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

March 11, 2021
Date of Report (date of earliest event reported)

Asensus Surgical, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**0-19437**	**11-2962080**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(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 March 11, 2021, Asensus Surgical, Inc., a Delaware corporation (the "Company"), issued a press release announcing its financial results for the fourth quarter and full year ended December 31, 2020. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on March 11, 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 the fourth quarter and full year ended December 31, 2020. The Company had issued a press release on March 4, 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

Exhibit No.	Description
99.1	Press release dated March 11, 2021
99.2	March 11, 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.

ASENSUS SURGICAL, INC.

Date: March 12, 2021

/s/ Shameze Rampertab
Shameze Rampertab
Executive Vice President and Chief Financial Officer

Exhibit 99.1

Asensus Surgical, Inc. Reports Operating and Financial Results for the Fourth Quarter and Full Year 2020

March 11, 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 fourth quarter and full-year 2020.

Recent Highlights

- Senhance Surgical System received expanded 510(k) clearance for general surgery indication
- Asensus Surgical received CE Mark for Intelligent Surgical Unit™(ISU™), enabling machine vision capabilities in Europe
- Performed first pediatric cases utilizing Senhance® Surgical System, representing the first time that 3 mm instruments were used in robotic pediatric surgery
- Senhance received its registration certificate by the Russian medical device regulatory agency, Roszdravnadzor, allowing for its sale and utilization throughout the Russian Federation
- Announced partnering arrangement with Amsterdam Skills Centre to launch Senhance surgical training center in the Netherlands
- Closed two equity financings, totaling approximately $111 million in gross proceeds in aggregate, extending cash runway into 2024

“We are very pleased with the momentum we generated during 2020 and particularly during the fourth quarter,” said Anthony Fernando, President and CEO of Asensus Surgical. “This momentum continued into the early part of 2021 where we have already accomplished a number of significant milestones, including the bolstering of our balance sheet, the rebranding of the organization, and the introduction of our vision for Performance-Guided Surgery. As we look to the balance of 2021, we look to continue to drive the adoption of Senhance, bringing transformative technology to surgeons, hospitals and patients across the globe. Concurrently, we will work to expand the capabilities of Senhance and deliver on our surgical assurance framework.”

Name Change

On February 23, 2021, the Company announced that it changed its corporate name to Asensus Surgical, Inc. The name change reflects the company's broader vision of shaping the future of surgery by integrating computer vision and machine learning with surgical robotics.

Upcoming 2021 Milestones

For the full year 2021, the Company expects to install 10 - 12 new Senhance Surgical Systems.

During the first half of 2021, the Company expects to achieve the following regulatory milestones:

- File for FDA 510(k) clearance for articulating instruments
- File for FDA 510(k) clearance for the next generation ISU features

During the first half of 2021, the Company expects to publish clinical papers in peer reviewed journals on the following subjects:

- Health economic studies comparing Senhance Digital Laparoscopy, laparoscopy, and robotic surgery
- Clinical performance when utilizing the Senhance Surgical System

Commercial and Clinical Update

Throughout 2020, the Company initiated ten new clinical programs: three in the US, four in Europe, and three in Asia.

On October 13, 2020, the Company announced that surgeons at Maastricht University Medical Center+ (MUMC+) in the Netherlands, had successfully operated on multiple pediatric patients, becoming the first pediatric surgical program in the world to utilize the Senhance Surgical System and integrate digital laparoscopy with instruments as small as 3 mm into their standard of surgical care.

On December 16, 2020, the Company announced that the Senhance Surgical System received its registration certificate by Roszdravnadzor, the Russian medical device regulatory agency allowing for its sale and utilization throughout the Russian Federation.

On January 19, 2021, the Company announced it received CE Mark approval for the ISU that enables machine vision capabilities on the Senhance Surgical System. This approval will provide Senhance digital laparoscopic programs in Europe access to this new technology, ushering them to the forefront of surgical innovation utilizing augmented intelligence.

On February 18, 2021, the Company agreed to team with the Amsterdam Skills Centre (ASC) in the Netherlands for surgical training. This site will serve surgeons and staff throughout Europe with basic and advanced training on the Senhance Surgical System. The ASC will also provide Asensus Surgical with a world-class facility to engage European surgeons in technology and clinical development studies.

On March 3, 2021, the Company announced it received an additional FDA clearance for the Senhance Surgical System which allows for indication expansion in general surgery in the United States.

Fourth Quarter Financial Results

For the three months ended December 31, 2020, the Company reported revenue of $1.1 million as compared to revenue of $0.7 million in the three months ended December 31, 2019. Revenue in the fourth quarter of 2020 included $0.3 million in system leasing, $0.3 million in instruments and accessories, and $0.5 million in services.

For the three months ended December 31, 2020, total net operating expenses were $14.2
million, as compared to $18.1 million, excluding the gain from the sale of the AutoLap assets, in the three months ended December 31, 2019.

For the three months ended December 31, 2020, net loss was $13.8 million, or $0.13 per share, as compared to a net loss of $13.7 million, or $0.69 per share, in the three months ended December 31, 2019.

For the three months ended December 31, 2020, the adjusted net loss was $9.7 million, or $0.09 per share, as compared to an adjusted net loss of $16.4 million, or $0.83 per share in the three months ended December 31, 2019, after adjusting for the following charges: net gain on the sale of the AutoLap assets, amortization of intangible assets, change in fair value of contingent consideration, change in fair value of warrant liabilities, restructuring and other charges, inventory write-down related to the restructuring plan, and loss on extinguishment of debt. 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 and cash equivalents and restricted cash of approximately $17.5 million as of December 31, 2020.

On January 14, 2021, the Company announced the closing of its registered direct offering of 25,000,000 shares of its common stock. The offering was priced at a purchase price per share of $1.25, for gross proceeds of approximately $31.25 million.

On February 1, 2021, the Company announced the closing of a bought deal offering of common stock and full exercise of the underwriter’s option to purchase additional shares. The Company issued 26,545,832 shares at a public offering price of $3.00 per share, for gross proceeds of approximately $79.64 million.

Following such financing transactions as well as proceeds from the ATM Offering and exercises of our Series C and D Warrants, the Company has cash and cash equivalents, including restricted cash, of $169.5 million as of February 1, 2021.

Conference Call

Asensus Surgical, Inc. will host a conference call on Thursday, March 11, 2020, at 4:30 PM ET to discuss its fourth quarter and fiscal year 2020 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 10013234 approximately ten minutes prior to the start time. To access the live audio webcast or archived recording, use the following link http://ir.asensus.com/events.cfm. 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.

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 net gain on the sale of the AutoLap assets, loss from the sale of SurgiBot assets, amortization of intangible assets, change in fair value of contingent consideration, goodwill impairment, in-process research and development impairment, change in fair value of warrant liabilities, restructuring and other charges, inventory write down related to the restructuring plan, loss of extinguishment of debt, deemed dividend related to beneficial conversion feature of the preferred stock, and deemed dividend related to the 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 2020 fourth quarter and full-year results and plans for 2021. 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 are able to achieve desired results from our change in strategic focus, successfully implement our Performance-Guided Surgery initiative to grow our business, manage our cash flow efficiently, manage the continuing impact of the COVID-19 pandemic on our business, meet the operational and regulatory goals we have set forth for 2021 and whether our cash on hand will be sufficient to meet our anticipated cash needs into 2024. 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 expect to file with the SEC on or before the due date and our other filings we make with the 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.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenue:				
Product	$ 620	$ 286	$ 1,612	$ 7,104
Service	488	402	1,563	1,427
Total revenue	1,108	688	3,175	8,531
Cost of revenue:				
Product	(99)	9,812	2,254	16,439
Service	691	1,071	2,912	4,292
Total cost of revenue	592	10,883	5,166	20,731
Gross profit (loss)	516	(10,195)	(1,991)	(12,200)
Operating Expenses:				
Research and development	3,752	4,634	16,621	22,468
Sales and marketing	2,774	5,584	13,064	28,014
General and administrative	3,712	3,799	14,137	18,758
Amortization of intangible assets	2,837	2,547	10,801	10,301
Change in fair value of contingent consideration	1,154	136	2,924	(9,553)
Restructuring and other charges	(8)	1,374	851	1,374
Goodwill impairment	—	—	—	78,969
In-process research and development impairment	—	—	—	7,912
Gain from sale of AutoLap assets, net	—	(15,965)	—	(15,965)
Loss from sale of SurgiBot assets, net	—	—	—	97
Total Operating Expenses	14,221	2,109	58,398	142,375
Operating Loss	(13,705)	(12,304)	(60,389)	(154,575)
Other Income (Expense):				
Change in fair value of warrant liabilities	(130)	(788)	(336)	2,248
Interest income	2	23	35	582
Interest expense	(19)	(1,206)	(19)	(4,613)
Other expense, net	(67)	(32)	(119)	(967)
Total Other Expense, net	(214)	(2,003)	(439)	(2,750)
Loss before income taxes	(13,919)	(14,307)	(60,828)	(157,325)
Income tax benefit	130	575	1,516	3,124
Net loss	(13,789)	(13,732)	(59,312)	(154,201)
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	(13,789)	(13,732)	(60,023)	(154,201)
Comprehensive loss:				
Net loss	(13,789)	(13,732)	(59,312)	(154,201)
Foreign currency translation gain (loss)	2,147	1,671	4,338	(2,708)
Comprehensive loss	$ (11,642)	$ (12,061)	$ (54,974)	$ (156,909)
Net loss per common share attributable to common stockholders – basic and diluted	$ (0.13)	$ (0.69)	$ (0.85)	$ (8.69)
Weighted average number of shares used in computing net loss per common share – basic and diluted	103,783	19,885	70,809	17,737

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

	December 31, 2020	December 31, 2019
Assets		
Current Assets:		
Cash and cash equivalents	$ 16,363	$ 9,598
Accounts receivable, net	1,115	620
Inventories	10,034	10,653
Other current assets	6,501	7,084
Total Current Assets	34,013	27,955
Restricted cash	1,166	969
Inventories, net of current portion	8,813	7,594
Property and equipment, net	10,342	4,706
Intellectual property, net	22,267	28,596
In-process research and development	—	2,470
Net deferred tax assets	307	—
Other long term assets	1,350	2,489
Total Assets	$ 78,258	$ 74,779
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,965	$ 3,579
Accrued expenses	6,301	8,553
Deferred revenue – current portion	789	818
Notes payable – current portion	1,228	—
Contingent consideration – current portion	—	73
Total Current Liabilities	10,283	13,023
Long Term Liabilities:		
Deferred revenue – less current portion	—	27
Contingent consideration – less current portion	3,936	1,011
Notes payable – less current portion	1,587	—
Warrant liabilities	255	2,388
Net deferred tax liabilities	—	1,392
Other long term liabilities	628	1,403
Total Liabilities	16,689	19,244
Commitments and Contingencies		
Stockholders' Equity		
Common stock $0.001 par value, 750,000,000 shares authorized at December 31, 2020 and December 31, 2019; 116,231,072 and 20,691,301 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	116	21
Preferred stock, $0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding at December 31, 2020 and December 31, 2019	—	—
Additional paid-in capital	781,397	720,484
Accumulated deficit	(722,912)	(663,600)
Accumulated other comprehensive income (loss)	2,968	(1,370)
Total Stockholders' Equity	61,569	55,535
Total Liabilities and Stockholders' Equity	$ 78,258	$ 74,779

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

	Twelve Months Ended December 31,	
	2020	**2019**
Operating Activities:		
Net loss	$ (59,312)	$ (154,201)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Gain from sale of AutoLap assets, net	—	(15,965)
Loss from sale of SurgiBot assets, net	—	97
Goodwill and intangible assets impairment	—	86,881
Depreciation	2,898	2,166
Amortization of intangible assets	10,801	10,301
Amortization of debt discount and debt issuance costs	—	1,513
Amortization of short-term investment discount	—	(327)
Stock-based compensation	7,911	11,508
Interest expense on deferred consideration – MST acquisition	—	756
Deferred tax benefit	(1,516)	(3,224)
Bad debt expense	—	1,634
Write down of inventory	—	8,931
Change in fair value of warrant liabilities	336	(2,248)
Change in fair value of contingent consideration	2,924	(9,553)
Loss on extinguishment of debt	—	1,006
Changes in operating assets and liabilities:		
Accounts receivable	(447)	6,083
Interest receivable	—	26
Inventories	(7,198)	(16,404)
Other current and long term assets	2,296	(655)
Accounts payable	(1,758)	(668)
Accrued expenses	(2,645)	(1,180)
Deferred revenue	(105)	(959)
Other long term liabilities	(860)	998
Net cash and cash equivalents used in operating activities	(46,675)	(73,484)
Investing Activities:		
Proceeds from sale of AutoLap assets	—	15,965
Purchase of short-term investments	—	(12,883)
Proceeds from maturities of short-term investments	—	65,000
Purchase of property and equipment	(3)	(437)
Net cash and cash equivalents (used in) provided by investing activities	(3)	67,645
Financing Activities:		
Proceeds from issuance of common stock, preferred stock and warrants under 2020 financing, net of issuance costs	13,478	—
Proceeds from issuance of common stock, net of issuance costs	33,847	25,777
Proceeds from notes payable, net of issuance costs	2,815	—
Payment of note payable	—	(31,425)
Taxes paid related to net share settlement of vesting of restricted stock units	(36)	(499)
Payment of contingent consideration	(74)	—
Proceeds from exercise of stock options and warrants	3,340	538
Net cash and cash equivalents provided by (used in) financing activities	53,370	(5,609)
Effect of exchange rate changes on cash and cash equivalents	270	364
Net increase in cash, cash equivalents and restricted cash	6,962	(11,084)
Cash, cash equivalents and restricted cash, beginning of period	10,567	21,651
Cash, cash equivalents and restricted cash, end of period	$ 17,529	$ 10,567
Supplemental Disclosure for Cash Flow Information		
Interest paid	$ —	$ 2,187
Supplemental Schedule of Non-cash Investing and Financing Activities		
Transfer of inventories to property and equipment	$ 8,113	$ 486
Exchange of common stock for Series B Warrants	$ 2,470	$ —
Transfer of in-process research and development to intellectual property	$ 2,425	$ —
Deemed dividend related to beneficial conversion feature of preferred stock	$ 412	$ —
Deemed dividend related to conversion of preferred stock into common stock	$ 299	$ —
Issuance of common stock – MST acquisition	$ —	$ 6,600
Proceeds from sale of AutoLap assets exchanged for settlement of Company obligations	$ —	$ 1,000
Transfer of property and equipment to inventories	$ —	$ 323
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 December 31,		Twelve Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Net loss attributable to common stockholders (GAAP)	$ (13,789)	$ (13,732)	$ (60,023)	$ (154,201)
Adjustments				
Gain from sale of AutoLap assets, net	—	(15,965)	—	(15,965)
Loss from sale of SurgiBot assets, net	—	—	—	97
Amortization of intangible assets	2,837	2,547	10,801	10,301
Change in fair value of contingent consideration	1,154	136	2,924	(9,553)
Goodwill impairment	—	—	—	78,969
In-process research and development impairment	—	—	—	7,912
Change in fair value of warrant liabilities	130	788	336	(2,248)
Restructuring and other charges	(8)	1,374	851	1,374
Inventory write-down related to restructuring	—	7,408	—	7,408
Loss on extinguishment of debt	—	1,006	—	1,006
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)	$ (9,676)	$ (16,438)	$ (44,400)	$ (74,900)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Net loss per share attributable to common stockholders (GAAP)	$ (0.13)	$ (0.69)	$ (0.85)	$ (8.69)
Adjustments				
Gain from sale of AutoLap assets, net	—	(0.80)	—	(0.90)
Loss from sale of SurgiBot assets, net	—	—	—	0.01
Amortization of intangible assets	0.03	0.13	0.15	0.58
Change in fair value of contingent consideration	0.01	0.01	0.04	(0.54)
Goodwill impairment	—	—	—	4.45
In-process research and development impairment	—	—	—	0.45
Change in fair value of warrant liabilities	—	0.04	—	(0.13)
Restructuring and other charges	—	0.07	0.01	0.08
Inventory write-down related to restructuring	—	0.37	—	0.42
Loss on extinguishment of debt	—	0.05	—	0.06
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)	$ (0.09)	$ (0.83)	$ (0.63)	$ (4.22)

The non-GAAP financial measures for the three and twelve months ended December 31, 2020 and 2019 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) The Company entered into an agreement with Great Belief International Limited to sell certain assets related to the AutoLap technology. The Company recorded a $16.0 million gain on the sale of the AutoLap assets during the three and twelve months ended December 31, 2019, which represented the proceeds received in excess of the carrying value of the assets, less contract costs.

b) Loss from sale of SurgiBot assets relates to additional outside service costs to transfer the assets in connection with the sale of SurgiBot assets to Great Belief International Limited.

c) Intangible assets that are amortized consist of developed technology and purchased patent rights recorded at cost and amortized over 5 to 10 years.

d) 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 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.

e) As of December 31, 2019, goodwill was deemed to be fully impaired, and the Company recorded an impairment charge of $79.0 million. As of December 31, 2019, IPR&D was deemed to be significantly impaired, and the Company recorded an impairment charge of $7.9 million. No impairment charges were recorded during the three or twelve months ended December 31, 2020.

f) 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.

g) During the fourth quarter of 2019, we announced the implementation of a restructuring plan to reduce operating expenses as we continue the global market development of the Senhance platform. The restructuring charges amounted to $8.8 million of which $7.4 million was an inventory write down and was included in cost of product revenue and $1.4 million related to employee severance costs and was included as restructuring and other charges in the consolidated statements of operations and comprehensive loss. During March 2020, the Company continued the restructuring efforts with additional headcount reductions which resulted in $0.9 million related to severance costs in the twelve months ended December 31, 2020.

h) In November 2019, the Company entered into a payoff letter with Hercules Capital, Inc. to terminate the Hercules Loan Agreement, as amended. The Company repaid all amounts owed under the Hercules Loan Agreement and recognized a loss of $1.0 million on the extinguishment of notes payable which is included in interest expense on the consolidated statements of operations and comprehensive loss for the three and twelve months ended December 31, 2019.

i) 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 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 earnings available to common stockholders for the twelve months ended December 31, 2020. Upon conversion of the preferred stock to common stock during the three months ended June 30, 2020, an additional deemed dividend of $0.3 million was recorded as an immediate charge to earnings available to common stockholders for the twelve months ended December 31, 2020.

INVESTOR CONTACT:
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Exhibit 99.2

Company: Asensus Surgical, Inc.
Conference Title: Q4 2020 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: March 11, 2021

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

Operator

Good afternoon, ladies and gentlemen, and welcome to the Asensus Surgical Fourth Quarter and Full Year Business Update Conference Call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time.

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

Mark Klausner

Thanks, Operator. Good afternoon, everyone, and thank you for joining us on today's 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 Asensus Surgical’s business, I encourage you to review the company's filings with the Securities and Exchange Commission, including the Form 10-K, 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 adjusted net loss per common share attributable to common stockholders. Management believes that non-GAAP financial measures, taken in conjunction with U.S. 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 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 begin by reviewing our recent progress, then I will hand the call over to Shameze to review our financial performance, after which I will discuss our priorities for 2021 before turning to Q&A.

Now, shifting to an update on our key focus areas for 2020. As a reminder, these are, first, market development, which involves building awareness of the Senhance system and effectively demonstrating the clinical and economic value in the marketplace by increasing the visibility of the success that our customers are having with the Senhance; second, clinical validation, which emphasizes the development of clinical evidence supporting the value proposition of the Senhance; and third, portfolio expansion, which focuses on broadening the applicability of Senhance by adding new indications, features, and new instruments.

Starting with our first focus area, market development. Specific to new system installs, as of the end of the year, we initiated 10 new clinical programs, three in the U.S., four in Europe, and three in Asia.

As it relates to our pipeline, the demand for Senhance remains strong. To help support that demand, we have added dedicated training facilities in key geographies. We launched a training center in Japan in the third quarter of 2020, and in February of 2021, we announced an agreement to launch a new surgical training center in Amsterdam. Through a partnering agreement with Amsterdam Skills Center, this site will serve surgeons and staff throughout Europe with training on Senhance. In addition, the Skills Center will also provide us with a world-class facility to engage European surgeons in technology and clinical development studies. We face a growing need to train European surgical teams as we continue to expand our footprint and adoption in Europe, and adding this second training site alongside our site in Milan will go a long way towards doing so.

Turning to procedure volumes, after hitting a low point during the second quarter of 2020, we have seen a continued rebound during the second half of the year with fourth quarter volumes approaching 2019 levels and growing sequentially over the third quarter by over 20%. Performance varied between geographies, primarily driven by COVID and COVID-related shutdowns experienced in the respective areas of the world. It is encouraging to note that in all three of our geographic regions, procedure volumes improved on a sequential basis as compared to the third quarter of 2020, and two of the three regions showed year over year growth, the U.S. and Asia. Europe was, and continues to be, the most impacted region as various resurgences have forced shutdowns and significant slowdowns in procedures volumes. For the full year, over 1,450 procedures were performed using Senhance, down approximately 10% as compared to 2019. We expect this trend to revert as we move into 2021.

Shifting to an update on our foundational sites, at the end of the year, we had 11 foundational sites, up from seven at the start of 2020. 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. The slowdown in elective procedures experienced during a significant portion of the year slowed the expansion of these foundational sites. We are optimistic that we should start to see an acceleration of new foundational sites as COVID subsides and we start to see a positive impact from the recent system placements along with the tailwinds from our recently expanded portfolio.

Turning to our second focus area, clinical validation. In 2020, we continued to focus on the development of health economic and clinical performance data with an emphasis on the cost impact of Senhance relative to traditional laparoscopy, as well as other surgical robotic systems. During the year, there were 15 peer-reviewed clinical papers published providing further support of the clinical utility of the Senhance across a variety of specialties, demonstrating the utility, breadth and the complexity of procedures being performed. Beyond those published clinical papers, we made good progress on several studies including two cost comparative studies, comparing the average cost per procedure between Senhance laparoscopy and robotics.

Turning to our third focus area, portfolio expansion. During 2020, and thus far in 2021, we made tremendous progress in what turned out to be a challenging regulatory environment given COVID. In February of 2020, we received a CE Mark approval that enabled Senhance to be used on pediatric patients. In October, the first cases were completed, and since then the cadence of pediatric cases has increased. We continue to view pediatrics as a highly underserved market that will benefit significantly from the capabilities Senhance provides.

In March of 2020, we received FDA 510(k) clearance for the Intelligent Surgical Unit, or ISU. In September, we announced the completion of the first surgeries using the ISU's machine vision capability, and cases are now being done on a regular basis with ISU-enabled systems.

In early 2021, we received a CE Mark for this version of the ISU, and early feedback from surgeons following the first cases completed in Europe has been very positive.

We are excited about the early success of the ISU as it represents the initial building block of our digital strategy. We are working to add incremental ISU features, namely the next generation of machine vision and augmented intelligence capability, such as scene recognition and surgical image analytics.

During the fourth quarter, we received regulatory approval in the Russian Federation. We believe that the Russian robotic surgery market is underserved and provides an opportunity to grow Senhance Surgical System installations.

Just last week, we announced we received FDA 510(k) clearance for expanded indications for general surgery. This is a major milestone for the growth and clinical applicability of our technology. General surgery is, by far, the largest area of manual laparoscopy which can benefit from robotic precision and digital insight of Senhance. The indication expansion also allows Senhance to be used in many high-value, complex reconstructive surgeries such as those used to treat reflux and obesity. Taken together with our other indications for use in the U.S., Senhance can now be utilized in over 2.7 million general surgical procedures performed annually.

Despite the challenging macroeconomic environment that persisted throughout 2020, we made great strides in the development of Senhance and achieved the vast majority of the goals we set for ourselves at the beginning of the year. In addition, we believe we put ourselves in a great position over the long term to bring innovative surgical technologies to operating rooms around the world.

With that, I will now turn the call over to Shameze to provide a financial overview.

Shameze Rampertab

Thanks Anthony.

Turning to the fourth quarter, for the three months ended December 31, 2020, the Company reported revenue of $1.1 million as compared to revenue of $0.7 million in the three months ended December 31, 2019. Revenue in the fourth quarter of 2020 included $0.3 million in systems leasing, $0.3 million in instruments and accessories, and $0.5 million in services.

For the three months ended December 31, 2020, total operating expenses were $14.2 million as compared to $18.1 million, excluding the gain from the sale of the AutoLap assets in the three months ended December 31, 2019.

I would like to note that we are in the process of fully transitioning over to our new corporate headquarters in Research Triangle Park. The new office space was purpose-built for Asensus, allowing us to effectively pursue our commercial, clinical, and research and development goals in a more cost efficient manner.

For the three months ended December 31, 2020, net loss attributable to common stockholders was $13.8 million or $0.13 per share as compared to a net loss of $13.7 million or $0.69 per share in the three months ended December 31, 2019.

For the three months ended December 31, 2020 the adjusted net loss attributable to common stockholders was $9.7 million or $0.09 per share as compared to an adjusted net loss of $16.4 million or $0.83 per share in the three months ended December 31, 2019.

Adjusted net loss is GAAP net loss adjusted for the follow items: net gain on the sale of the AutoLap assets, amortization of intangible assets, change in fair value of contingent consideration, change in fair value of warrant liabilities, restructuring and other charges, inventory write-down related to the restructuring plan, and loss on the extinguishment of debt, all of which are non-cash charges.

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

Turning to the balance sheet, the Company had cash and cash equivalents and restricted cash of approximately $17.5 million and working capital of $23.7 million as of December 31, 2020. Subsequent to the end of the fourth quarter we closed separate equity offerings, resulting in combined net proceeds of approximately $111 million.

Following such financing transactions, as well as proceeds from the ATM offering and exercises of our Series C and D Warrants, the Company has cash and cash equivalents, including restricted cash, of $169.5 million as of February 1, 2021, which provides us with the capital to execute on our strategic plans for years to come.

I'll turn the call back over to Anthony.

Anthony Fernando

Thanks, Shameze. I would now like to provide our perspectives on 2021.

A few weeks ago, we re-branded the Company as Asensus Surgical. As we have been undergoing an evolution from a robotics company to a digital surgery company, we felt it fitting to re-brand the Company to better reflect our vision.

Our mission is focused on elevating robotic surgery to drive predictable outcomes, to optimize resources and costs, and work with hospital systems that seek to strive to employ innovative healthcare strategies.

We believe that by digitizing the interface between the surgeon and patient, we can unlock the clinical intelligence to pioneer a new era of surgery, which we are calling Performance-Guided Surgery.

As we set out to advance the capabilities of Senhance to deliver those outcomes, we reviewed the current surgical landscape to determine where we believe value could be added. We came to the realization that there is something missing in the way surgery is being performed today. Post-op complications are common, yet surgeons have little clinical intelligence at their disposal preoperatively and intraoperatively in the operating room. This led us to imagine a future of surgery where we can leverage machine learning, advanced visualization, data analytics, and augmented intelligence to dramatically improve critical decision making, drive predictable and help level the field by gathering, analyzing, and presenting information and insights to empower surgeons of all levels of experience with deeper situational knowledge. Over time, these technologies will support what we call the surgical assurance framework, which includes intelligent preoperative, intraoperative, and postoperative capabilities.

We have made early progress towards delivering on Performance-Guided Surgery through the introduction of our ISU. We will introduce additional new applications in the coming quarters with a goal of driving surgical evolution towards perceptive real-time guidance.

Turning to what you should expect from us in the near term, in 2021, our focus will continue to be driving the adoption of Senhance globally and expanding the technological capabilities of Senhance as we progress towards the realization of Performance-Guided Surgery. While we will certainly be cognizant of delivering revenue, our priority is getting Senhance into the hands of as many surgeons as possible.

With that said, our key areas of focus are, first, the continued market development for the Senhance System, and second, expanding our portfolio and continuing the technological advancement of Senhance.

Starting with our market development efforts, in order to drive widespread adoption, we need to inform and educate our potential customer base on the benefits of Senhance, and then follow up with clinical data to support our claims. As we move into 2021, we have continued to invest to develop an increasing volume of high quality health economic and clinical performance data with an emphasis on the cost impact of Senhance relative to traditional laparoscopy, as well as other surgical robotic systems. We expect to have a number of clinical papers published in peer reviewed journals during the first half of this year, As we continue to demonstrate through real-world evidence that we are delivering clinical and surgical benefits, and that Senhance can provide good surgical outcomes at a lower procedure cost, this should aid in our efforts to convince surgeons and hospitals to convert from laparoscopy to digital laparoscopy with Senhance.

The next segment of our market development effort 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.

Our goal for this year is to have another 10 to 12 new Senhance systems installed. While we expect to see revenue growth over 2020 this year, our focus remains on accelerating the number of systems being utilized and the volume of procedures being performed globally. We are actively targeting hospitals in each of our three primary markets, the U.S., EMEA—which includes the Commonwealth of Independent States—and Asia, through a mix of direct reps and distributor relationships.

In addition to growing our installed base of systems, we are focused on expanding the utilization of Senhance, both in terms of the volume and types of procedures being performed. Alongside an increase in the total volume of procedures being performed, we expect the number of foundational sites to increase.

The material expansion of our indications for use, additional technology launches, and entry into new geographies should all act as incremental tailwinds across our market development efforts, including new system installations, procedure volumes, and foundational site growth. As a result of the ongoing COVID headwinds in certain parts of the world, we are unable to provide specific guidance related to procedure volumes and foundational sites, however, we do expect significant growth as compared to 2020.

Last year, all of the hospitals that installed a Senhance system opted to utilize a leasing model. As part of these agreements, hospitals have the option to purchase the system at the end of the initial contract period. While it will not be a primary focus for us, we do expect that some of these hospitals may decide to ultimately convert to a purchase, which would drive incremental system revenue during the year.

In general, we are agnostic to the manner in which a hospital acquires a system, and we will continue to provide flexible economic arrangements to eliminate barriers to adoption, particularly as we continue to see hospitals under financial pressure as we work through the ongoing impacts of COVID.

Our second initiative is our continued portfolio expansion efforts. We have recently achieved a number of critical milestones. First, the CE Marking of the initial version of the ISU; second, the regulatory approval in the Russian Federation; and third, the FDA clearance of our expanded general surgery indication. For the balance of the year, we will continue to work towards the following, all of which we expect to achieve during the first half of 2021. First, filing the submission for 510(k) clearance for articulating instruments, and second, the submission for 510(k) clearance for the next generation ISU, which includes additional features, namely advanced machine vision and augmented intelligence capabilities such as scene recognition and surgical image analytics.

As a company, we have accomplished a tremendous amount over the year, during what will likely be looked back upon as one of the most challenging periods in the history of the healthcare industry. I want to thank our entire organization for their tireless effort during these uncertain times. We are mindful that COVID is still having an impact on our business and is likely to continue to be a headwind during 2021. Because we operate in a variety of geographies which are in various stages of resurgence or recovery, it is difficult to predict how our operations will be impacted. However, we would expect that as we progress through the year, we expect to see increase in case volumes as elective procedures are more widely performed. We would also expect for new system installations to become less challenging as our commercial team gain broader access to hospitals as restrictions are lifted and hospital staff have more bandwidth to devote attention to non-COVID related matters.

From an operational perspective, having now been in the COVID environment for approximately a year, we are fully operational and ready to deliver on the demands we see in the market.

In summary, we are very excited about the future at Asensus and our long-term vision for what surgery can become. With Performance-Guided Surgery, we are bringing novel capabilities to the entire surgical paradigm, from pre-op planning to post-op analysis, unlocking the clinical intelligence to enable consistently superior outcomes and a new standard of surgery.

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

Operator

We will now begin the question-and-answer session. To join the question queue you may press star then one on your telephone key pad. You will hear a tone acknowledging your request. If you are using a speaker phone, please pick up your handset before pressing any keys. To withdraw your question please press star then two. We will pause for a moment as callers join the queue.

The first question comes from Swayampakula Ramakanth with HC Wainwright. Please go ahead.

Swayampakula Ramakanth – *H.C. Wainwright & Co. – Managing Director*

Thank you. This is RK from H.C. Wainwright. Good afternoon, Anthony and Shameze.

You certainly crossed a great year despite COVID-19. Congratulations on that part. So, as you stated in your remarks, you initiated operational levers that seem to have gone pretty decent over 2020. But in general, how has that helped, especially in terms of sales cycle, the time it takes to get a sales done, and also, do you feel you get more leads when you start talking to potential customers regarding operational lease than immediate buyout?

Anthony Fernando

Hi RK. This is Anthony. Thank you for your question.

On the cycle time, I would say that leveraging the operating lease model has definitely reduced the time it takes to go from beginning of a conversation to a signed agreement and installation, because I think, as you know, some hospitals don't need to go through the same capital approval processes, so that's definitely helpful.

I think to the second part of your question, having that system installed and being utilized is the best evidence that anyone can provide. When our system is up and running, doing surgery on a regular basis, whether it is other hospitals or the surgeons go and speak with other colleagues, it definitely helps accelerate that process.

Swayampakula Ramakanth

Great. Regarding the number of procedures and the procedure, you stated that there was greater than 1,450 procedures done in 2020. There are two questions based on that comment. One, what is in general per procedure revenue? I understand it varies depending on obviously the procedure, but in general what could be per procedure revenue? Then the second part is as you are getting more of these approvals done, especially the recent one which is for General Surgery, when you get such very important, impactful approvals, how should we think about two things: procedure volume and also per procedure revenue?

Anthony Fernando

RK, we don't directly track per procedure revenues. It can be because it varies from different geographies and also with the leasing model, so that's not something we proactively track to look at revenue per procedure, for multiple reasons. Because no matter which procedure you do, you tend to use certain set-up standard instrumentation, and then if there's any specialty instrumentation like muscle dissectors used, that has also a standard incremental cost associated with it. So, we don't track the revenue side of it.

But I think the second part with respect to the General Surgery, the expanded indication that we recently received in the U.S., I think this opens up bariatric and upper GI side for us to be able to proactively speak with surgeons in those areas, whether it's gastric sleeves or Nissen fundoplication kind of procedures. Those are new procedure areas that have opened up, so we are looking forward to encouraging surgeons to use our system for those types of procedures that they didn't have previously.

Swayampakula Ramakanth

Thank you. Then my last question, on the geographical expansion, you were talking about the Russian markets and the Russian approvals. How big is the Russian market? In your thinking, how long do you think it could take to develop that into a meaningful market for yourself?

Anthony Fernando

That's a great question. As we kind of alluded before, we've been building a distributor relationship in Russia to cover the Russian market for some time. We've been working with a distributor out of Germany who is also a device manufacturer who has a really good presence in the Russian market. They are very well established. They have sales teams, clinical teams and even field service support functions, so we are really leveraging that infrastructure off the distributor to be able to enter that market and grow that market.

With respect to market size, I would say that there is definitely good opportunity there because robotic penetration in Russia is relatively low and cost is also a concern with respect to procedure cost. I think we can offer the lower per procedure economics with Senhance.

We believe that there is really good opportunity for us and hope to put some points on the board this year in that market.

Swayampakula Ramakanth

Perfect. Thank you. Thank you very much for taking my question.

Anthony Fernando

Thank you, RK.

Operator

The next question comes from Frank Harris from Raymond James. Please go ahead.

Frank Harris – *Raymond James & Associates – Equity Research Analyst*

Good afternoon. This is Frank on for Larry.

I guess just to start off, last quarter you noted that the procedure TAM in the U.S. was about 1.4 million, and would expand by 800,000 with the General Surgery indication, bringing it to 2.2 million. But obviously in the press release and then today you mentioned the General Surgery indication expanded the TAM to about 2.7 million procedures. Could you just help us reconcile the difference there, or is there something that we're missing?

Anthony Fernando

Hey Frank, good question. The 2.7 million that we just recently talked about and just talked about today is the overall General Surgery, because as you know, previously our previous indication for use included colorectal procedures, hernia and gallbladders; that was all part of General Surgery. So in addition with the new clearance that we received, it's a total of—addressable 2.7 million which includes the colorectal space that we previously had. That's what gets us to the 2.7 million number.

Frank Harris

Okay, great. Then, now that you have the clearance for General Surgery, could you break out the various procedures and annual opportunity for each that you added?

Anthony Fernando

I couldn't give you exact numbers right now. Maybe we can answer that offline, but I can tell you that the incremental procedures are more in the upper GI and bariatric space. Those are the procedures that were not originally included and with the most recent approval upper GI and bariatric cases were included. So we can follow-up with you and give you the exact numbers.

Frank Harris

Okay, perfect. Okay. Then, obviously since you just got the clearance last week, how are you thinking about the impact of increased interest from hospitals going forward and wanting to lease a system?

Anthony Fernando

I think we believe that the interest will definitely increase for two reasons. One, the bariatric procedures and reflux procedures have a high level of interest from patients and also from the surgeons to be able to use technology, and the reimbursement levels applicable are also in that same direction. For those reasons, we believe that the interest will be higher for these kinds of procedures.

Frank Harris

Okay. Then just two quick last ones, one being a follow-up to that one. How should we think about the pace at which General Surgery procedures should start to ramp up within current system placements within the U.S.? And then I have one other quick one after that.

Anthony Fernando

Currently, for the procedure mix for us in the U.S. it's, I would say, not to be very precise but probably majority of the procedures are in the General Surgery space in the U.S., and also gynecology. We believe that with this clearance, the General Surgery portion of procedures performed will definitely see a faster growth rate compared to the gynecology procedures in the U.S., with the new placements and even with current existing placements.

Frank Harris

Okay. That's helpful. Then I guess just to close out, obviously it's good to hear about the pediatrics and obviously you have a unique opportunity there with the 3-millimeter instrumentation. Could you just update us how you're thinking about the size of the pediatric market and the expectation for penetration going forward?

Anthony Fernando

Yes. Frank, again, primarily we have the pediatric approvals for Europe, so that's our primary market. We are now at two hospitals in Europe for pediatrics now. We are trying to work through that in Europe and collect some data on performance and also even in to see any breakthrough outcomes that we can find in some initial procedures. The market is not—I would say the market is not large, but even though it's a relatively smaller market, there is very little technology adoption and available technologies from a surgical point of view available to the pediatric space, and that are more tailor-made for the pediatric space.

The use of 3-millimeter instruments is relatively common in pediatrics, but what we offer is not just the 3-millimeter instruments. When you combine a 3-millimeter instrument with a 5-millimeter scope and add haptic feedback to that, it becomes a real powerhouse for the surgeons and that's why the surgeons—that has been the feedback we've gotten from surgeons is that combination. Three-millimeter instrument, 5-millimeter scope and the layer of haptic feedback, they are able to manipulate these instruments with ease and also gain good stability using the 3-millimeter instrument with less incision trauma to the patient.

That's really how we are building the value proposition there, and once we get more procedures completed in Europe, I think we'll be able to size up the opportunity much better.

Frank Harris

Great. Thanks so much.

Anthony Fernando

Thank you, Frank.

Operator

That concludes our question-and-answer session for today. I will now turn the call back to Anthony Fernando for closing remarks.

Anthony Fernando

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

Operator

That concludes today’s conference call. You may now disconnect your lines. Thank you for participating and have a pleasant day.