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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(Unaudited, U.S. Dollars, in thousands)				
Net loss	$ (34,248)	$ (14,713)	$ (35,130)	$ (30,127)
Adjustments				
Gain from sale of SurgiBot assets, net	37	—	(11,959)	—
Amortization of intangible assets	2,743	1,687	5,570	3,323
Change in fair value of contingent consideration	812	(774)	1,439	453
Change in fair value of warrant liabilities	17,507	2,326	15,678	2,326
Loss on extinguishment of debt	1,400	308	1,400	308
Adjusted net loss	$ (11,749)	$ (11,166)	$ (23,002)	$ (23,717)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Unaudited, per diluted share)	2018	2017	2018	2017
Net loss per share	$ (0.17)	$ (0.11)	$ (0.17)	$ (0.24)
Adjustments				
Gain from sale of SurgiBot assets	0.00	—	(0.06)	—
Amortization of intangible assets	0.01	0.02	0.03	0.03
Change in fair value of contingent consideration	0.00	(0.01)	0.00	0.00
Change in fair value of warrant liabilities	0.09	0.02	0.08	0.02
Loss on extinguishment of debt	0.01	0.00	0.01	0.00
Adjusted net loss per share	$ (0.06)	$ (0.08)	$ (0.11)	$ (0.19)

The non-GAAP financial measures for the three and six months ended June 30, 2018 and 2017 provide management with additional insight into its results of operations and are calculated using the following adjustments:

a) Gain from sale of SurgiBot assets relates to amounts received from Great Belief International Limited in excess of the carrying amount of the assets sold.
b) Intangible assets that are amortized consist of developed technology and purchased patent rights recorded at cost and amortized over 5 to 10 years.
c) 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.
d) The Company's Series A and 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 and changes in fair value are recognized in the consolidated statements of operations and comprehensive loss.
e) In May 2018 in connection with its entrance into the Hercules Loan Agreement, the Company repaid its existing loan and security agreement with Innovatus Life Sciences Lending Fund I, LP. The Company recognized a loss of $1.4 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 six months ended June 30, 2018. In May 2017 in connection with its entrance into the Innovatus Loan Agreement, the Company repaid its then-existing credit facility with Silicon Valley Bank and Oxford Finance LLC. The Company recognized a loss of $308,000 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 six months ended June 30, 2017.