

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

November 12, 2019  
Date of Report (date of earliest event reported)

TransEnterix, 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)

635 Davis Drive, Suite 300  
Morrisville, North Carolina 27560  
(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	TRXC	NYSE American

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

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition**

On November 12, 2019, TransEnterix, Inc., a Delaware corporation (the “Company”), issued a press release announcing its financial results for the third quarter ended September 30, 2019. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on November 12, 2019, 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 third quarter ended September 30, 2019. The Company had issued a press release on October 31, 2019 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2. A copy of the presentation materials of the conference call is furnished herewith as Exhibit 99.3.

The information included herein and in Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3 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) Exhibits.

<u>No.</u>	<u>Description</u>
<a href="#">99.1</a>	Press Release, dated November 12, 2019
<a href="#">99.2</a>	November 12, 2019 conference call transcript
<a href="#">99.3</a>	November 12, 2019 conference call presentation materials

**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.

**TransEnterix, Inc.**

Date: November 13, 2019

/s/ Anthony Fernando  
Anthony Fernando  
President and CEO

# TransEnterix, Inc. Reports Operating and Financial Results for the Third Quarter 2019

Tuesday, Nov 12, 2019 04:05pm

RESEARCH TRIANGLE PART, N.C. – (BUSINESS WIRE) -- TransEnterix, Inc. (NYSE American: TRXC), a medical device company that is digitizing the interface between the surgeon and the patient to improve minimally invasive surgery, today announced its operating and financial results for the third quarter of 2019 and provided a business update.

## Recent Highlights

- Anthony Fernando appointed President and CEO on November 8, 2019
- Total revenue of \$2.0 million in the third quarter of 2019
- Amended AutoLap Asset Sale terms, the Company now expects total of \$17 million
- Repaid Term Loan providing simplified balance sheet and financial flexibility
- Announced proposed reverse stock split to be voted upon at a Special Meeting of Stockholders

"I am enthusiastic to have the opportunity to lead TransEnterix and excited about the opportunity that lies ahead for the company. The Senhance System has a differentiated position in the surgical robotics market and we have assembled a great team to execute on this opportunity," said Anthony Fernando, President and CEO of TransEnterix. "In the near term, we are focused on taking the actions needed to implement changes in our commercial strategy that I believe will drive shareholder value."

## Commercial and Clinical Update

In the quarter ended September 30, 2019, the Company sold one Senhance<sup>®</sup> System in Asia, to an end user hospital.

## AutoLap Transaction Update

On October 15, 2019, the Company amended the previously-announced AutoLap Sale Agreement such that the purchase price for the AutoLap Assets of \$17 million is to be paid in installments of \$3 million, which was received on October 15, 2019, issuance of an irrevocable \$13 million letter of credit received by October 31, 2019, and \$1 million to be paid by December 15, 2019.

The letter of credit was issued as required, and as of the date of this press release, the Company believes that it has satisfied all requirements to release the letter of credit funds and has submitted the letter of credit for payment. The Company continues to anticipate receiving the final \$1 million payment by December 15, 2019.

## Repayment of Hercules Term Loan

On November 4, 2019, the Company entered into a payoff letter with Hercules Capital, Inc. pursuant to which the Company terminated the Hercules Loan Agreement, as amended. The Company determined it was in the best interests of the Company to pay down the debt and terminate the Hercules Agreement to simplify the Company's balance sheet and provide additional flexibility as the Board of Directors continues to explore strategic and financial alternatives for the Company. Under the payoff letter, the Company repaid all amounts owed under the Hercules Loan Agreement totaling approximately \$16.4 million, which included end of term fees of \$1.4 million, and Hercules released all security interests held on the assets of the Company and its subsidiaries, including, without limitation, on the intellectual property assets of the Company.

## Reverse Stock Split

The Company is expected to hold a Special Meeting of Stockholders on December 11, 2019, to authorize the Board of Directors to effect a reverse stock split of the Company's common stock. The reverse stock split proposal includes a proposed range between 1-for-10 and 1-for-40 shares of outstanding common stock. The final ratio will be determined by TransEnterix's Board of Directors after stockholder approval. In addition, if the reverse stock split selected is in the range of 1-for-20 to 1-for-30, the authorized common stock would be reduced to 500,000,000 shares, and if the range selected is greater than 1-for-30, the authorized common stock would be reduced to 250,000,000 shares.

## Third Quarter Financial Highlights

For the three months ended September 30, 2019, the Company reported revenue of \$2.0 million as compared to revenue of \$5.4 million in the three months ended September 30, 2018. Revenue in the third quarter of 2019 included \$1.3 million in system sales, \$373 thousand in instruments and accessories, and \$374 thousand in services.

For the three months ended September 30, 2019, total net operating expenses were \$96.4 million, as compared to \$13.1 million in the three months ended September 30, 2018. During the three months ended September 30, 2019, the Company recorded a goodwill impairment charge of \$79.0 million and an in-process research and development impairment charge of \$7.9 million. No impairment charges were recorded during the three months ended September 30, 2018.

For the three months ended September 30, 2019, net loss was \$97.8 million, or \$0.43 per basic share, as compared to a net loss of \$20.2 million, or \$0.10 per basic share, in the three months ended September 30, 2018. Net loss and net loss per share are GAAP measures.

For the three months ended September 30, 2019, adjusted net loss was \$20.6 million, or \$0.09 per basic share, as compared to an adjusted net loss of \$12.7 million, or \$0.06 per basic share in the three months ended September 30, 2018, after adjusting for the following charges: goodwill and intangible assets impairment, change in fair value of contingent consideration, amortization of intangible assets, change in fair value of warrant liabilities, acquisition-related costs, reversal of transfer fee accrual and the loss (gain) on the sale of the SurgiBot assets. Adjusted net loss is a non-GAAP measure. See the reconciliation to GAAP below.

The Company had cash and cash equivalents and restricted cash of approximately \$22.8 million as of September 30, 2019. The Company believes that existing cash and the expected proceeds from the AutoLap transaction are sufficient to support the business into early 2020.

## Conference Call

TransEnterix, Inc. will host a conference call on Tuesday, November 12, 2019, at 4:30 p.m. ET to discuss its third quarter 2019 operating and financial results. To listen to the conference call on your telephone, please dial (844) 804-5261 for domestic callers or (612) 979-9885 for international callers and reference conference ID 5398297 approximately ten minutes prior to the start time. To access the live audio webcast or archived recording, use the following link. The presentation materials for the conference call will be available for download at <http://ir.transenterix.com/events.cfm>. The replay will be available on the Company's website.

## About TransEnterix

TransEnterix is a medical device company that is digitizing the interface between the surgeon and the patient to improve minimally invasive surgery by addressing the clinical and economic challenges associated with current laparoscopic and robotic options in today's value-based healthcare environment. The Company is focused on the commercialization of the Senhance<sup>®</sup> Surgical System, which digitizes laparoscopic minimally invasive surgery. The system allows for

robotic precision, haptic feedback, surgeon camera control via eye sensing and improved ergonomics while offering responsible economics. The Senhance Surgical System is available for sale in the US, the EU, and select other countries. For more information, visit [www.transenterix.com](#).

## Use of Non-GAAP Measures

The adjusted net loss and adjusted net loss per share presented in this press release are non-GAAP measures. The adjustments relate to the change in fair value of warrant liabilities, amortization of intangible assets, change in fair value of contingent consideration, acquisition-related costs, loss on extinguishment of debt, goodwill and intangible assets impairment, reversal of transfer fee accrual and the loss (gain) on the sale of the SurgiBot assets. 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 repayment of the Company's debt and future corporate plans. 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 taking the actions needed to implement the Company's commercial strategy will drive shareholder value, whether the Company will receive the cash under the issued irrevocable letter of credit in November 2019 and the \$1 million payment by December 15, 2019, whether the reverse stock split proposal will be presented to stockholders for approval, whether the reverse stock split proposal will be approved by the Company's stockholders at a special meeting, and whether the reverse stock split, if implemented, will have the desired impact on the company's stock price, and whether TransEnterix has sufficient cash and expected proceeds from the AutoLap transaction to support the business into early 2020. For a discussion of the risks and uncertainties associated with TransEnterix'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, 2018, filed with the SEC on February 27, 2019 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.

**TransEnterix, Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
(in thousands except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Revenue	\$ 2,024	\$ 5,422	\$ 7,844	\$ 16,578
Cost of revenue	3,446	4,249	9,849	10,536
Gross (loss) profit	(1,422)	1,173	(2,005)	6,042
Operating Expenses (Income)				
Research and development	5,884	4,838	17,834	15,384
Sales and marketing	6,883	5,819	22,425	17,835
General and administrative	5,908	3,686	14,959	9,989
Amortization of intangible assets	2,558	2,674	7,754	8,244
Change in fair value of contingent consideration	(11,647)	(1,358)	(9,689)	81
Acquisition related costs	(40)	345	5	345
Goodwill impairment	78,969	—	78,969	—
Intangible assets impairment	7,912	—	7,912	—
Loss (gain) from sale of SurgiBot assets, net	—	44	97	(11,915)
Reversal of transfer fee accrual	—	(2,994)	—	(2,994)
Total Operating Expenses	96,427	13,054	140,266	36,969
Operating Loss	(97,849)	(11,881)	(142,271)	(30,927)
Other Income (Expense)				
Change in fair value of warrant liabilities	614	(8,760)	3,036	(24,438)
Interest income	63	391	559	982
Interest expense	(1,230)	(685)	(3,407)	(3,398)
Other expense	(439)	(52)	(935)	(109)
Total Other Income (Expense), net	(992)	(9,106)	(747)	(26,963)
Loss before income taxes	\$ (98,841)	\$ (20,987)	\$ (143,018)	\$ (57,890)
Income tax benefit	1,070	781	2,549	2,554
Net loss	\$ (97,771)	\$ (20,206)	\$ (140,469)	\$ (55,336)
Comprehensive loss				
Foreign currency translation loss	(3,670)	(561)	(4,379)	(2,651)
Comprehensive loss	\$ (101,441)	\$ (20,767)	\$ (144,848)	\$ (57,987)
Net loss per common share:				
Basic	\$ (0.43)	\$ (0.10)	\$ (0.64)	\$ (0.27)
Diluted	\$ (0.43)	\$ (0.10)	\$ (0.64)	\$ (0.27)
Weighted average number of shares used in computing net loss per common share:				
Basic	229,178	209,088	221,193	204,531
Diluted	230,634	209,088	223,705	204,531

**TransEnterix, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except share amounts)

	September 30,	December 31,
	2019	2018
	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 22,106	\$ 21,061
Short-term investments	—	51,790

Accounts receivable, net	2,352	8,560
Inventories	13,657	10,941
Interest receivable	22	26
Other current assets	8,762	9,205
<b>Total Current Assets</b>	<b>46,899</b>	<b>101,583</b>
Restricted cash	698	590
Inventories, net of current portion	9,336	—
Property and equipment, net	5,428	6,337
Intellectual property, net	30,289	39,716
In-process research and development	2,400	10,747
Goodwill	—	80,131
Other long term assets	2,584	203
<b>Total Assets</b>	<b>\$ 97,634</b>	<b>\$ 239,307</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,403	\$ 4,433
Accrued expenses	8,094	9,619
Deferred revenue – current portion	884	1,733
Contingent consideration – current portion	71	72
Deferred consideration – MST Acquisition	—	5,962
<b>Total Current Liabilities</b>	<b>12,452</b>	<b>21,819</b>
<b>Long Term Liabilities</b>		
Deferred revenue – less current portion	46	109
Contingent consideration – less current portion	877	10,565
Notes payable - net of debt discount	15,343	28,937
Warrant liabilities	1,600	4,636
Net deferred tax liabilities	1,960	4,720
Other long term liabilities	1,590	—
<b>Total Liabilities</b>	<b>33,868</b>	<b>70,786</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity</b>		
Common stock \$0.001 par value, 750,000,000 shares authorized at September 30, 2019 and December 31, 2018; 255,652,460 and 216,345,984 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	255	216
Additional paid-in capital	716,420	676,373
Accumulated deficit	(649,868 )	(509,406 )
Accumulated other comprehensive (loss) income	(3,041 )	1,338
<b>Total Stockholders' Equity</b>	<b>63,766</b>	<b>168,521</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 97,634</b>	<b>\$ 239,307</b>

**TransEnterix, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)  
(Unaudited)

	Nine Months Ended	
	September 30,	
	2019	2018
<b>Operating Activities</b>		
Net loss	\$ (140,469 )	\$ (55,336 )
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Loss (gain) from sale of SurgiBot assets, net	97	(11,915 )
Goodwill and intangible assets impairment	86,881	—
Depreciation	1,651	1,876
Amortization of intangible assets	7,754	8,244
Amortization of debt discount and debt issuance costs	1,437	575
Amortization of short-term investment discount	(328 )	(51 )
Interest expense on deferred consideration – MST acquisition	762	—
Stock-based compensation	9,727	6,694
Deferred tax benefit	(2,549 )	(2,572 )
Bad debt expense	1,630	—
Write down of inventory	761	—
Change in fair value of warrant liabilities	(3,036 )	24,438
Change in fair value of contingent consideration	(9,689 )	81
Loss on extinguishment of debt	—	1,400
Recovery of transfer fee	—	(2,994 )
Changes in operating assets and liabilities:		
Accounts receivable	4,313	(4,262 )
Interest receivable	3	28
Inventories	(14,141 )	(1,276 )
Other current and long term assets	(2,313 )	27
Accounts payable	(914 )	(903 )
Accrued expenses	(1,439 )	(56 )
Deferred revenue	(867 )	361
Other long term liabilities	1,613	—
<b>Net cash and cash equivalents used in operating activities</b>	<b>(59,116 )</b>	<b>(35,641 )</b>
<b>Investing Activities</b>		
Purchase of short-term investments	(12,883 )	(39,619 )
Proceeds from maturities of short-term investments	65,000	—
Proceeds related to sale of SurgiBot assets, net	—	4,496
Purchase of property and equipment	(392 )	(490 )
Proceeds from sale of property and equipment	—	32
<b>Net cash and cash equivalents provided by (used in) investing activities</b>	<b>51,725</b>	<b>(35,581 )</b>
<b>Financing Activities</b>		
Payment of note payable	(15,000 )	(15,305 )
Proceeds from issuance of debt and warrants, net of issuance costs	(30 )	18,828
Payment of contingent consideration	—	(395 )
Proceeds from issuance of common stock and warrants, net of issuance costs	23,725	279

Taxes paid related to net share settlement of vesting of restricted stock units	(499 )	(1,662 )
Proceeds from issuance of common stock related to sale of SurgiBot assets	—	3,000
Proceeds from exercise of stock options and warrants	539	11,396
Net cash and cash equivalents provided by financing activities	8,735	16,141
Effect of exchange rate changes on cash and cash equivalents	(191 )	(114 )
Net increase (decrease) in cash, cash equivalents and restricted cash	1,153	(55,195 )
Cash, cash equivalents and restricted cash, beginning of period	21,651	97,606
Cash, cash equivalents and restricted cash, end of period	\$ 22,804	\$ 42,411
Supplemental Disclosure for Cash Flow Information		
Interest paid	\$ 2,073	\$ 1,135
Supplemental Schedule of Noncash Investing and Financing Activities		
Transfer of inventories to property and equipment	\$ 478	\$ 2,160
Transfer of property and equipment to inventory	\$ —	\$ 648
Reclass of warrant liability to common stock and additional paid-in capital	\$ —	\$ 23,485
Cashless exercise of warrants	\$ —	\$ 4,272
Issuance of common stock – MST acquisition	\$ 6,600	\$ —

**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 September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Unaudited, U.S. Dollars, in thousands)				
<b>Net loss (GAAP)</b>	\$ (97,771)	\$ (20,206)	\$ (140,469)	\$ (55,336)
<b>Adjustments</b>				
Loss (gain) from sale of SurgiBot assets, net	—	44	97	(11,915)
Amortization of intangible assets	2,558	2,674	7,754	8,244
Change in fair value of contingent consideration	(11,647)	(1,358)	(9,689)	81
Acquisition related costs	(40)	345	5	345
Goodwill impairment	78,969	—	78,969	—
Intangible assets impairment	7,912	—	7,912	—
Reversal of transfer fee accrual	—	(2,994)	—	(2,994)
Change in fair value of warrant liabilities	(614)	8,760	(3,036)	24,438
Loss on extinguishment of debt	—	—	—	1,400
<b>Adjusted net loss (Non-GAAP)</b>	\$ (20,633)	\$ (12,735)	\$ (58,457)	\$ (35,737)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Unaudited, per basic share)				
<b>Net loss per share (GAAP)</b>	\$ (0.430)	\$ (0.100)	\$ (0.640)	\$ (0.270)
<b>Adjustments</b>				
Loss (gain) from sale of SurgiBot assets, net	—	0.00	0.00	(0.060)
Amortization of intangible assets	0.01	0.01	0.03	0.04
Change in fair value of contingent consideration	(0.050)	0.000	(0.040)	0.00
Acquisition related costs	0.000	0.00	0.00	0.00
Goodwill impairment	0.34	—	0.36	—
Intangible assets impairment	0.04	—	0.04	—
Reversal of transfer fee accrual	—	(0.010)	—	(0.010)
Change in fair value of warrant liabilities	0.000	0.04	(0.010)	0.12
Loss on extinguishment of debt	—	—	—	0.01
<b>Adjusted net loss per share (Non-GAAP)</b>	\$ (0.090)	\$ (0.060)	\$ (0.260)	\$ (0.170)

The non-GAAP financial measures for the three and nine months ended September 30, 2019 and 2018 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) 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. Loss from sale of SurgiBot assets relates to additional outside service costs to transfer the assets.
- 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) Acquisition related costs were incurred in connection with the MST purchase agreement and consist of legal, accounting, and other costs.
- e) As of September 30, 2019, goodwill was deemed to be fully impaired, and the Company recorded an impairment charge of \$79.0 million. As of September 30, 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 nine months ended September 30, 2018.
- f) In connection with the Senhance acquisition, the Company recorded an accrual in 2015 for potential assessment of additional transfer fees. In September 2018, the Company determined that the accrual was no longer required and reversed the accrual.

g) 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.

h) 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 nine months ended September 30, 2018.

TransEnterix, Inc.

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or

Media Contact:

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## **Exhibit 99.2**

### **TransEnterix, Inc. 2019 Q3 Script – November 12, 2019**

[Operator Instructions] Good afternoon and welcome to the TransEnterix Third Quarter 2019 Business Update conference call. As a reminder, today's call is being webcast live and recorded.

I would now like to introduce your host, Mr. Mark Klausner of Westwicke. Please go ahead sir.

#### **SLIDE 2 (Speakers on Today's Call)**

##### **Mark Klausner**

Thanks Operator. Good afternoon everyone and thank you for joining us on today's call. On the call with me today are Paul LaViolette, Chairman of the Board of Directors, Anthony Fernando, President and Chief Executive Officer, and Joe Slattery, Executive Vice President and Chief Financial Officer.

As a reminder, this call is being webcast live and recorded, and we will be referencing a slide presentation in conjunction with our remarks. Because there is a short delay between the live telephone audio and the presentation being shown on the webcast, for the best experience, use either the webcast for both the audio and video content or if you dialed in on the telephone download the slides from our website and advance them yourself. To access the webcast, please visit the Events section of the IR section of our website [transenterix.com](http://transenterix.com) and a replay of the event will be available following the call.

#### **SLIDE 3 (Forward Looking Statements)**

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. The company undertakes no obligation to update the information provided on this call. For a discussion of risks and uncertainties associated with TransEnterix business, I encourage you to review the company's filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2018 filed on February 27, 2019 and the Form 10-Q for the quarter ended September 30, 2019 expected to be filed today and the other filings we make with the SEC.

During this call, we will also present certain non-GAAP financial information related to adjusted net loss and adjusted earnings per share. 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 introduce TransEnterix's Chairman of the Board of Directors, Paul LaViolette.

##### **Paul LaViolette**

#### **SLIDE 4**

Thanks Mark. I am joining the call today to discuss our recent CEO transition and share the Board's perspective on the Company.

- I'd like to begin by thanking Todd Pope for his 10+ years as President and CEO of TransEnterix. Under his guidance, we acquired and advanced the Senhance System, received multiple regulatory approvals and clearances, including US FDA and Japan clearances, and commercially launched in key markets around the world.
- Todd helped build a very solid foundation from which we will continue to grow the business.
- As Anthony will share with you in a minute, despite our slower than anticipated commercial ramp and the need for additional capital, the company has never been in a better place operationally.
  - We have regulatory clearances in three key geographies
  - The Senhance system is performing consistently well for surgeons supporting strong clinical outcomes. And
  - We have an increasing number of "foundational" sites performing a significant and growing number of surgeries with multiple surgeons across multiple specialties. And,
  - We have continued to expand the indications for use of the Senhance, to add high value instruments and have a line of sight to adding augmented intelligence features to the Senhance system in 2020
- While many of you may not have met Anthony, the Board and I have had significant exposure to him since he joined the Company. He is an exceptional individual, has been instrumental in many of our most significant achievements and we are continually impressed by his leadership and management skills.
- Prior to joining TransEnterix, Anthony had over 15 years of experience driving global business growth through innovation at Stryker, Becton Dickinson and Varian.
- Since he has been here, he has had great success in driving our operational execution including:
  - The creation of our vision for digital laparoscopy
  - The advancement of the Senhance platform and instrument portfolio
  - Expanding our regulatory clearances in multiple markets around the world
  - Leading the acquisition of assets from MST, which will enable augmented intelligence capabilities on the Senhance, and
  - He has been intimately involved in our early commercial success in Asia.
- I speak for the entire board in sharing our complete confidence in Anthony's ability to lead the Company forward.
- Before I turn the call over to Anthony, I would like to comment on two other topics:
- First, our previously announced exploration of strategic and financing alternatives to maximize shareholder value: This process is ongoing and the CEO transition will not impact those activities. We do not intend to provide further updates until there is something to announce.
- Second, our CFO transition. As we previously announced, Joe Slattery is retiring effective December 31st. We are engaged in a search process for Joe's replacement and would hope to have this new executive on board prior to Joe's departure.
- With that, it's my pleasure to introduce Anthony Fernando, President and Chief Executive Officer of Transenterix.

##### **Anthony Fernando**

#### **SLIDE 5**

Thanks Paul

#### **SLIDE 6 (Agenda)**

- I am excited to accept the role of President and CEO and am enthusiastic about leading TransEnterix going forward.
- While I believe that we have put many of the pieces in place to deliver on the promise of digital laparoscopy with the Senhance, I recognize that we have more work to do on this front, and am mindful of the near-term challenges that lie ahead of us as we seek to drive market acceptance of our platform.
- After Joe provides a financial update, I will share my assessment of where we stand as a company as well as our plans for the future.
- I would note that given the substantial volume of our commentary today we will not be taking Q&A at the conclusion of the remarks.
- With that, I would like to hand the call over to Joe. Joe?

##### **Joseph Slattery**

#### **SLIDE 7 (3Q19 Financial Review)**

Thanks, Anthony. For the three months ended September 30, 2019, the company reported revenue of \$2.0 million as compared to revenue of \$5.4 million in the three months ended September 30, 2018. The company sold one system in Taiwan in the third quarter of 2019, as compared to four systems in the prior-year period.

Revenue related to system sales totaled \$1.3 million in the third quarter, as compared to \$4.3 million in the prior year period. Instruments and accessories revenue in the third quarter was \$373,000, as compared to \$867,000 in the prior year period. Services revenue increased to \$374,000 in the third quarter, as compared to \$237,000 for the comparable prior-year period.

Gross margin for the second quarter was negative 70% due to fixed and variable costs in excess of revenues, driven by overall low sales relative to our manufacturing and distribution costs and overhead.

R&D expenses in the quarter increased to approximately \$5.9 million as compared to the prior-year period at \$4.8 million due primarily to increased personnel and supplies costs. Sales and marketing expenses in the quarter increased to \$6.9 million from \$5.8 million in the prior-year period due primarily to increased personnel and travel related costs. General and administrative expenses in the quarter increased to approximately \$5.9 million from approximately \$3.7 million in the prior-year period, due primarily to increased headcount and consulting services.

We also wrote down our intangible assets, due to the decline in our market cap, resulting in an \$86.9 million non-cash charge during the quarter.

GAAP net loss for the quarter was \$97.8 million or \$0.43 per share compared to a GAAP net loss of \$20.2 million or \$0.10 per share in the prior-year period. For the three months ended September 30, 2019, adjusted net loss was \$20.6 million or \$0.09 per share as compared to an adjusted net loss of \$12.7 million or \$0.06 per share in the three months ended September 30, 2018, after adjusting for acquisition-related costs and the gain/loss on the sale of the SurgiBot assets, as well as non-cash charges for the change in fair value of warrant liabilities, amortization of intangible assets, change in fair value of contingent consideration, and goodwill and intangible assets impairment. Adjusted net loss is a non-GAAP financial measure that we believe allows a clearer picture of period-over-period comparisons. A reconciliation of GAAP to non-GAAP financial measures is included in today's press release and available on our website.

During the quarter, we raised \$18.8 million in gross proceeds through a firm commitment offering of stock, and also raised \$5.1 million in gross proceeds from our at-the-market offering facility.

On October 15, 2019, we amended the AutoLap Sale Agreement and received the first \$3 million payment at that time. As provided for under the agreement, we also received an irrevocable letter of credit for \$13 million and we expect to receive these funds in the coming days. The final payment of \$1 million is due on December 15, 2019.

Cash on hand as of September 30 was \$22.1 million. We estimate that our existing cash, together with the proceeds from the AutoLap product sale transaction, will support the business into early-2020.

As part of the previously discussed strategic alternatives, we recently undertook the following actions:

First, we implemented a restructuring plan to reduce overall cash burn. These efforts resulted in a reduction in force of 39 employees, or 18%, of total global headcount. These reductions in force were primarily focused in our field sales organizations, as we are shifting our investments toward more market development activities, which Anthony will expand on later in the call.

We also paid off our debt last week, totalling \$16.4 million, in order to simplify our balance sheet and provide additional flexibility as we continue to explore strategic and financial alternatives.

Finally, we announced plans for a reverse stock split, which we believe will position us better both in front of customers as well as increase the attractiveness of our stock to institutional investors. The proposed reverse stock split is planned to be submitted to stockholders for approval at a Special Meeting of Stockholders anticipated to be held on December 11, 2019, to authorize the Board of Directors to effect a reverse stock split of the Company's common stock.

Now I'll turn the call back over to Anthony.

#### **Anthony Fernando**

#### **SLIDE 8 (Business Update Transition)**

- Thanks Joe.
- Stepping into the role of CEO, after having been a part of the company for a number of years, I have a very good understanding of the business and a vision for what we can be going forward.
- My prior experience here at TransEnterix has allowed me to objectively diagnose the situation and immediately take action to address our current challenges and implement changes in commercial strategy that I believe will set us up for success.

#### **SLIDE 9 (Business Update Framework)**

- Turning to Slide 9
- I would like to present these views as follows:
  - **First**, what we know about Senhance and its capabilities as well as the market and the commercial landscape
  - **Second**, what we have learned over the last few years about our commercialization strategy, our product offering, and global market dynamics
  - **And third**, what do we still need to do to be successful, and our plans to execute on these initiatives.

#### **SLIDE 10 (What we Know: Product - Competitive Landscape)**

- Starting with what we know.

#### **SLIDE 11 (What we Know: Product - Competitive Landscape)**

- Turning to Slide 11
- At the highest level, we are the only company with a strategy that is focused exclusively on converting laparoscopic surgery to robotics. To execute on this strategy, our system was designed to maintain the benefits of laparoscopy, provide a robotic experience that is naturally comfortable to laparoscopists, and enhance the laparoscopic surgical experience through enabling technologies unique to our platform. This combination of strategy and product offering allows us to target hospitals, surgeons, and procedures that are not economically viable for other robotic approaches, either on the market today or in development.
- Our instruments are based on maintaining and advancing minimally invasive standards - they are 5mm and 3mm in diameter, and they are fully reusable. This allows us to convert laparoscopy to robotic surgery without increasing incision size, and doing so at a procedure cost that is comparable to laparoscopy. These economics open up a large number of procedures to robotic assistance and will help expand the market. This is a critical part of the Senhance value proposition and, to the best of our knowledge, no other company is approaching the market in this way.
- Our system is controlled by the surgeon using the same hand movements they utilize in laparoscopy. This provides an opportunity for a very short learning curve. Our system also provides the surgeon with haptic feedback, which they are accustomed to experiencing in laparoscopic surgery. No other robotic company's architecture offers these solutions.
- And, we bring to laparoscopists important improvements in their surgical experience - image and instrumentation stability and control that can only be achieved through advanced robotics, and an ergonomic experience that can improve surgeon quality of life and patient care. We also have a vision for where we can take our technology to continue to enhance the surgical experience that we call "digital laparoscopy."
- Together with many industry experts, we believe that the majority of surgery in the coming decade will have some form of robotic assistance. In order for this to be realized, differentiated technologies will have to be adopted to address the broad array of needs across surgeons, procedures, and care settings. Therefore, we believe that our focus on laparoscopy, and Senhance's capability to address and enhance the demands of laparoscopists, positions us uniquely to participate in the continuing market expansion of robotic surgery.
- We also know how challenging it is to develop a robotics platform that can perform surgery safely and reproducibly, and to navigate the global regulatory landscape. With no other company focused on digitizing laparoscopy, and with our regulatory clearances behind us, as well as our meaningful clinical experience, we believe that we have a strong head start to realize this potential.

#### **SLIDE 12 (WHAT WE KNOW: LAPAROSCOPIC MARKET IS LARGE WITH LIMITED ROBOTIC PENETRATION TODAY)**

- Turning to slide 12, while the current robotic market is relatively large and has been growing nicely, it has been primarily focused on converting open surgeries to robotics. The laparoscopic market is sizeable and yet has limited robotic penetration. This penetration has been limited primarily by high procedure costs, longer procedure times, and the requirement to use larger instruments than traditional laparoscopy. We believe that Senhance uniquely addresses all these challenges. As a result, we have the ability to materially expand the number of robotic assisted procedures by capturing a share of laparoscopic procedures that current robotic offerings cannot economically serve.

#### **SLIDE 13 (WHAT WE KNOW: SENHANCE DEMONSTRATING STRONG CLINICAL PERFORMANCE ACROSS THE GLOBE)**

- Turning to slide 13
- On the left, you can see that we have performed thousands of procedures, with a strong uptick thus far in 2019. In fact, we performed about 30% more procedures in the first 10 months of 2019 than in 2017 and 2018 combined.
- And, on the right, you can see that the Senhance is demonstrating broad applicability across multiple surgical specialties, including general surgery, gynecology and urology.

- This deep clinical experience across a wide variety of surgical specialties shows that the Senhance has the potential to convert traditional laparoscopic procedures to digital laparoscopy.

#### **SLIDE 14 (WHAT WE KNOW: SENHANCE VALUE DEMONSTRATED IN MULTIPLE CUSTOMER SETTINGS)**

- Turning to slide 14
- To conclude the topic of "what we know," we know that there is a strong value proposition for Senhance that is validated by several customer sites that are conducting surgery at high monthly rates. These customers also demonstrate the diversity of the system, with numerous surgeons representing several surgical specialties. We refer to these seven sites as "Foundational" because they clearly demonstrate our value proposition - with Senhance, customers can achieve high procedure volume by engaging many surgeons and specialties within the hospital, and do so economically.
- Importantly, almost half of these customers began performing surgery with the Senhance this year. From this, we also know that we are capable of implementing a Senhance program that allows our customers to ramp up procedure volume quickly, which speaks to the ease of training, versatility of our platform, and short learning curve.
- I would also point out that these seven customer sites represent under 30% of our active installed base. While we are very pleased with the performance of these sites, the fact that they represent a modest percentage of our installed base has impacted our commercial adoption, which I will discuss when I talk about our learnings and action plans going forward.

#### **SLIDE 15 (What we Have Learned: Transition)**

Turning to Slide 15, I would like to discuss "what we have learned." Based on our significant market opportunity, the increasing evidence that Senhance is performing well in surgery, and our unique value proposition to hospitals, it is a fair question to ask - why have we not converted this seemingly strong position into more commercial sales and growing revenues? Here is my assessment.

#### **SLIDE 16 (What we Have Learned: Commercialization / Product / Market Dynamics)**

- Turning to Slide 16
- First, we focused a significant amount of our resources on a high-cost capital sales force prematurely.
  - Based on our emphasis on delivering a rapid sales ramp, we moved too quickly to launch the system, without a typical pre-commercial limited market release phase that includes controlling the use of the system to a small number of users to gain feedback, make improvements, build awareness and demonstrate a strong value proposition.
  - So we learned these lessons in the market, with customers who paid for a system that was not 100% ready for prime time. Some of these learning curve challenges created negative dynamics in the market that we had to react to rather than address up-front.
  - Many of these early challenges required minor software updates, which we have been able to implement and we now have a system that, from a performance standpoint, is ready for prime time.
- Second, launching without a full complement of instruments presented a barrier to early adoption
  - In particular, the lack of advanced energy was a major limitation to system acceptance. We have addressed this by launching our advanced energy instrument early this year.
  - We also spoke of our capability to allow hospitals to use third party vision systems of their choice, but it wasn't until earlier this year that we were able to provide compatibility with most of the market-leading vision systems now on the market.
  - While a significant number of procedures can be done without articulating devices, the lack of articulation has also occasionally created a barrier to sales. As I will discuss shortly, we have a pathway to adding articulation in Europe in 2020 and in the US after regulatory clearance.
- Third, as a result of our focus on prioritizing sales growth over building a user base that helps us demonstrate a strong value proposition, a meaningful portion of our installed base is not realizing the full potential of what Senhance has to offer. While these sites are satisfied with their purchase, we can't currently leverage them to tell a story that compels others to follow. Without consistently successful surgical experiences across the majority of our installed base, our sales team lacked the support of an enthusiastic user base and publications to bolster their selling efforts.
- The final point I'll make on this topic is that, although we have made strong progress on many fronts in 2019 thus far, our sales effectiveness was significantly hampered by our financial condition and the optics of our stock price. The growth in sales that we had expected in the back half of this year has not materialized primarily due to these concerns. As you heard from Paul and Joe's remarks, we are undertaking a number of steps to address these concerns.

#### **SLIDE 17 (What we Still Need to Do: Transition)**

- Now that we have established where we are and what we have learned, I'm going to discuss "what we still need to do" to put these lessons to work and drive results to create value for shareholders. There are three areas of emphasis that I will be speaking about, Market Development, Clinical validation and portfolio expansion.

#### **SLIDE 18 (What we Still Need to Do: (Market Development)**

- Turning to Slide 18, the first area of emphasis is market development.
- One of the most important areas of focus for us in the near term is to create more proof points in the marketplace to increase the visibility of the success that our customers are having with the Senhance.
  - First, we need to focus on evolving our existing emerging sites into foundational sites by increasing the consistent utilization of the system, increasing the number of surgeons using the system, and expanding into additional specialties
  - Second, we need to implement new Senhance Programs at strategic sites in each of our focus regions - the US, Europe and Japan
  - Third, we need to increase the number of surgeons who will speak about their positive experience with Senhance and formalize our speaker program
  - Lastly, we will drive expanded clinical data and speaker programs on the use of the technology through multiple channels & peer to peer events

#### **SLIDE 19 (What we Still Need to Do: Clinical Utilization)**

- Turning to Slide 19, the second area of emphasis is the development of clinical evidence.
- While we have seen many of the Senhance value propositions become reality in the field, especially at our foundational sites, it is critical that we continue to expand real-world evidence of our ability to support these beliefs.
  - One of our key value propositions, driven by our reusable instrument strategy, is the ability to maintain procedure costs that are similar to laparoscopy and therefore significantly lower than other robotics platforms. We have current users collecting this data and would expect this to be published in the coming months, while we work with additional users to continue to expand the evidence of our low procedure cost
  - We also have seen existing customers implement Senhance programs while maintaining OR efficiency - particularly in terms of case times and learning curves. We expect to continue to expand the amount of published data around this topic going forward
  - Laparoscopic surgeons are also deeply concerned about physical and cognitive fatigue, both in terms of the impact it can have on surgical performance as well as in the quality of life and longevity of the surgeons career.
  - Finally, we already know that reducing incision sizes improves clinical outcomes, and with our robotically-enabled 3 mm instruments, we are in a strong position to build clinical data that demonstrates that the use of 3mm instruments on the Senhance will improve clinical outcomes.
  - All of these themes align extremely well with the challenges that hospitals are facing today, and by deliberately collecting evidence on these fronts, we will increase our ability to grow sales in the future.

#### **SLIDE 20 (What we Still Need to Do: Portfolio Expansion)**

- Turning to Slide 20
- The last area of emphasis to discuss today should be familiar to those of you who have followed the company. Today, we have a robotic platform with market-leading technologies such as haptic feedback, eye tracking camera control and 3 mm instruments, to name a few. We must continue to innovate by expanding our instrument offerings, procedure indications, and offering differentiated technologies.
- The limited launch of our 5mm articulating instruments in Europe is ongoing and, once complete, we expect to launch these instruments in Europe, and subsequently work toward regulatory approvals in our other key geographies.
- We also have ongoing programs to expand our regulatory indications, ranging from data gathering in general surgery and bariatrics to expand FDA labeling, as well as obtaining a CE Mark

for pediatric use of the Senhance.

- Finally, we have been discussing our initiatives in digitizing surgery for about a year, and the surgeon enthusiasm for these technologies is very strong. We have been demonstrating pre-production units of this additional market-leading technology, and continue to expect to submit this with the FDA in the coming months. This regulatory timeline should position us for a launch of these technologies in the US in mid-2020, which should be timed very nicely to align with significant progress on our clinical utilization and data gathering efforts.

#### **SLIDE 21**

- On Slide 21, Let me quickly wrap up before I shift to discuss the progress you should expect to see from us in 2020.
- In terms of what we know,
  - Although much of it was not visible outside of the company, we made significant progress in 2019 that has positioned us well for 2020.
  - The Senhance system is being used at multiple sites where surgeons are routinely performing good surgery consistently.
  - We are starting to see evidence in the market that Senhance's unique value proposition can be a complementary addition to a hospital's robotics program, allowing them to continue to bring robotics to more patients with a responsible economic approach.
- We have learned that we need to refine our approach to the market and ensure that we have put the pieces in place to make reinvesting in our commercial infrastructure prudent.
- As a result, our key areas of focus in 2020 will be on market development activities, expanding the clinical and economic evidence supporting Senhance and adding important new features, such as augmented intelligence and scene cognition to the system and expanding our indications for use. While we will continue to sell commercial systems, as Joe noted, we have shifted resources away from our commercial infrastructure in favor of a smaller, more targeted sales force and focused the remainder of our resources on achieving these goals.

#### **SLIDE 22 (Transition to Outline and Expectations)**

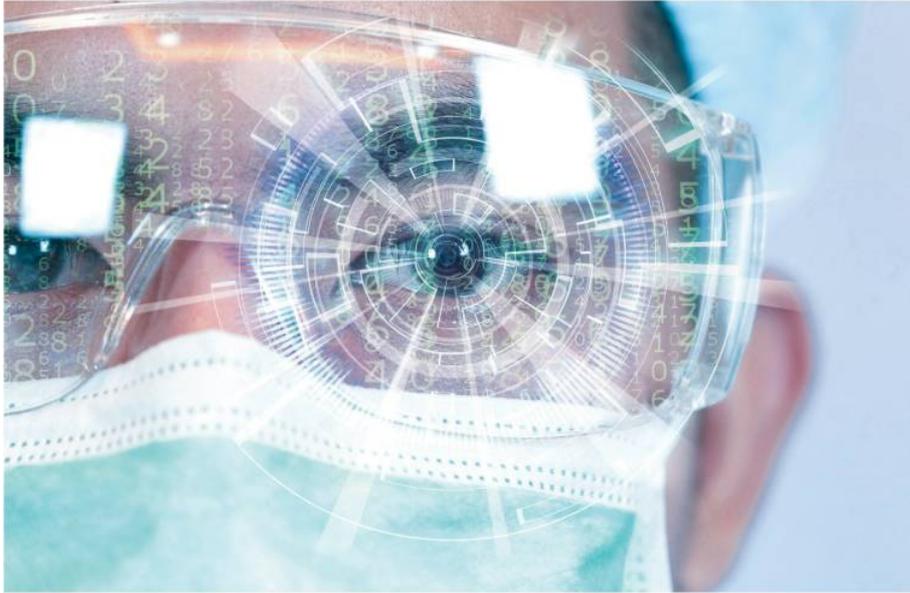
- So, what should you expect to see from us by the end of 2020?

#### **SLIDE 23 (Outlook and Expectations)**

- Moving to Slide 23
- We expect to make significant progress in 2020 as we continue to build out our leadership in the Digital Laparoscopy category.
- We will expand the number of sites using Senhance. To do this, we will prioritize adding new customers that meet specific criteria and support our strategic objectives over near term revenue recognition. In parallel, we will be working to convert "emerging" sites into "foundational" sites -- those that are on a rate to perform 100+ cases annually with multiple surgeons or specialties.
- By adding new sites and growing cases at existing sites, we expect to double the number of clinical cases.
- We intend to increase the number of surgeon advocates to help cascade our key messages through a broad array of impactful peer to peer Senhance events.
- On the clinical front we expect that we will generate meaningful evidence that supports each of our key value propositions.
- In terms of portfolio expansion, we expect to have launched the scene cognition and augmented intelligence module by mid-2020. In addition, we expect to achieve general surgery and bariatric indications in the US to match what we have in the EU and expect that we will also get a pediatric indication in the EU.
- In summary, by the end of next year, we believe that we will have put the foundational pieces in place to support prudently reinvesting to expand our commercial infrastructure.

#### **SLIDE 24 (Closing Remarks)**

- Thank you all for taking the time to join us today.
- I hope we have conveyed to you the progress we have made in 2019, the strong foundation we have built and what we need to do in 2020 to position ourselves for commercial success.
- While I am enthusiastic about the unique position the Senhance system has in the market, and the opportunity we have in front of us, I am mindful of the work we have to do and our need to raise the capital necessary for us to execute on this vision.
- As we go forward, we intend to increase the cadence of our public communication and share our progress along this journey.
- I will assure you that I, along with the other members of the TransEnterix team, are committed to achieving our goals.
- Thank you again for joining us and for your support of TransEnterix.



# **Q3 Financial and Operating Results**

## **Corporate Update**

**November 12, 2019**

## SPEAKERS ON TODAY'S CALL



**Paul LaViolette**  
Chairman of the  
Board of Directors



**Anthony Fernando**  
President and  
Chief Executive Officer



**Joe Slattery**  
Executive Vice President  
and Chief Financial Officer

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## FORWARD LOOKING STATEMENTS

*This presentation includes statements relating to TransEnterix' refocused plan for the market development, product advances and key opinion leader buy-in, and regulatory and commercial plans for the Senhance Surgical System and a general corporate update. 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. Factors that could cause our results to differ materially from those described include, but are not limited to, whether we will be able to execute upon our corporate objectives. For a discussion of the risks and uncertainties associated with TransEnterix'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, 2018, filed with the SEC on February 27, 2019 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 presentation and speak only as of the origination date of this presentation. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

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# PAUL LAVIOLETTE

Chairman of The Board of Directors

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# ANTHONY FERNANDO

President and Chief Executive Officer

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# AGENDA

**INTRODUCTORY  
COMMENTS**

**Q3 QUARTERLY  
FINANCIAL  
REVIEW**

**BUSINESS  
UPDATE**

**OUTLOOK AND  
EXPECTATIONS**

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# Q3 FINANCIAL REVIEW

**JOE  
SLATTERY**

Executive Vice President and Chief Financial Officer

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# BUSINESS UPDATE

**ANTHONY  
FERNANDO**

President and Chief Executive Officer

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**1**

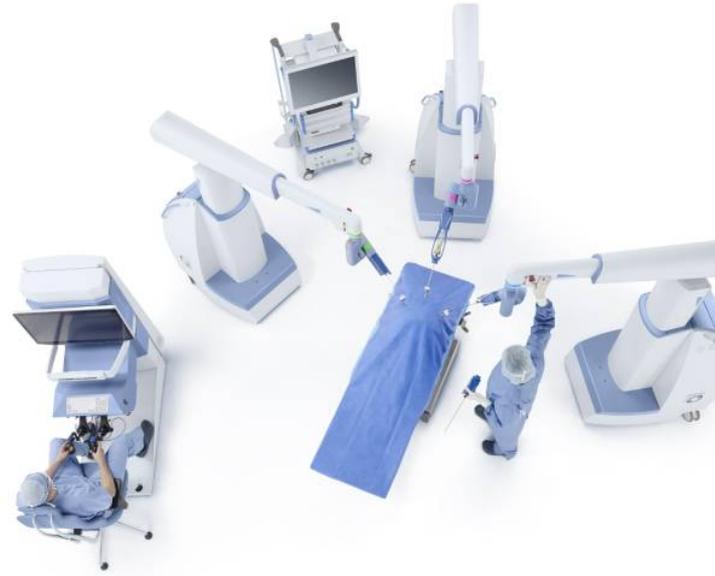
**WHAT WE KNOW**

**2**

**WHAT WE HAVE LEARNED**

**3**

**WHAT WE STILL NEED TO DO**



1

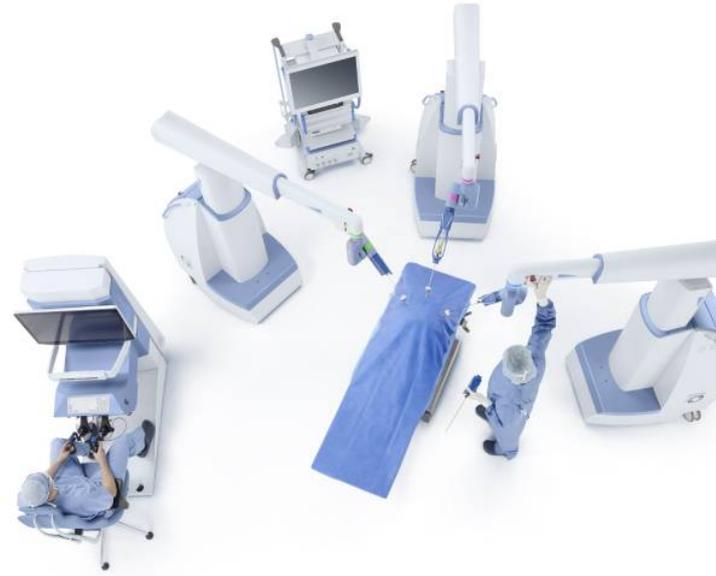
WHAT WE KNOW

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WHAT WE HAVE LEARNED

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WHAT WE STILL NEED TO DO



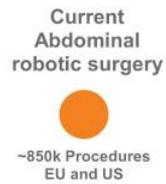
# WHAT WE KNOW:

WE ARE UNIQUELY FOCUSED ON DIGITAL LAPAROSCOPY

	On the Market	In Development	Product Strategy → Implications
Digital Laparoscopy	<p><b>Senhance</b></p>  <p>US ✓ EU ✓ JP ✓</p>		<p>Lap motion → Familiarity for Laparoscopic surgeons</p> <p>Fully reusable instruments → Low cost per procedure</p> <p>Standard 5mm and 3mm Instruments → Advances MIS benefit</p> <p>Haptic feedback → Restores significant sensory input to surgery</p> <p>Eye tacking camera control → Novel and satisfying surgical vision control</p> <p>Open vision system → Leverage best in class visualization technologies</p> <p>Individual boom arms → Full patient access</p> <p>Articulating instruments → Enabling where needed</p>
Robotic Assisted Surgery	<p><b>Da Vinci</b></p>  <p>US ✓ EU ✓ JP ✓</p>	<p><b>Medtronic</b> <b>VERB</b> <b>CMR</b></p>	<p>Open motion → More enabling for non-laparoscopists</p> <p>Limited use/Single use instruments → High cost per procedure</p> <p>Wristed instruments → Enabling but higher cost per procedure</p> <p>8mm and 5mm instruments → Not improving invasiveness over laparoscopy</p>

## WHAT WE KNOW:

LAPAROSCOPIC MARKET IS LARGE WITH LIMITED ROBOTIC PENETRATION TODAY



SenhanceSurgery

- Robotics growth continues at 20+%
- 6MM laparoscopic procedures performed in the US and Europe alone
- The vast majority of laparoscopic surgery is not addressable by other robotic offerings
  - High procedure cost
  - Dramatically lengthens OR time for many procedures
  - Increased incision size relative to laparoscopy
- Addressing this market requires:
  - Maintaining laparoscopic standards (instrument size, haptics)
  - Maintaining OR efficiency
  - Responsible economics
  - Digital benefits
- Increasing desire of administration for robotics competition

# WHAT WE KNOW:

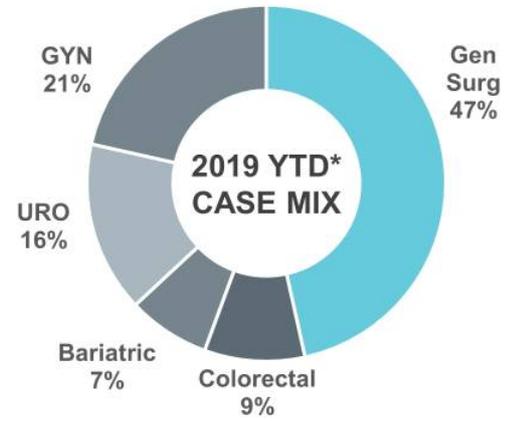
SENHANCE DEMONSTRATING STRONG CLINICAL PERFORMANCE ACROSS THE GLOBE

## GLOBAL CLINICAL CASE VOLUME GROWTH



Active Sites	6	15	24
Total Cases	394	548	1232

Strong clinical case performance in 2019



Adoption across multiple specialty areas, demonstrating broader applicability and adoption

\*YTD Case volumes as of October 10/31/ 2019

# WHAT WE KNOW:

SENHANCE VALUE DEMONSTRATED IN MULTIPLE CUSTOMER SETTINGS

## SITE PERFORMANCE



## CURRENT FOUNDATIONAL SITES

Location	First Case	YTD Procedures*	Annual Pace	# Surgeons	Specialties
Netherlands	Nov - 18	161	175+	10	GS, GYN, CR, U
Kazakhstan 1	Oct - 18	130	150+	9	GS, GYN, CR, U
Germany 1	Jul - 19	55	150+	3	GS, CR
Germany 2	Mar - 17	104	125+	5	GS, GYN, CF
Kazakhstan 2	Mar - 18	108	125+	3	GS, URO
Taiwan	Apr - 19	60	100+	4	BAR, GS, UR
New Jersey	Mar - 19	81	100+	3	BAR, GS, CR, C

**FOUNDATIONAL SITE = 100+ CASES PER YEAR + MULTIPLE SPECIALTIES/SURGEONS**

\*YTD Case volumes as of October 10/31/ 2019

# BUSINESS UPDATE

1

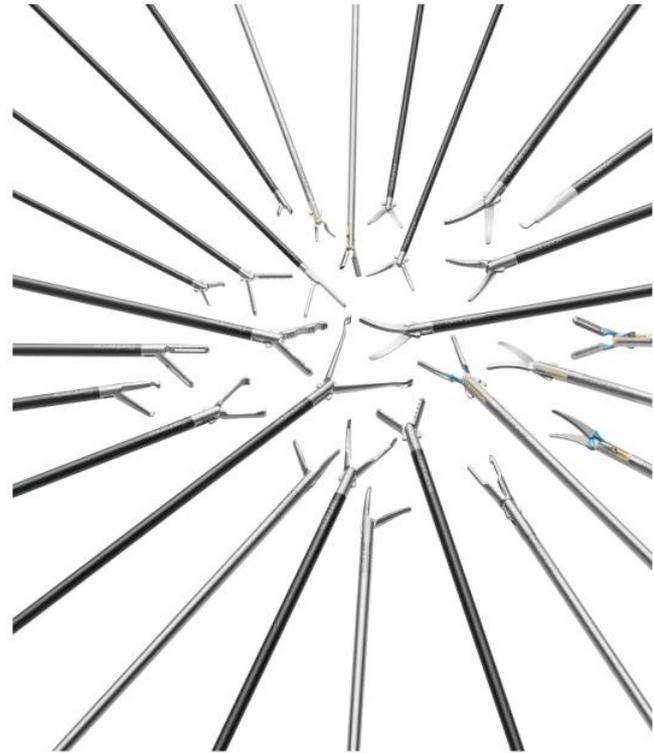
WHAT WE KNOW

2

WHAT WE HAVE LEARNED

3

WHAT WE STILL NEED TO DO



# WHAT WE HAVE LEARNED:

## THE CHALLENGES

### 1. We focused too heavily on "sales"...

...which required significant investment

...and resulted in a broad geographic approach

...creating a sub-optimal customer base to gain feedback

...to make improvements and leverage for a strong value proposition

...and drove our OUS regulatory investments based on individual opportunities

### 2. Before the system was broadly attractive...

...first gen software did not perform well ✓

...had unfilled portfolio gaps

- Advanced Energy ✓

- 3<sup>rd</sup> party vision system compatibility ✓

- Articulating instruments ✓

### 3. Before we had established an enthusiastic user base to complement selling efforts...

...lacked compelling clinical/real-world experience

...lacked enthusiastic user base to leverage for advocacy, speaking/presenting and per-to-peer marketing

# BUSINESS UPDATE

1

WHAT WE KNOW

2

WHAT WE HAVE LEARNED

3

WHAT WE STILL NEED TO DO



# WHAT WE STILL NEED TO DO:

## MARKET DEVELOPMENT

- Expand utilization, surgeon base, and specialties within existing sites
- Rapid implementation of new Senhance programs at strategic sites in focus regions
- Increase number of speakers and formalize speaker program
- Drive share of voice through multiple channels & peer to peer events

SITE PERFORMANCE



## WHAT WE STILL NEED TO DO:

FOCUSED AND DELIBERATE GATHERING OF EVIDENCE TO SUPPORT KEY VALUE PROPOSITIONS

**Cost Effective Robotics** - Senhance driving cost savings & enabling a cost effective robotics growth strategy

**Maintaining O.R. Efficiency** – demonstrate how learning curve, camera control, open platform, hybrid approach, rapid docking drive robotic efficiency

**Reduction in Physical & Cognitive Fatigue** – support how Senhance ergonomics, camera control, & robotic precision favorably impact fatigue

**Improved Clinical Outcomes** – demonstrate the clinical benefits of Senhance enabled 3mm instruments

We plan to initiate programs or leverage existing experiences to generate support for our key differentiators and validate our value proposition to hospitals and surgeons

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# WHAT WE STILL NEED TO DO:

## PORTFOLIO EXPANSION

### ARTICULATING INSTRUMENTS

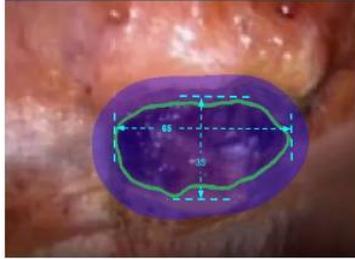


- 5mm Articulating Instrument portfolio
- Passive and bipolar energy capable
- Enabling expanded Senhance clinical utility

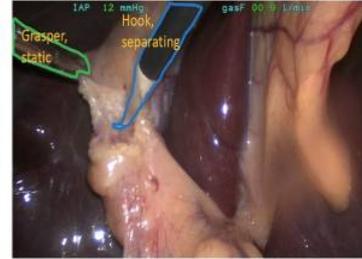
### INDICATION EXPANSION

- Broad General Surgery indication in the US
- Bariatric indication in the US
- Pediatric indication in EU

### DIGITAL SURGICAL TECHNOLOGY



**DEFECT IDENTIFICATION AND MESH SIZING**



**INSTRUMENT TAGGING AND PROJECTION**



**POINT TO POINT 3D MEASUREMENT**

#### First of Kind Senhance Digital Tools which Enable:

- Surgical scene understanding & situational awareness
  - Stage in operation
  - Type of tool
  - Type of operation
  - Organs in the field of view
- Augmented Intelligence and machine learning to assist surgeons reduce fatigue
  - Segment tools
  - Segment organs
- System monitoring and control to provide additional layer of safety

# BUSINESS UPDATE

1

## WHAT WE KNOW

- ✓ Uniquely focused on digital laparoscopy
- ✓ Market expansion opportunity
- ✓ Enhance value proposition proven in key sites

2

## WHAT WE HAVE LEARNED

- ✓ Lessons from the past have informed our go forward strategy

3

## WHAT WE STILL NEED TO DO

- ✓ Broaden market awareness and expand data that supports our value proposition while continuing to innovate
-

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# OUTLOOK AND EXPECTATIONS

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# 2020 – SENHANCE AND DIGITAL LAPAROSCOPY RECOGNIZED AS KEY COMPONENTS FOR ROBOTIC GROWTH

TECHNOLOGY THAT HAS THE ABILITY TO “RIGHT SIZE ROBOTICS”

## MARKET DEVELOPMENT

- 20 “foundational sites” performing 100+ procedures annual run rate
- Double the number of clinical cases
- Increase the number of speakers & advocates cascading our key messages
- Broad array of peer to peer learning events where critical messaging is discussed & shared

## CLINICAL EVIDENCE

- Publication of evidence supporting Senhance value propositions
  - Cost Effectiveness
  - Ergonomics
  - Clinical Outcomes
  - O.R. Efficiency

## PORTFOLIO EXPANSION

- Scene cognition and Augmented Intelligence module launched in US
- Full EU launch of 5mm Articulation instruments
- Indication expansion
  - General Surgery in US
  - Bariatric in US
  - Pediatric in EU

**By End 2020 – Critical mass of advocacy, awareness, and credibility exists as a foundation to drive future growth**





