

**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**

**May 4, 2022
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:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
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 May 4, 2022, Asensus Surgical, Inc., a Delaware corporation (the “Company”), issued a press release announcing its financial results for the first quarter ended March 31, 2022. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on May 4, 2022, 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 the first quarter ended March 31, 2022. The Company had issued a press release on April 27, 2022 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2.

On the conference call, the Company representatives noted that the correct percentage of procedure performance growth in the first quarter of 2022 was 29% over the comparable period in 2021, rather than the 31% noted in the press release.

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 May 4, 2022
99.2	May 4, 2022 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: May 5, 2022

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 First Quarter 2022

RESEARCH TRIANGLE PARK, N.C.--(BUSINESS WIRE)--May 4, 2022-- 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 first quarter 2022.

Recent Highlights

- Over 650 procedures were performed globally during the quarter, representing growth of 31% over the prior year quarter
- First quarter revenue of \$1.1 million
- The Company had cash, cash equivalents, short-term and long-term investments, excluding restricted cash, of approximately \$118.5 million at March 31, 2022

“We are pleased with the continued double digit growth in Senhance utilization globally and the continued progress we have made toward the development of our technology portfolio, which was achieved in a challenging environment caused by COVID-19 outbreaks early in the quarter as well as the ongoing political instability in Eastern Europe. In particular, the rapidly growing case volume, in conjunction with the collection of surgical data, will provide procedure-specific surgical insights as we execute our vision for Performance-Guided Surgery,” said Anthony Fernando, Asensus Surgical President and CEO. “As we look to the balance of 2022, we are well positioned to accelerate the adoption of Senhance through our market development initiatives, and continue to expect to achieve a number of key commercial and regulatory milestones during the back half of the year.”

Upcoming 2022 Milestones

For the full year 2022, the Company expects to initiate 10 - 12 new Senhance® Surgical Systems.

During the second half of 2022, the Company expects to achieve the following commercial and regulatory milestones:

- Full scale commercialization of articulating instruments globally
- File a 510(k) for FDA clearance of Senhance for pediatric indication
- Receive CE Mark for expanded machine vision capabilities for the Intelligent Surgical Unit™

Market Development

Procedure Volumes

In the first quarter, surgeons performed over 650 procedures utilizing the Senhance System, representing a 31% increase over the first quarter 2021. Compared to 2021, US-based procedure volumes increased 4%, EMEA increased 51%, and Asia increased 3%. These procedures included general surgery, gynecology, urology, bariatric, and colorectal surgical cases.

Clinical Validation

During the quarter, there were four peer-reviewed clinical papers published providing further support for the clinical utility of the Senhance System across a variety of surgical specialties.

Clinical Registry (TRUST)

The Company is leveraging its growing body of real-world clinical data through the utilization of its TRUST clinical registry. We believe TRUST is the largest robotic-assisted laparoscopic registry in the industry, with data from more than 1,700 patients enrolled as of the end of the first quarter 2022. The registry includes a variety of procedural specialties, including abdominal, thoracic, urologic, and gynecological procedures performed at select sites across Europe. The Company expects to continue to grow this body of clinical data to support its commercial strategy as well as help to facilitate an increasing number of high-quality clinical publications demonstrating the value of Senhance and Performance-Guided Surgery.

Portfolio Expansion

Performance-Guided Surgery (PGS)

As an organization, the Company's goal is to revolutionize the way surgery is performed. The Company is helping to unlock clinical intelligence and capabilities to reduce surgical variability and the complications associated with it. PGS builds upon the foundation of Digital Laparoscopy by adding machine vision, augmented intelligence, and deep learning capabilities, and will be built upon the digital library of data collected from surgeries performed using Senhance. The insights gained from these cases will help deliver on the promise of consistently superior surgery regardless of a surgeon's experience or skill level by guiding improved decision making, enriching collaboration, and enhancing predictability.

Expanded Global ISU Machine Vision Capabilities

The Company continues to seek to expand the utilization and applicability of the Intelligent Surgical Unit™ or ISU™ to a global market, with the decision to pursue a CE Mark approval for expanded machine vision capabilities in Europe, which we expect to receive in late 2022.

Articulating Instrument Clearance

The Company expects a full scale commercial launch of 5 mm Articulating Instruments in the second half of the year, which is currently in a pilot launch in the U.S. These instruments offer better access to difficult-to-reach areas of the anatomy by providing two additional degrees of freedom.

U.S. Pediatric Clearance

During the second half of 2022, the Company expects to submit its 510(k) application for pediatric clearance in the U.S. following strong early clinical utilization in Europe and increasing demand from U.S. surgeons. Senhance System's unique combination of the 3mm instrumentation with 5mm camera scope combined with haptic feedback make it a unique robotic assisted laparoscopic solution for pediatric surgeries.

First Quarter Financial Results

For the three months ended March 31, 2022, the Company reported revenue of \$1.1 million as compared to revenue of \$2.1 million in the three months ended March 31, 2021. Revenue in the first quarter of 2022 included \$0.4 million in lease revenue, \$0.4 million in instruments and accessories, and \$0.3 million in services.

For the three months ended March 31, 2022, total operating expenses were \$18.2 million, as compared to \$14.4 million, in the three months ended March 31, 2021.

For the three months ended March 31, 2022, net loss was \$19.1 million, or \$0.08 per share, as compared to a net loss of \$17.3 million, or \$0.08 per share, in the three months ended March 31, 2021.

Adjusted net loss is a non-GAAP financial measure. See the reconciliation of GAAP to Non-GAAP Measures below. For the three months ended March 31, 2022, the adjusted net loss was \$16.6 million, or \$0.07 per share, as compared to an adjusted net loss of \$12.2 million, or \$0.06 per share in the three months ended March 31, 2021, after adjusting for the following charges: amortization of intangible assets, change in fair value of contingent consideration, and change in fair value of warrant liabilities, all of which are non-cash charges.

Balance Sheet Updates

The Company had cash, cash equivalents, short-term and long-term investments, excluding restricted cash of approximately \$118.5 million as of March 31, 2022.

Conference Call

Asensus Surgical, Inc. will host a conference call on Wednesday, May 4, 2022, at 4:30 PM ET to discuss its first quarter 2022 operating and financial results. To listen to the conference call on your telephone, please dial 1-877-407-9716 for domestic callers and 1-201-493-6779 for international callers, and reference conference ID 13728750 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 clinical intelligence for surgeons 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 and follow us on [LinkedIn](#).

Forward-Looking Statements

This press release includes statements relating to the Senhance System and our 2022 first quarter results. 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 we will be able to continue to progress our strategic plan in 2022, including achieving our commercial and regulatory milestones during the back half of the year; whether we can continue to drive the global adoption of Senhance through our market development and portfolio expansion efforts while at the same time focusing on the ongoing development of the platform's innovative digital capabilities to deliver on the promise of Performance-Guided Surgery; whether will initiate 10-12 new Senhance Surgical Systems placements in 2022; whether in the second half of 2022, we can achieve full scale commercialization of articulating instruments globally, file a 510(k) for FDA clearance of the Senhance Surgical System for pediatric indication and receive CE Mark for expanded machine vision capabilities for the ISU and whether we will be able to grow the body of clinical data within the TRUST registry. For a discussion of the risks and uncertainties associated with the Company's business, please review our filings with the Securities and Exchange Commission (SEC). 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 March 31,	
	2022	2021
Revenue:		
Product	\$ 347	\$ 1,363
Service	308	379
Lease	411	341
Total revenue	<u>1,066</u>	<u>2,083</u>
Cost of revenue:		
Product	375	1,675
Service	496	366
Lease	952	1,071
Total cost of revenue	<u>1,823</u>	<u>3,112</u>
Gross loss	<u>(757)</u>	<u>(1,029)</u>
Operating Expenses:		
Research and development	6,428	4,215
Sales and marketing	3,719	3,053
General and administrative	5,533	3,992
Amortization of intangible assets	2,670	2,867
Change in fair value of contingent consideration	(154)	257
Total Operating Expenses	<u>18,196</u>	<u>14,384</u>
Operating Loss	<u>(18,953)</u>	<u>(15,413)</u>
Other Expense, net:		
Change in fair value of warrant liabilities	—	(1,981)
Interest income	255	52
Interest expense	(200)	(7)
Other expense, net	(146)	(29)
Total Other Expense, net	<u>(91)</u>	<u>(1,965)</u>
Loss before income taxes	<u>(19,044)</u>	<u>(17,378)</u>
Income tax (expense) benefit	(84)	38
Net loss	<u>(19,128)</u>	<u>(17,340)</u>
Comprehensive loss:		
Net loss	(19,128)	(17,340)
Foreign currency translation loss	(650)	(1,938)
Unrealized loss on available-for-sale investments	(552)	—
Comprehensive loss	<u>\$ (20,330)</u>	<u>\$ (19,278)</u>
Net loss per common share attributable to common stockholders – basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>
Weighted average number of shares used in computing net loss per common share – basic and diluted	<u>235,892</u>	<u>204,992</u>

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 24,828	\$ 18,129
Short-term investments, available-for-sale	78,913	80,262
Accounts receivable, net	530	749
Inventories	9,141	8,634
Prepaid expenses	3,026	3,255
Employee retention tax credit receivable	1,311	1,311
Other current assets	935	957
Total Current Assets	<u>118,684</u>	<u>113,297</u>
Restricted cash	1,176	1,154
Long-term investments, available-for-sale	14,727	37,435
Inventories, net of current portion	7,487	7,074
Property and equipment, net	10,427	10,971
Intellectual property, net	7,009	9,892
Net deferred tax assets	273	288
Operating lease right-of-use assets, net	5,096	5,348
Other long-term assets	1,681	1,014
Total Assets	<u>\$ 166,560</u>	<u>\$ 186,473</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 3,521	\$ 3,448
Accrued employee compensation and benefits	2,516	3,559
Accrued expenses and other current liabilities	1,479	1,617
Operating lease liabilities – current portion	604	683
Deferred revenue	533	543
Total Current Liabilities	8,653	9,850
Long Term Liabilities:		
Contingent consideration	2,217	2,371
Noncurrent operating lease liabilities	4,865	5,006
Total Liabilities	15,735	17,227
Commitments and Contingencies		
Stockholders' Equity		
Common stock \$0.001 par value, 750,000,000 shares authorized at March 31, 2022 and December 31, 2021; 236,415,239 and 235,218,552 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	236	235
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	956,557	954,649
Accumulated deficit	(804,502)	(785,374)
Accumulated other comprehensive income	(1,466)	(264)
Total Stockholders' Equity	<u>150,825</u>	<u>169,246</u>
Total Liabilities and Stockholders' Equity	<u>\$ 166,560</u>	<u>\$ 186,473</u>

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

	Three Months Ended March 31,	
	2022	2021
Operating Activities:		
Net loss	\$ (19,128)	\$ (17,340)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation	869	802
Amortization of intangible assets	2,670	2,867
Amortization of discounts and premiums on investments, net	215	—
Stock-based compensation	2,245	1,786
Deferred tax expense (benefit)	84	(38)
Bad debt expense	177	—
Change in inventory reserves	(180)	122
Change in fair value of warrant liabilities	—	1,981
Change in fair value of contingent consideration	(154)	257
Changes in operating assets and liabilities:		
Accounts receivable	25	(1,608)
Inventories	(1,440)	(162)
Operating lease right-of-use assets	197	(3,071)
Prepaid expenses	201	295
Other current and long-term assets	(487)	2,755
Accounts payable	74	242
Accrued expenses	(1,150)	(2,312)
Deferred revenue	(1)	128
Operating lease liabilities	(160)	3,059
Net cash and cash equivalents used in operating activities	<u>(15,943)</u>	<u>(10,237)</u>
Investing Activities:		
Purchase of available-for-sale investments	(5,967)	—
Proceeds from maturities of available-for-sale investments	29,258	—
Purchase of property and equipment	(246)	(395)
Net cash and cash equivalents provided by (used in) investing activities	<u>23,045</u>	<u>(395)</u>
Financing Activities:		
Proceeds from issuance of common stock, net of issuance costs	—	129,322
Taxes paid related to net share settlement of vesting of restricted stock units	(348)	(214)
Proceeds from exercise of stock options and warrants	12	30,497
Net cash and cash equivalents (used in) provided by financing activities	<u>(336)</u>	<u>159,605</u>
Effect of exchange rate changes on cash and cash equivalents	(45)	(108)
Net increase in cash, cash equivalents and restricted cash	6,721	148,865
Cash, cash equivalents and restricted cash, beginning of period	19,283	17,529
Cash, cash equivalents and restricted cash, end of period	<u>\$ 26,004</u>	<u>\$ 166,394</u>
Supplemental Disclosure for Cash Flow Information:		
Cash paid for leases	\$ 300	\$ 365
Cash paid for taxes	\$ 29	\$ 24
Supplemental Schedule of Non-cash Investing and Financing Activities:		
Transfer of inventories to property and equipment	\$ 160	\$ —
Acquisition of property and equipment in accounts payable	\$ —	\$ 191
Reclass of warrant liability to common stock and additional paid-in-capital	\$ —	\$ 2,236
Lease liabilities arising from obtaining right-of-use assets	\$ —	\$ 3,427

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	
	March 31,	
	2022	2021
Net loss attributable to common stockholders (GAAP)	\$ (19,128)	\$ (17,340)
Adjustments		
Amortization of intangible assets	2,670	2,867
Change in fair value of contingent consideration	(154)	257
Change in fair value of warrant liabilities	—	1,981
Adjusted net loss attributable to common stockholders (Non-GAAP)	<u>\$ (16,612)</u>	<u>\$ (12,235)</u>

	Three Months Ended	
	March 31,	
	2022	2021
Net loss per share attributable to common stockholders (GAAP)	\$ (0.08)	\$ (0.08)
Adjustments		
Amortization of intangible assets	0.01	0.01
Change in fair value of contingent consideration	—	—
Change in fair value of warrant liabilities	—	0.01
Adjusted net loss per share attributable to common stockholders (Non-GAAP)	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>

The non-GAAP financial measures for the three months ended March 31, 2022 and 2021, 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 Monte-Carlo simulation utilizing significant unobservable inputs including the probability of achieving each of the potential milestones, revenue volatility, EURO to USD exchange rate, and an estimated discount rate associated with the risks of the expected cash flows attributable to the various milestones. 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.

INVESTOR CONTACT:

Mark Klausner or Mike Vallie, 443-213-0499
invest@asensus.com

MEDIA CONTACT:

Lauren Stredler, 847-271-6891
CG Life
lstredler@cglife.com

Asensus Surgical, Inc. Q1 2022 Earning Call Transcript

Corporate Participants:

Mark Klausner, *Westwicke Partners*

Anthony Fernando, *President and Chief Executive Officer*

Shameze Rampertab, *Chief Financial Officer*

Presentation:

Mark Klausner

Good afternoon, everyone, and thank you for joining us for the Asensus Surgical first quarter 2022 business and financial update 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 and other geopolitical factors beyond our control. The company undertakes no obligation to update the information provided on this call. For a discussion of risks and uncertainties associated with the Asensus business, I encourage you to review the company's filings with the Securities and Exchange Commission, including the 2021 Form 10-K filed on February 28, 2022 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 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 US GAAP financial measures provide useful information for both management and investors by excluding certain non-cash 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 US 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 an overview of our recent accomplishments and then ask Shameze to review our financial performance, after which I will discuss our performance during the first quarter as well as our priorities for the rest of 2022 before turning to Q&A.

Before turning the call over to Shameze, I would like to provide an overview of our recent performance. Despite headwinds associated with COVID spikes early in the first quarter as well as the ongoing political instability in eastern Europe, we drove strong procedure volumes as a result of a continued increase in system utilization globally, with total case volumes increasing 29% year over year and 16% sequentially over the fourth quarter. While we are disappointed by the slowdown in new Senhance® program initiations we have experienced thus far in the year, which in large part are due to the macro factors I just mentioned, during the quarter we continued to leverage events aimed at driving awareness and growing our pipeline of hospital customers.

During the first quarter, we attended multiple highly impactful industry events, including the Society of American Gastrointestinal and Endoscopic Surgeons, or SAGES in March, in Denver, Colorado and the German Surgeons Congress, also known as DCK, in Leipzig, Germany in April. Feedback at both events was extremely encouraging, as both surgeons and hospital administrators were highly engaged with Senhance and our vision for Performance-Guided Surgery™.

As we continue to focus on the development of Senhance and components of Performance-Guided Surgery, during the first quarter we announced the expansion of our Digital Solutions R&D center in Yokne'am Illit, Israel. Since opening the center as part of our acquisition of MST in 2018, we have continued to put together an incredibly talented, and growing team of engineers, developers and scientists who are working together to bring innovative intelligent capabilities to the platform, and we look forward to updating you on our progress in quarters to come.

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

Shameze Rampertab

Thanks, Anthony.

Turning to the first quarter, for the three months ended March 31, 2022, the company reported revenue of \$1.1 million as compared to revenue of \$2.1 million in the three months ended March 31, 2021. Revenue in the first quarter of 2022 included \$0.4 million in lease revenue, \$0.4 million in instruments and accessories, and \$0.3 million in services.

For the three months ended March 31, 2022, total operating expenses were \$18.2 million as compared to \$14.4 million in the three months ended March 31, 2021.

For the three months ended March 31, 2022, net loss attributable to common stockholders was \$19.1 million or \$0.08 per share as compared to net loss attributable to common stockholders of \$17.3 million or \$0.08 per share in the three months ended March 31, 2021.

For the three months ended March 31, 2022, the adjusted net loss attributable to common stockholders was \$16.6 million or \$0.07 per share as compared to an adjusted net loss of \$12.2 million or \$0.06 per share in the three months ended March 31, 2021.

Adjusted net loss is GAAP net loss adjusted for the following items: amortization of intangible assets, change in fair value of contingent consideration, and change in fair value of warrant liabilities, all of which are non-cash 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 \$118.5 million and working capital of \$110.0 million as of March 31, 2022.

I would now like to turn the call back over to Anthony.

Anthony Fernando

Thanks, Shameze.

I would now like to provide an update on recent performance as well as the progress we have made on the key focus areas for 2022. As a reminder, those are: First, the continued market development of the Senhance® System, and second the ongoing development of our product portfolio and continuing the technological advancement of Senhance.

Starting with market development. As one of our key focus areas is raising awareness of the Senhance System and the health economic benefits of digital laparoscopy, we continue to seek out publications that provide relevant data to support increased adoption.

During the year, we will continue to work to publish additional peer-reviewed papers that focus on the clinical, economic and workflow benefits of digital laparoscopy performed with Senhance as compared to traditional laparoscopy and also showcase how digital technology and real-time clinical intelligence can be helpful to surgeons and patients.

During the quarter, we had four papers published, which further demonstrate the safety and feasibility of Senhance across gynecology, urology, and colorectal procedures.

In addition to focusing on expanding our list of clinical publications, we have continued to leverage our growing body of real-world clinical data through the utilization of our clinical case registry, that we refer to as TRUST. We believe that TRUST is the largest robotic-assisted laparoscopic registry in the industry, with more than 1,700 patients enrolled as of the end of the first quarter. The registry includes a variety of procedural specialties, including abdominal, thoracic, urologic, and gynecological procedures performed at select sites across Europe.

The primary purpose of the registry is to collect safety and efficacy data from procedures performed using Senhance, as well as build a unique collection of intraoperative and 12-month postoperative follow up data. We expect to continue to grow this body of clinical data to facilitate an increased number of high-quality clinical publications demonstrating the value of Senhance and Performance-Guided Surgery and support our commercial adoption strategy.

These publications and the TRUST registry are incredibly important in order to provide data that supports and validates the benefits of Senhance, and the continued technological development of the platform.

The next segment of our market development efforts is the expansion of our global footprint, including the growth of our installed base, the acceleration of procedure volumes and the increase in the number of foundational sites.

Beginning with new program initiations. The first quarter was very challenging given the macro headwinds associated with COVID, in particular the resulting reduction in hospital access, across all of our key geographies during January and February. These challenges were compounded by the ongoing, unanticipated political instability impacting Russia and Eastern Europe which has negatively impacted us and our commercialization partner's ability to access hospitals and grow our installed based in that part of the world. A portion of our commercial pipeline for 2022 had ties to Russia and the CIS region, as we had recently secured the necessary regulatory approvals to commercialize in Russia and had worked over a period of years with our distribution partner in that region. Given the political climate, we believe it is unlikely those accounts will convert any time soon. As a result, we have shifted our commercial organizations focus to other areas within the EMEA region, including countries in Western Europe, to help further strengthen our pipeline for the year. While we are disappointed with the slower than expected start in 2022, we continue to build our global pipeline of hospitals and surgeons and we continue to expect to have 10 to 12 new program initiations by the end of the year.

Now, turning to procedure volumes. Despite the backdrop of an unstable macro environment, we drove very strong volume trends, performing over 650 procedures, our highest quarter to date. Total procedure volume increased 29% compared to the prior year, and 168% compared to the fourth quarter of 2021, representing the third consecutive quarter of growth, primarily driven by volumes in EMEA, which grew 43% compared to the prior year, as well as low single digit growth in both the U.S. and Asia, which were both heavily impacted by COVID spikes early in the year.

This quarter, we were pleased to see significant milestone accomplishments from surgeons in Europe and the United States. Dr. Narimantas Samalavicius and his team at Klaipeda University Hospital in Lithuania performed their 100th colorectal surgery, Dr. James Redmann at Southern Surgical Hospital in Louisiana reached their 100th Senhance case, and Dr. Amit Trivedi and the team at Hackensack Meridian Health at Pascack Valley Medical Center in New Jersey, performed their 300th procedure with the Senhance System.

I would like to take a minute to help you understand why we are so focused on increasing procedure volumes in a wide variety of surgical specialties. When a case is performed with a Senhance system we have the ability to collect system data and surgical video. Over time as we accumulate this rich digital library of surgical data we will have the ability to generate powerful clinical insights that will enable Performance Guided Surgery to help surgeons reduce surgical variability and drive consistently superior surgical outcomes.

We are also focused on increasing awareness of Senhance and educate the surgical community on its benefits by leveraging industry events. We had a strong start to the year on this objective.

This quarter, we attended the annual SAGES meeting where we received very positive responses and audience engagement from surgeon presentations. Dr. Amit Trivedi of Hackensack Meridian Health Pascack Valley Hospital discussed the clinical utility of the Senhance system and augmented intelligence in the OR. Dr. Francesco Bianco of Mount Sinai hospital in Chicago and Dr. Michael Cook of LSU Health New Orleans both emphasized the advantage of being able to transition from laparoscopy to the Senhance System effortlessly, due to the Senhance System's deliberate design to replicate laparoscopic methods - a unique advantage over alternative robotic solutions.

We also attended the DCK congress that was held in Germany where Senhance surgeons Dr. Olaf Hansen, Dr. Florian Schilcher and Dr. Dietmar Stephan also highlighted the clinical value of our Performance-Guided Surgery system and importance of innovative technology in all fields of surgery.

Turning to the expansion of our product portfolio, we are excited to build upon our accomplishments and reach additional regulatory milestones that will further develop the Senhance System and broaden its applicability.

We continue to expect commercial launch of 5mm Articulating Instruments in the second half of the year, which is currently in a pilot launch in the U.S and Europe. We also expect to submit our 510(k) application for pediatric clearance in the U.S. following strong early clinical utilization in Europe and increasing demand from U.S. surgeons. This will broaden the applicability of the Senhance System's unique combination of the 3mm instrumentation with 5mm camera scope combined with haptic feedback to benefit more patients with digital laparoscopic options in pediatrics and minimally invasive surgical solutions.

More broadly, we continue to expand the utilization and applicability of the Intelligent Surgical Unit™ or ISU™ globally, and we expect to receive CE Mark approval for expanded machine vision capabilities in Europe, in late 2022.

While the macro landscape has continued to present unique challenges, we've made good progress toward our 2022 goals, such as the ongoing growth in Senhance utilization, the development of high quality clinical data, and the progression of our innovative product portfolio. We believe we are very well positioned to continue to execute on our strategy and drive the long-term adoption of Senhance.

Before I open the lines for Q&A, I'd like to express gratitude to all of our employees throughout the world for their tireless efforts and dedication. With that, I would like to open the line for questions.

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.