

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

November 3, 2021
Date of Report (date of earliest event reported)

Asensus Surgical, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

0-19437
(Commission
File Number)

11-2962080
(I.R.S. Employer
Identification Number)

1 TW Alexander Drive, Suite 160
Durham, NC 27703
(Address of principal executive offices)
919-765-8400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 \$0.001 par value per share	ASXC	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On November 3, 2021, Asensus Surgical, Inc., a Delaware corporation (the “Company”), issued a press release announcing its financial results for its third quarter ended September 30, 2021. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on November 3, 2021, following the issuance of the press release referred to above, the Company conducted a conference call to discuss the reported operating and financial results for its third quarter ended September 30, 2021. The Company had issued a press release on October 20, 2021 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2.

The information included herein and in Exhibit 99.1 and Exhibit 99.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (“Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated November 3, 2021
99.2	November 3, 2021 conference call transcript
104	Cover Page Interactive Data File (formatted in inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 4, 2021

ASENSUS SURGICAL, INC.

By: /s/ Shameze Rampertab

Shameze Rampertab

Executive Vice President and Chief Financial Officer

Asensus Surgical, Inc. Reports Operating and Financial Results for the Third Quarter 2021

November 3, 2021

RESEARCH TRIANGLE PARK, N.C.--(BUSINESS WIRE)-- Asensus Surgical, Inc. (NYSE American: ASXC), a medical device company that is digitizing the interface between the surgeon and the patient to pioneer a new era of Performance-Guided Surgery™, today announced its operating and financial results for the third quarter 2021.

Recent Highlights

- Record quarter for procedures performed using Senhance® Surgical Systems, growing 47% over the prior year
- Four Senhance Surgical Programs recently initiated, three in Japan and one in Russia
- Received FDA 510(k) clearance for expanded capabilities of the Intelligent Surgical Unit™ (ISU™), including first-of-its-kind 3D measurement, digital tagging, image enhancement, and enhanced camera control
- Received FDA 510(k) clearance for 5 mm articulating instruments
- Six Senhance programs initiated year to date

“We are very proud of our recent performance as we continued to make significant progress towards our strategic focus areas despite the meaningful challenges we faced during the quarter as a result of the most recent COVID spike which impacted all of our key geographies. We have seen a recent acceleration of new system installations as well as strong system utilization trends, which we believe reinforces that there is strong demand in the market for an innovative surgical platform that brings new capabilities to the operating room, and that surgeons who have adopted Senhance are finding its unique combination of surgical intelligence and foundational laparoscopic movements both compelling and advantageous for themselves and their patients,” said Anthony Fernando, President and CEO of Asensus Surgical. “As we look to the balance of 2021 and into 2022, we plan to continue this momentum to drive increased global adoption and advance the capabilities of Senhance to deliver on the promise of Performance-Guided Surgery.”

Commercial and Clinical Update

Procedure Volume Trends

During the third quarter of 2021, procedure volumes increased by over 47% compared to the prior year quarter, primarily driven by growth in Europe and the United States. Sequentially, compared to the second quarter of 2021, procedure volumes increased by 5%. Over 1,500 procedures have been completed year to date, bringing total Senhance procedures to over 5,500 globally.

New Senhance Program Initiations

The Company recently announced four new Senhance Robotic Surgery Program initiations. Three Japanese hospitals entered into agreements to lease a Senhance Surgical System, bringing the total number of Senhance programs in Japan to seven. The fourth program initiation was in Russia, following a hospital’s purchase of a Senhance Surgical System. This represents the first Senhance Surgical System to be utilized in Russia.

Year to date, six new Senhance programs have been initiated. For the full year 2021, the Company continues to expect to initiate 10 - 12 new Senhance programs.

Expanded Global ISU Machine Vision Capabilities

In September, the Company announced that it received 510(k) clearance from the FDA for an expansion of machine vision capabilities on the previously cleared Intelligent Surgical Unit (ISU). The ISU is utilized with the Company's Senhance Surgical System which enables Digital Laparoscopy. The initial features of the ISU enable machine vision-driven control of the camera for a surgeon by responding to commands and recognizing certain objects and locations in the surgical field, and allow a surgeon to change the visualized field of view using the movement of their instruments. The newest ISU features expand upon these capabilities and introduce more advanced features including: 3D measurement, digital tagging, image enhancement, and enhanced camera control based on real-time data from anatomical structures while performing surgery. This will be the first time any of these features will be clinically available in soft-tissue abdominal surgery.

Articulating Instrument Clearance

In July, the Company announced that it had received 510(k) clearance for 5 mm articulating instruments, which offer better access to difficult-to-reach areas of the anatomy.

Third Quarter Financial Results

For the three months ended September 30, 2021, the Company reported revenue of \$2.6 million as compared to revenue of \$0.8 million in the three months ended September 30, 2020. Revenue in the third quarter of 2021 included \$1.4 million in Senhance system revenue, \$0.8 million in instruments and accessories, and \$0.4 million in services.

For the three months ended September 30, 2021, total operating expenses were \$16.7 million, as compared to \$14.6 million in the three months ended September 30, 2020.

For the three months ended September 30, 2021, net loss was \$16.1 million, or \$0.07 per common share, as compared to a net loss of \$15.1 million, or \$0.15 per common share, in the three months ended September 30, 2020.

For the three months ended September 30, 2021, the adjusted net loss of \$14.3 million, or \$0.06 per common share, as compared to an adjusted net loss of \$11.9 million, or \$0.12 per common share in the three months ended September 30, 2020, after adjusting for the following charges: amortization of intangible assets, change in fair value of contingent consideration, change in fair value of warrant liabilities, and employee retention tax credit, all of which are non-cash charges. Adjusted net loss is a non-GAAP financial measure. See the reconciliation from GAAP to Non-GAAP Measures below.

Balance Sheet Updates

The Company had cash, cash equivalents, short-term and long-term investments, excluding restricted cash of approximately \$147.9 million as of September 30, 2021.

Conference Call

Asensus Surgical, Inc. will host a conference call on Wednesday, November 3, 2021, at 4:30 PM ET to discuss its third quarter 2021 operating and financial results. To listen to the conference call on your telephone, please dial 1-855-327-6837 for domestic callers and 1-631-891-4304 for international callers, and reference conference ID 10016621 approximately ten minutes prior to the start time. To access the live audio webcast or archived recording, use the following link <https://ir.asensus.com/events-and-presentations>. The replay will be available on the Company's website.

About Asensus Surgical, Inc.

Asensus Surgical, Inc. is digitizing the interface between the surgeon and patient to pioneer a new era of Performance-Guided Surgery by unlocking the clinical intelligence to enable consistently superior outcomes and a new standard of surgery. This builds upon the foundation of Digital Laparoscopy with the Senhance Surgical System powered by the Intelligent Surgical Unit (ISU) to increase surgeon control and reduce surgical variability. With the addition of machine vision, augmented intelligence, and deep learning capabilities throughout the surgical experience, we intend to holistically address the current clinical, cognitive and economic shortcomings that drive surgical outcomes and value-based healthcare. Learn more about Performance-Guided Surgery and Digital Laparoscopy with the Senhance Surgical System here: www.senhance.com. Now available for sale in the US, EU, Japan, Russia, and select other countries. For a complete list of indications for use, visit: www.senhance.com/indications. For more information, visit www.asensus.com.

Non-GAAP Measures

The adjusted net loss and adjusted net loss per share presented in this press release are non-GAAP financial measures. The adjustments relate to amortization of intangible assets, change in fair value of contingent consideration, change in fair value of warrant liabilities, gain on extinguishment of debt, employee retention tax credit and for 2020, restructuring and other charges, deemed dividend related to beneficial conversion feature of preferred stock, and deemed dividend relating to conversion of preferred stock into common stock. These financial measures are presented on a basis other than in accordance with U.S. generally accepted accounting principles ("Non-GAAP Measures"). In the tables that follow under "Reconciliation of Non-GAAP Measures," we present adjusted net loss and adjusted net loss per share, reconciled to their comparable GAAP measures. These items are adjusted because they are not operational or because these charges are non-cash or non-recurring and management believes these adjustments are meaningful to understanding the Company's performance during the periods presented. These Non-GAAP Measures should be considered a supplement to, not a substitute for, or superior to, the corresponding financial measures calculated in accordance with GAAP.

Forward-Looking Statements

This press release includes statements relating to the current market development and operational plans for the Senhance Surgical System, as well as 2021 third quarter results and plans for the balance of 2021 and into 2022. These statements and other statements regarding our future plans and goals constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations and include whether the recent acceleration of new system installations, as well as strong utilization trends reinforces that there is strong demand in the market for an innovative surgical platform that brings new capabilities to the operating room, whether we can continue with our current momentum to drive increased global adoption and advance capabilities of the Senhance Surgical System to deliver on the promise of Performance-Guided Surgery and whether we are able install 10-12 new Senhance Surgical Systems for the full year 2021. For a discussion of the risks and uncertainties associated with Asensus Surgical's business, please review our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2020, which we filed with the SEC on March 11, 2021. You are cautioned not to place undue reliance on these forward-looking statements, which are based on our expectations as of the date of this press release and speak only as of the origination date of this press release. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Asensus Surgical, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
Product	\$ 2,176	\$ 436	\$ 4,576	\$ 992
Service	395	378	1,180	1,076
Total revenue	2,571	814	5,756	2,068
Cost of revenue:				
Product	2,659	720	6,517	2,353
Service	691	703	2,292	2,220
Total cost of revenue	3,350	1,423	8,809	4,573
Gross loss	(779)	(609)	(3,053)	(2,505)
Operating Expenses:				
Research and development	4,469	4,673	12,773	12,867
Sales and marketing	3,551	3,136	10,166	10,291
General and administrative	5,557	3,462	13,397	10,426
Amortization of intangible assets	2,804	2,780	8,533	7,964
Change in fair value of contingent consideration	278	502	1,013	1,770
Restructuring and other charges	—	—	—	858
Total Operating Expenses	16,659	14,553	45,882	44,176
Operating Loss	(17,438)	(15,162)	(48,935)	(46,681)
Other Income (Expense):				
Gain on extinguishment of debt	—	—	2,847	—
Change in fair value of warrant liabilities	—	63	(1,981)	(206)
Interest income	122	3	253	34
Interest expense	(65)	—	(77)	—
Employee retention tax credit	1,311	—	1,311	—
Other income (expense), net	33	16	(3)	(54)
Total Other Income (Expense), net	1,401	82	2,350	(226)
Loss before income taxes	(16,037)	(15,080)	(46,585)	(46,907)
Income tax (expense) benefit	(32)	(2)	4	1,386
Net loss	(16,069)	(15,082)	(46,581)	(45,521)
Deemed dividend related to beneficial conversion feature of preferred stock	—	—	—	(412)
Deemed dividend related to conversion of preferred stock into common stock	—	—	—	(299)
Net loss attributable to common stockholders	(16,069)	(15,082)	(46,581)	(46,232)
Comprehensive loss:				
Net loss	(16,069)	(15,082)	(46,581)	(45,521)
Foreign currency translation (loss) gain	(931)	2,101	(2,397)	2,191
Unrealized loss on available-for-sale investments	(53)	—	(53)	—
Comprehensive loss	\$ (17,053)	\$ (12,981)	\$ (49,031)	\$ (43,330)
Net loss per common share attributable to common stockholders – basic and diluted				
	\$ (0.07)	\$ (0.15)	\$ (0.21)	\$ (0.77)
Weighted average number of shares used in computing net loss per common share – basic and diluted				
	234,337	97,538	224,300	59,737

Asensus Surgical, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)
(Unaudited)

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 59,779	\$ 16,363
Short-term investments, available-for-sale	57,972	—
Accounts receivable, net	955	1,115
Inventories	11,954	10,034
Prepaid expenses	2,209	3,535
Employee retention tax credit receivable	1,311	—
Other current assets	627	2,966
Total Current Assets	<u>134,807</u>	<u>34,013</u>
Restricted cash	1,153	1,166
Long-term investments, available-for-sale	30,142	—
Inventories, net of current portion	5,963	8,813
Property and equipment, net	9,911	10,342
Intellectual property, net	12,820	22,267
Net deferred tax assets	287	307
Operating lease right-of-use assets, net	4,328	1,164
Other long-term assets	348	186
Total Assets	<u>\$ 199,759</u>	<u>\$ 78,258</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 3,231	\$ 1,965
Accrued expenses	4,841	5,615
Operating lease liabilities – current portion	671	686
Deferred revenue	678	789
Notes payable – current portion, net of debt discount	—	1,228
Total Current Liabilities	<u>9,421</u>	<u>10,283</u>
Long Term Liabilities:		
Contingent consideration	4,949	3,936
Noncurrent operating lease liabilities	3,888	628
Notes payable, less current portion	—	1,587
Warrant liabilities	—	255
Total Liabilities	<u>18,258</u>	<u>16,689</u>
Commitments and Contingencies		
Stockholders' Equity		
Common stock \$0.001 par value, 750,000,000 shares authorized at September 30, 2021 and December 31, 2020; 234,370,083 and 116,231,072 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	234	116
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	950,242	781,397
Accumulated deficit	(769,493)	(722,912)
Accumulated other comprehensive income	518	2,968
Total Stockholders' Equity	<u>181,501</u>	<u>61,569</u>
Total Liabilities and Stockholders' Equity	<u>\$ 199,759</u>	<u>\$ 78,258</u>

Asensus Surgical, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
Operating Activities:		
Net loss	\$ (46,581)	\$ (45,521)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation	2,416	2,015
Amortization of intangible assets	8,533	7,964
Amortization of discounts and premiums on investments, net	65	—
Stock-based compensation	6,589	5,800
Gain on extinguishment of debt	(2,847)	—
Deferred tax benefit	(4)	(1,386)
Write down of inventory	377	—
Change in fair value of warrant liabilities	1,981	206
Change in fair value of contingent consideration	1,013	1,770
Changes in operating assets and liabilities:		
Accounts receivable	113	(252)
Inventories	(1,941)	(4,410)
Operating lease right-of-use assets	(3,174)	(1,045)
Prepaid expenses	1,220	1,269
Employee retention tax credit receivable	(1,311)	—
Other current and long term assets	2,098	2,009
Accounts payable	1,376	(706)
Accrued expenses	(588)	(1,772)
Deferred revenue	(81)	(56)
Operating lease liabilities	3,259	1,115
Other long term liabilities	—	(910)
Net cash and cash equivalents used in operating activities	<u>(27,487)</u>	<u>(33,910)</u>
Investing Activities:		
Purchase of available-for-sale investments	(88,232)	—
Purchase of property and equipment	(838)	(3)
Net cash and cash equivalents used in investing activities	<u>(89,070)</u>	<u>(3)</u>
Financing Activities:		
Proceeds from issuance of common stock, preferred stock and warrants under 2020 financing, net of issuance costs	—	13,525
Proceeds from issuance of common stock, net of issuance costs	130,361	24,861
Proceeds from notes payable, net of issuance costs	—	2,815
Taxes paid related to net share settlement of vesting of restricted stock units	(1,058)	(33)
Payment of contingent consideration	—	(74)
Proceeds from exercise of stock options and warrants	30,838	3,340
Net cash and cash equivalents provided by financing activities	<u>160,141</u>	<u>44,434</u>
Effect of exchange rate changes on cash and cash equivalents	(181)	30
Net increase in cash, cash equivalents and restricted cash	43,403	10,551
Cash, cash equivalents and restricted cash, beginning of period	17,529	10,567
Cash, cash equivalents and restricted cash, end of period	<u>\$ 60,932</u>	<u>\$ 21,118</u>
Supplemental Schedule of Non-cash Investing and Financing Activities		
Transfer of inventories to property and equipment	\$ 2,156	\$ 5,839
Reclass of warrant liability to common stock and additional paid-in-capital	\$ 2,236	\$ —
Lease liabilities arising from obtaining right-of-use assets	\$ 3,857	\$ —
Exchange of common stock for Series B Warrants	\$ —	\$ 2,470
Transfer of in-process research and development to intellectual property	\$ —	\$ 2,425
Conversion of preferred stock to common stock	\$ —	\$ 79

Asensus Surgical, Inc.
Reconciliation of Non-GAAP Measures
Adjusted Net Loss and Net Loss per Share
(in thousands except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss attributable to common stockholders (GAAP)	(16,069)	\$ (15,082)	\$ (46,581)	\$ (46,232)
Adjustments				
Amortization of intangible assets	2,804	2,780	8,533	7,964
Change in fair value of contingent consideration	278	502	1,013	1,770
Change in fair value of warrant liabilities	—	(63)	1,981	206
Restructuring and other charges	—	—	—	858
Gain on extinguishment of debt	—	—	(2,847)	—
Employee retention tax credit	(1,311)	—	(1,311)	—
Deemed dividend related to beneficial conversion feature of preferred stock	—	—	—	412
Deemed dividend related to conversion of preferred stock into common stock	—	—	—	299
Adjusted net loss attributable to common stockholders (Non-GAAP)	<u>(14,298)</u>	<u>\$ (11,863)</u>	<u>\$ (39,212)</u>	<u>\$ (34,723)</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss per share attributable to common stockholders (GAAP)	(0.07)	\$ (0.15)	\$ (0.21)	\$ (0.77)
Adjustments				
Amortization of intangible assets	0.01	0.03	0.04	0.13
Change in fair value of contingent consideration	0.01	0.00	0.01	0.03
Change in fair value of warrant liabilities	—	0.00	0.01	0.00
Restructuring and other charges	—	—	—	0.01
Gain on extinguishment of debt	—	—	(0.01)	—
Employee retention tax credit	(0.01)	—	(0.01)	—
Deemed dividend related to beneficial conversion feature of preferred stock	—	—	—	0.01
Deemed dividend related to conversion of preferred stock into common stock	—	—	—	0.01
Adjusted net loss per share attributable to common stockholders (Non-GAAP)	<u>(0.06)</u>	<u>\$ (0.12)</u>	<u>\$ (0.17)</u>	<u>\$ (0.58)</u>

The non-GAAP financial measures for the three and nine months ended September 30, 2021 and 2020 provide management with additional insight into the Company's results of operations from period to period without non-recurring and non-cash charges, and are calculated using the following adjustments:

- a) Intangible assets that are amortized consist of developed technology and purchased patent rights recorded at cost and amortized over 5 to 10 years.
- b) Contingent consideration in connection with the acquisition of the Senhance System in 2015 is recorded as a liability and is the estimate of the fair value of potential milestone payments related to business acquisitions. Contingent consideration is measured at fair value using a discounted cash flow model utilizing significant unobservable inputs including the probability of achieving each of the potential milestones, an estimated discount rate associated with the risks of the expected cash flows attributable to the various milestones, and volatility. Significant increases or decreases in any of the probabilities of success or changes in expected timelines for achievement of any of these milestones would result in a significantly higher or lower fair value of these milestones, respectively, and commensurate changes to the associated liability. The contingent consideration is revalued at each reporting period and changes in fair value are recognized in the consolidated statements of operations and comprehensive loss.
- c) The Company's Series B Warrants are measured at fair value using a simulation model which takes into account, as of the valuation date, factors including the current exercise price, the expected life of the warrant, the current price of the underlying stock, its expected volatility, holding cost and the risk-free interest rate for the term of the warrant. The warrant liability is revalued at each reporting period or upon exercise and changes in fair value are recognized in the consolidated statements of operations and comprehensive loss.
- d) Beginning in the fourth quarter of 2019 and continuing into the first quarter of 2020, we implemented a restructuring plan to reduce operating expenses as we continue the global market development of the Senhance platform. During the first quarter of 2020, the Company continued the restructuring efforts with additional headcount reductions, which resulted in \$0.9 million in severance costs in the nine months ended September 30, 2020.
- e) During the second quarter of 2021, the Company received notification from the U.S. Small Business Administration (the "SBA") that the principal amount of its Paycheck Protection Program loan ("PPP loan") of \$2.8 million and related interest had been forgiven. Gain on extinguishment of debt of \$2.8 million was recognized for the three and nine months ended September 30, 2021 in the condensed consolidated statement of operations and comprehensive loss.
- f) During the third quarter of 2021, the Company submitted a refund for incurred employee payroll taxes of \$1.3 million under the Employee Retention Tax Credit provision as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). A corresponding tax credit receivable of \$1.3 million was recorded on the condensed consolidated balance sheet at September 30, 2021.
- g) During the first quarter of 2020, the Company closed an underwritten public offering under which it issued, as part of units and the exercise of an over-allotment option, 25,367,646 Series C Warrants, each to acquire one share of Common Stock at an exercise price of \$0.68 per share, and 25,367,646 Series D Warrants, each to acquire one share of Common Stock at an exercise price of \$0.68 per share. The Company concluded that the Series C Warrants and Series D Warrants are considered equity instruments. The fair value of the Series C and Series D Warrants on the issuance date was determined using a Black-Scholes Merton model. The unit proceeds were then allocated to the Series A preferred stock, Series C Warrants, and Series D Warrants, respectively, based on their relative fair values. As a result, the Company determined that a beneficial conversion feature was created by the difference between the effective conversion price of the Series A preferred stock of \$0.37 and the fair value of the Company's common stock as of the issuance date of \$0.42. The Company therefore recorded a beneficial conversion charge of \$0.4 million as an immediate charge to loss available to common stockholders for the nine months ended September 30, 2020. Upon conversion of the Series A preferred stock to common stock during the three months ended September 30, 2020, an additional deemed dividend of \$0.3 million was recorded as an immediate charge to loss available to common stockholders for the three and nine months ended September 30, 2020.

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or

MEDIA CONTACT:

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CG Life

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Exhibit 99.2

Company: Asensus Surgical, Inc.

Conference Title: Q3 2021 Asensus Surgical, Inc. Earnings Call

Moderator: Mark Klausner, Westwicke Partners, Investor Relations
Anthony Fernando, President and Chief Executive Officer
Shameze Rampertab, Chief Financial Officer

Date: November 3, 2021

P R E S E N T A T I O N

Operator

Welcome to the Asensus Third Quarter Financial and Operating Results Conference Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded.

I would now like to turn the conference over to Mark Klausner of Westwicke Partners. Please go ahead.

Mark Klausner

Good afternoon, everyone, and thank you for joining us for the Asensus Third Quarter 2021 Conference Call.

On the call with me today are Anthony Fernando, President and Chief Executive Officer; and Shameze Rampertab, Chief Financial Officer.

Before we begin, I would like to caution listeners that certain information discussed by Management during this conference call, including any guidance provided, are forward-looking statements covered under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those stated or implied by our forward-looking statements due to risks and uncertainties associated with the Company's business, including any impact from the COVID-19 pandemic. The Company undertakes no obligation to update the information provided on this call.

For a discussion of risks and uncertainties associated with the Asensus Surgical business, I encourage you to review the Company's filings with the Securities and Exchange Commission, including the 2020 Form-K filed in March 2021 and the Form 10-Q expected to be filed later today and other filings we make with the SEC.

During this call, we will also present certain non-GAAP financial information related to the adjusted net loss attributable to common stockholders and the adjusted net loss per common share attributable to common stockholders. Management believes that these non-GAAP financial measures taken in conjunction with U.S. GAAP financial measures provide useful information for both Management and investors by excluding certain noncash and other expenses that are not indicative of the Company's core operating results. Management uses non-GAAP measures to compare our performance relative to forecast and strategic plans, to benchmark our performance externally against competitors and for certain compensation decisions. Reconciliations from U.S. GAAP to non-GAAP results are presented in the tables accompanying our earnings release, which can be found in the Investor Relations section of our website.

It is now my pleasure to turn the call over to Asensus Surgical's President and Chief Executive Officer, Anthony Fernando.

Anthony Fernando

Thanks, Mark, and thank you, all, for joining us today. On today's call, I will provide a brief summary of our recent accomplishments and then ask Shameze to review our financial performance, after which I will discuss our performance during the third quarter as well as our priorities for the rest of 2021 before turning to Q&A.

Starting with a review of our recent performance. Despite the headwinds associated with the recent COVID-19 Delta variant spike during the quarter, we made tremendous progress towards many of our 2021 goals since our last call. We signed lease agreements with three hospitals, and we sold one system, bringing the total number of new Senhance program initiations thus far in 2021 to six.

We made progress with our regulatory milestones, receiving FDA 510(k) clearance for both the 5-millimeter articulating instruments and the expanded capabilities of the Intelligent Surgical Unit, or ISU, in July and September, respectively. We are incredibly happy with what we've accomplished so far, and we are excited to keep the momentum going in 2021.

With that, I will turn the call over to Shameze for a financial update.

Shameze Rampertab

Thanks, Anthony. Turning to the third quarter. For the three months ended September 30, 2021, the Company reported revenue of \$2.6 million as compared to revenue of \$0.8 million in the three months ended September 30, 2020. Revenue in the third quarter of 2021 included \$1.4 million in system revenue, \$0.8 million in instruments and accessories and \$0.4 million in services.

For the three months ended September 30, 2021, total operating expenses were \$16.7 million as compared to \$14.6 million in the three months ended September 30, 2020.

For the three months ended September 30, 2021, net loss attributable to common stockholders was \$16.1 million or \$0.07 per share as compared to net loss attributable to common stockholders of \$15.1 million or \$0.15 per share in the three months ended September 30, 2020.

For the three months ended September 30, 2021, the adjusted net loss attributable to common stockholders was \$14.3 million or \$0.06 per share as compared to an adjusted net loss of \$11.9 million or \$0.12 per share in the three months ended September 30, 2020.

Adjusted net loss is GAAP net loss adjusted for the following items: amortization of intangible assets, change in fair value of contingent consideration, gain on extinguishment of debt, employee retention tax credit, and for 2020, change in fair value of warrant liabilities, all of which are noncash charges.

Adjusted net loss attributable to common stockholders is a non-GAAP financial measure. The reconciliation from GAAP to non-GAAP measures can be found in our earnings release.

Turning to the balance sheet. The Company had cash, cash equivalents, short-term and long-term investments, excluding restricted cash, of approximately \$147.9 million and working capital of \$125.4 million as of September 30, 2021.

I'll turn the call back over to Anthony.

Anthony Fernando

Thanks, Shameze. I will now provide an update on recent performance as well as the progress we have made on the key focus areas for 2021. As a reminder, these are, first, the continued market development for the Senhance system; and second, expanding our portfolio and continuing the technological advancement of Senhance.

The primary focus of our market development activities is the growth of our global installed base, acceleration of procedure volumes and the increase in the number of foundational sites. Despite the headwinds associated with COVID that impacted all of our major geographies during the quarter, I'm very happy with what we were able to achieve.

Since August, we have seen a material acceleration of the movement of customers through our pipeline, leading to one system purchase in Russia and three leases to Japanese institutions. As of today, we have had 6 new Senhance program initiations and continue to expect to have a total of 10 to 12 by the end of 2021.

In September, we announced the purchase of a Senhance system by Loginov Moscow Clinical Scientific Center, one of the largest and most innovative institutions funded by the Moscow Health Department. This is the first Senhance Surgical System to be used within Russia.

In Japan, we recently announced that Sapporo Medical University Hospital, Hirosaki University Hospital and Shinmatsudo Central General Hospital have all initiated their Senhance programs. This brings the total installations in Japan to 7.

Japan continues to be a key geography for Senhance because of the favorable landscape. Japan has one of the highest concentrations of laparoscopic surgeons globally, lending itself to a quick adoption curve for a platform built on the fundamentals of laparoscopy.

In addition, Senhance is widely reimbursed with coverage for over 98 procedures across a variety of specialty. Because of this, we opted to invest and to grow our footprint in Japan with the establishment of a training center in late 2020. We are happy with the accelerated adoption in this region in recent quarters and continue to expect growth in the future.

Our pipeline remains strong going into the end of 2021. COVID has caused varying levels of delays globally within hospitals, which have impacted our ability to visit customers, install new systems and train new surgeon users. However, we feel confident that these are simply matters of timing and not matters of demand. By year-end, we expect to see multiple additional Senhance program initiations across several of our geographies.

Moving on to procedures. We continue to see consistent strong volume trends throughout 2021 despite the headwinds faced with the ongoing COVID pandemic. In the quarter, total procedure volume increased over 47% compared to the prior year quarter and importantly, grew over 5% compared to the second quarter of 2021, bringing year-to-date procedure volumes to over 1,500. The strong year-over-year growth was primarily driven by volumes in the EMEA and the U.S., which grew 71% and 41%, respectively.

Volumes in Asia were roughly flat to 2020 as this region saw the most significant COVID-related headwinds in the period. Given the macro challenges we faced during the quarter, we are very happy with the procedure volumes, which continue to validate the desire of surgeons to utilize the Senhance system globally.

Now looking at foundational sites. As a reminder, foundational sites are hospitals that are performing or on track to perform clinical procedures with Senhance at an annualized rate of greater than 100 procedures per year. While we have made significant progress this year fostering expanded utilization within all of our installs, the effect from COVID-19 during the quarter has disrupted new sites from reaching the 100 procedure per year run rate. Foundational sites still remain a key indication for us, and we expect to see improvement in the overall procedure environment by year-end.

Now turning to our second initiative for the year, the continued portfolio expansion and the technological advancement of the Senhance system. During the quarter, we received FDA 510(k) clearance for both the 5-millimeter articulating instruments and the expanded capabilities of the Intelligent Surgical Unit or ISU, both of which are key regulatory milestones we had set at the beginning of the year.

As discussed on our last call, adding articulation broadens the clinical utility and value of our platform's technology by offering better access to difficult-to-reach areas of the anatomy by providing two additional degrees of freedom. We are currently planning for a limited market release in 2022.

We also received 510(k) clearance for an expansion of capabilities with the ISU in September. The newest ISU features introduced more advanced features, including 3D measurement, digital tagging, image enhancement and enhanced camera control based on real-time data from the anatomical structures while performing surgery. The addition of these cutting-edge digital capabilities to our existing surgical platform gives surgeons real-time intraoperative digital tools and demonstrates our commitment to our vision of performance-guided surgery.

One feature that has been extremely well received is 3D measurement. Prior to the 3D measurement feature being offered with the ISU, surgeons had two options: one, drop a paper tape measure into the operating cavity and manually straighten out the tape and measure using their surgical tools before forcing to remove the tape measure; or use ultrasound imaging interoperatively and measure anatomy on the image. Both of these options are completely integrated and require the surgeon to spend a tremendous amount of time completing a critical but relatively basic task.

The 3D measurement enabled by the ISU is a revolution in the way surgeons interact with the surgical platform. We are providing the surgeons with real-time interoperative digital technology that allows them to be better informed while being more efficient and helping to reduce cognitive fatigue. The 3D measurement, along with the other set of features, are changing the landscape and the way surgery is being performed in a significant way.

We did see some supply chain issues related to one component of the ISU in the quarter. This is pushing out the timing of broader application of the ISU. Once these issues are resolved, we expect to quickly ramp up the rollout of the ISU in the United States and Europe.

Now for an update on Senhance Connect, which connects expert Senhance surgeon users across the globe by streaming multiple camera views and an endoscopic view simultaneously in conjunction with two way screen sharing and annotations. We have completed several installations of Senhance Connect in both Europe and the United States this quarter and expect to see more installations before the close of the year. We have facilitated collaboration events. We are supporting surgeons who are able to remotely connect from their office to the OR and observe a procedure in real time performed by a peer.

The increase in installations of our innovative communication system allows for progress towards reaching the full potential of our system, providing the opportunity for surgeons around the world to access and learn from their peers on the best practices for utilizing the Senhance system.

In summary, off the back of a successful first half of 2021, we are very pleased with the progress we have made in the third quarter given some of the COVID-19 disruption experience. We delivered strong procedure volume growth and an acceleration of new system in stores. We drove key regulatory milestones, receiving two FDA 510(k) clearances, including the expanded capabilities of the ISU in the U.S., which represented a meaningful step forward towards our goal of delivering on the promise of performance-guided surgery.

In addition, we strengthened our leadership by filling key roles across the organization, namely in clinical, marketing and R&D. We are excited about the future of Asensus Surgical and believe all of the hard work our team has put in over the last year is coming to fruition. Looking ahead, we are looking to carry this momentum into the final quarter of the year and expect to meet our goal of 10 to 12 new program initiations by the end of 2021 as well as the continued growth in procedure volumes.

With that, I would like to open the line for questions.

Operator

The first question is from RK Ramakanth of H.C. Wainwright.

Swayampakula Ramakanth

Anthony and Shameze, excellent quarter, obviously, both on the top line and also on the procedures. Just to start off, just a quick question on the top line. With 1.4 million systems booking, I'm just trying to make sure—I didn't hear it, but I just want to make sure there was no capital purchase, but most of that was basically on your lease commercialization. Is that correct?

Anthony Fernando

RK, actually, it's—it includes a capital purchase. The system for Russia was a sale. It was a sale plus lease and service revenues.

Swayampakula Ramakanth

Okay. Perfect. Obviously, it's great to hear the 47% increase in procedures year-over-year and also 5% against the second quarter. Just trying to understand, what is helping that upswing in the numbers of procedures? If we really believe the vaccination that's going on in this country, it seems at a decent pace. How should we think about getting to the end of the year? Obviously, you're already past last year's 1,400-odd procedures, with 1,500 in, in the first nine months, so that we can try to gauge how we should think about '22.

Anthony Fernando

Yes, RK. Great question. I think most of the case growth that we've seen has come from the EMEA region as we've seen some of the restrictions lift and cases taking off. Secondly, in the U.S. as well, we've seen pretty good case volume growth in U.S. and Europe, while Asia was relatively flat. We are seeing more cases.

Also for this year, another point I'll make is if we look at quarter-over-quarter from the beginning of this year, we've held a pretty steady pace growing each quarter from the previous quarter. It's very difficult to predict how the Q4 numbers are because if we look at it from a institution basis, you see ups and downs in some institutions picking up, some are slowing down. Then a month later, you'll see them ramping back up. It's hard to predict, but our hope is that if nothing changes, then we hope to continue this case growth momentum into the fourth quarter, in the remaining two months.

But all the signs that we are seeing so far is relatively positive from Asia, from EMEA and from the U.S. and hoping to see no changes that we can continue this pace. But we'll have to wait and see how any pandemic restrictions or anything that might impact. But right now, things are—we are pretty bullish and see pretty good momentum going into Q4.

Swayampakula Ramakanth

Okay. Then regarding the portfolio enhancement, right, with the ISU and the 5-millimeter articulating arms, how—what sort of benefit can they deliver? Is it more on the procedure side? Or is it more on trying to—try new—getting new centers to buy the device because you have more whistles on the—more bells and whistles on the system? How generally does this help?

Anthony Fernando

Yes. Great question, RK. I think, as we've talked about this before, our goal is really to reduce the variability in surgery and also to help reduce complications and improve outcomes, right? That's our goal in all the surgeries we do. These tools are helping to accomplish that by being able to be a lot more objective for the surgeons so that the surgeons can measure things, they can see things, they can put markers and make them ergonomically and even from a fatigue point of view, make it simpler in terms of image and camera control.

The ultimate goal by all of this, it's less about the adding all these bells and whistles, like we called it, for features, but it's really trying to say, how do we use digital technology to reduce the variability and reduce the complications and improve the outcome for the patient at the end? We are seeing some good interest.

From the surgeons who have the ISU, we have ISUs in Japan, in Europe and in the U.S. now and definitely seeing very good interest and very positive feedback because these are tools that surgeons have not seen before. For the first time, they are getting news to part. They're trying to say, okay, this is good. We like this. Now how do we use it more? How do we benefit from this even more? It is really focused on being a lot more objective and also providing some digital tools to help reduce the variabilities in surgery.

Swayampakula Ramakanth

Perfect. One last question from me before I get back into the queue. Japan, obviously, that's the big word for the year 2021 for you folks. I believe you have seven units now in Japan. With seven units, geographically, it's not quite big. Do you foresee putting more resources, especially when you have such a reimbursement-friendly environment and potential to grow? If you're planning to do—put some resources, is that—how is that going to impact your financials going forward? Or what you already currently have, is that good enough to expand even further?

Anthony Fernando

Yes. Yes, RK. I think the resources that we currently have, our team in Japan can easily handle more than the seven systems for a few reasons. Because most of the sites, once we get them up the initial learning curve, these sites become independent. They can operate the system pretty independently within their staff, and we don't need to support those sites 100%.

We are trying to stagger the start of some of these sites so that we can get each site up to speed. But the team there and the resources there, I think, can very comfortably support a few more systems. We'll continue to invest as well in trying to improve the surgeon experience and providing them training tools and things like that. We will invest. I think it will change slightly the expense side of things, but I think it will be somewhat in line with the increase in cases and revenue as well.

Operator

This concludes the question-and-answer session. I would like to turn the conference back over to Anthony for any closing remarks.

Anthony Fernando

Thank you again for your interest in Asensus Surgical, and we look forward to updating you on our progress on our next quarterly call. Thank you.

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.