows - periods when buying or selling Tarsus stock may be permitted.
- A closed trading window is referred to as a blackout period.
- Tarsus Legal sends emails explaining when trading windows open and close.
- Employees may trade only during an open trading window. Certain employees may also be subject to pre-clearance requirements.



During blackout periods

Do not buy or sell Tarsus stock in any account, including personal brokerage accounts, except for limited exceptions such as ESPP purchases and exercise-and-hold option transactions.

Material non-public information

Tarsus' Insider Trading Policy prohibits trading at any time while you possess material non-public information about Tarsus.

Questions? If in doubt, contact Tarsus Legal before trading Tarsus securities.

ESPP Purchase Examples

Below are examples for illustrative purposes and assume whole-share purchases of Tarsus stock through ESPP.

Scenarios	TARS Price Goes Down	TARS Price Goes Up
Market price at start of offering period - 1/1/26	$81.88	$81.88
Market price at end of offering period - 6/30/26	$60.00	$90.00
Lower price used for ESPP purchase price	$60.00	$81.88
15% discount on the lower price	($9.00)	($12.28)
What you pay per TARS share	**$51.00**	**$69.60**
$5,000 ESPP contributions during the 6-month offering period	**98 shares**	**71 shares**
Maximum shares under the $25,000 annual value limit	**305 shares $15,555 contributions**	**305 shares $21,228 contributions**

Important clarification: The $25,000 ESPP limit is measured using the undiscounted stock price at the start of the offering period. It does not mean you need to contribute $25,000 from payroll. Actual contribution dollars are based on the discounted purchase price, so the amount withheld may be lower as demonstrated in the example above.

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