

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number **001-40797**

PROCEPT BioRobotics Corporation
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-0199180

(I.R.S. Employer Identification No.)

900 Island Drive

Redwood City

CA

94065

(Address of Principal Executive Offices)

(Zip Code)

(650) 232-7200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value per share	PRCT	Nasdaq Global Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The registrant had outstanding 45,049,157 shares of common stock as of April 28, 2023.

PROCEPT BioRobotics Corporation
Form 10-Q – QUARTERLY REPORT
For the Quarter Ended March 31, 2023

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “can”, “will,” “would,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. All statements other than statements of historical facts contained in this Quarterly Report, including without limitation statements regarding our business model and strategic plans for our products, technologies and business, including our implementation thereof, the timing of and our ability to obtain and maintain regulatory approvals, our commercialization, marketing and manufacturing capabilities and strategy, our expectations about the commercial success and market acceptance of our products, the sufficiency of our cash, cash equivalents and short-term investments, and the plans and objectives of management for future operations and capital expenditures are forward-looking statements.

The forward-looking statements in this Quarterly Report are only predictions and are based largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of known and unknown risks, uncertainties, and assumptions, including those described under the sections in this Quarterly Report entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon these forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. We intend the forward-looking statements contained in this Quarterly Report to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

PROCEPT BioRobotics Corporation
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 180,972	\$ 221,8
Restricted cash, current	777	7
Accounts receivable, net	20,642	15,2
Inventory	38,926	28,5
Prepaid expenses and other current assets	4,263	6,1
Total current assets	245,580	272,6
Restricted cash, non-current	3,038	3,0
Property and equipment, net	11,934	8,6
Operating lease right-of-use assets, net	22,446	23,4
Intangible assets, net	1,409	1,4
Other assets	51	
Total assets	\$ 284,458	\$ 309,3
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 10,341	\$ 9,3
Accrued compensation	7,408	13,4
Deferred revenue	3,943	2,8
Operating lease, current	2,998	2,1
Other current liabilities	7,814	7,4
Total current liabilities	32,504	35,2
Long-term debt	51,241	51,2
Operating lease, non-current	25,782	23,9
Loan facility derivative liability	1,805	1,7
Total liabilities	111,332	112,2
Commitments and contingencies (see Note 11)		
Stockholders' equity:		
Preferred stock, \$0.00001 par value;		
Authorized shares: 10,000 at March 31, 2023 and December 31, 2022		
Issued and outstanding shares: none at March 31, 2023 and December 31, 2022	—	
Common stock, \$0.00001 par value;		
Authorized shares: 300,000 at March 31, 2023 and December 31, 2022		
Issued and outstanding shares: 45,009 and 44,828 at March 31, 2023 and December 31, 2022, respectively	—	
Additional paid-in capital	550,270	545,7
Accumulated other comprehensive loss	15	
Accumulated deficit	(377,159)	(348,6)
Total stockholders' equity	173,126	197,0
Total liabilities and stockholders' equity	\$ 284,458	\$ 309,3

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROCEPT BioRobotics Corporation
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 24,404	\$ 14,197
Cost of sales	11,913	6,505
Gross profit	12,491	7,692
Operating expenses:		
Research and development	10,737	5,011
Selling, general and administrative	30,131	18,385
Total operating expenses	40,868	23,396
Loss from operations	(28,377)	(15,704)
Interest expense	(886)	(1,421)
Interest and other income (expense), net	779	(60)
Net loss	\$ (28,484)	\$ (17,185)
Net loss per share, basic and diluted	\$ (0.63)	\$ (0.39)
Weighted-average common shares used to compute net loss per share attributable to common shareholders, basic and diluted	45,066	43,855
Other comprehensive loss:		
Unrealized gain on cash equivalents	21	1
Comprehensive loss	\$ (28,463)	\$ (17,184)

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROCEPT BioRobotics Corporation
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2022	44,828	\$ —	\$545,753	\$ (6)	\$ (348,675)	\$ 197,072
Issuance of common stock under stock plans	181	—	380	—	—	380
Stock-based compensation expense	—	—	4,137	—	—	4,137
Unrealized gain on cash equivalents	—	—	—	21	—	21
Net loss	—	—	—	—	(28,484)	(28,484)
Balance at March 31, 2023	<u>45,009</u>	<u>\$ —</u>	<u>\$550,270</u>	<u>\$ 15</u>	<u>\$ (377,159)</u>	<u>\$ 173,126</u>
Balance at December 31, 2021	43,676	\$ —	\$528,666	\$ (54)	\$ (261,521)	\$ 267,091
Issuance of common stock under stock plans	401	—	1,291	—	—	1,291
Stock-based compensation expense	—	—	1,552	—	—	1,552
Unrealized gain on cash equivalents	—	—	—	1	—	1
Net loss	—	—	—	—	(17,185)	(17,185)
Balance at March 31, 2022	<u>44,077</u>	<u>\$ —</u>	<u>\$531,509</u>	<u>\$ (53)</u>	<u>\$ (278,706)</u>	<u>\$ 252,750</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROCEPT BioRobotics Corporation
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (28,484)	\$ (17,185)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	793	758
Stock-based compensation expense	3,724	1,552
Change in fair value of derivative liability	26	37
Non-cash lease adjustment	495	(97)
Inventory write-down	228	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,370)	(2,529)
Inventory	(10,136)	517
Prepaid expenses and other current assets	1,931	177
Accounts payable	2,225	448
Accrued compensation	(6,039)	(1,889)
Accrued interest expense	28	250
Deferred revenue	1,088	343
Reimbursements for leasehold improvements from operating leases	3,217	—
Other liabilities	346	(613)
Net cash used in operating activities	(35,928)	(18,231)
Cash flows from investing activities:		
Purchases of property and equipment	(5,339)	(55)
Net cash used in investing activities	(5,339)	(55)
Cash flows from financing activities:		
Proceeds from issuance of common stock from the exercise of stock options	380	1,291
Net cash provided by financing activities	380	1,291
Net decrease in cash, cash equivalents and restricted cash	(40,887)	(16,995)
Cash, cash equivalents and restricted cash		
Beginning of the period	225,674	305,097
End of the period	\$ 184,787	\$ 288,102
Reconciliation of cash, cash equivalents and restricted cash to balance sheets:		
Cash and cash equivalents	\$ 180,972	\$ 284,288
Restricted cash	3,815	3,814
Cash, cash equivalents and restricted cash in balance sheets	\$ 184,787	\$ 288,102
Supplemental cash flow information		
Interest paid	\$ 1,121	\$ 1,171
Non-cash investing and financing activities		
Transfer of evaluation units from inventory to property and equipment, net	\$ (62)	\$ —
Property and equipment included in accounts payable and accrued expenses	\$ 2,269	\$ 351

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROCEPT BioRobotics Corporation
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization

Description of Business

PROCEPT BioRobotics Corporation (the “Company”) is a surgical robotics company focused on advancing patient care by developing transformative solutions in urology. It develops, manufactures and sells the AquaBeam Robotic System, an advanced, image-guided, surgical robotic system for use in minimally invasive urologic surgery, with an initial focus on treating benign prostatic hyperplasia, or BPH. BPH is the most common prostate disease and impacts approximately 40 million men in the United States. The AquaBeam Robotic System employs a single-use disposable handpiece to deliver the Company’s proprietary Aquablation therapy, which combines real-time, multi-dimensional imaging, personalized treatment planning, automated robotics and heat-free waterjet ablation for targeted and rapid removal of prostate tissue. The Company designed its AquaBeam Robotic System to enable consistent and reproducible BPH surgery outcomes. The Company received U.S. Food and Drug Administration clearance in December 2017 to market its AquaBeam Robotic System.

2. Summary of Significant Accounting Policies

Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). These condensed consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

Unaudited Interim Financial Statements

The accompanying balance sheet as of March 31, 2023, the statements of operations and comprehensive loss and cash flows for the three months ended March 31, 2023 and 2022, and the statements of stockholders’ equity as of March 31, 2023 and 2022, are unaudited. The financial data and other information disclosed in these notes to the financial statements related to March 31, 2023, and the three months ended March 31, 2023 and 2022, are also unaudited. The accompanying balance sheet as of December 31, 2022 have been derived from the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K (“Annual Report”) filed with the Securities and Exchange Commission.

The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to a fair statement of the Company’s financial position as of March 31, 2023, and the results of its operations and cash flows for the three months ended March 31, 2023 and 2022. The results for the three months ended March 31, 2023, are not necessarily indicative of results to be expected for the year ending December 31, 2023, or for any other interim period or for any future year and should be read in conjunction with the annual consolidated financial statements included in the Company’s Annual Report.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the condensed consolidated financial statements. Management uses significant judgment when making estimates related to its stock-based compensation expense, right-of-use lease asset, lease liability, loan facility derivative liability, as well as certain accrued liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

Recent Accounting Pronouncements

No new accounting pronouncements recently issued are expected to have a material impact on the condensed consolidated financial statements.

3. Fair Value Measurement

The following is a summary of assets and liabilities measured at fair value on a recurring basis (in thousands):

	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:								
Cash	\$ 2,639	\$ —	\$ —	\$ 2,639	\$ 8,870	\$ —	\$ —	\$ 8,870
Cash equivalents	178,333	—	—	178,333	212,989	—	—	212,989
Total cash and cash equivalents	<u>\$ 180,972</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 180,972</u>	<u>\$ 221,859</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 221,859</u>
Loan facility derivative liability	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,805</u>	<u>\$ 1,805</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,779</u>	<u>\$ 1,779</u>

Cash equivalents consist primarily of money market deposit funds.

There were no transfers in and out of Level 3 during the three months ended March 31, 2023 and year ended December 31, 2022.

The following table sets forth a summary of the changes in the estimated fair value of the Company's loan facility derivative liability, classified as Level 3 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Beginning of the period	\$ 1,779	\$ 1,496
Change in fair value	26	37
End of the period	<u>\$ 1,805</u>	<u>\$ 1,533</u>

4. Inventory

Inventory consists of the following (in thousands):

	March 31, 2023	December 31, 2022
Raw materials	\$ 15,663	\$ 12,417
Work-in-process	2,846	1,738
Finished goods	20,417	14,388
Total inventory	<u>\$ 38,926</u>	<u>\$ 28,543</u>

5. Fixed Assets

Fixed assets consists of the following (in thousands):

	March 31, 2023	December 31, 2022
Laboratory, manufacturing and computer equipment, and furniture and fixtures	\$ 6,247	\$ 3,26
Rental equipment	\$ 1,238	1,3
Leasehold improvements	5,243	4,9
Evaluation units	2,475	2,4
Construction in progress	6,446	5,6
Total property and equipment	21,649	17,6
Less: accumulated depreciation and amortization	(9,715)	(9,0
Total property and equipment, net	\$ 11,934	\$ 8,6

6. Long-Term Debt

In October 2022, the Company entered into a loan and security agreement (“the Loan Agreement”) with Canadian Imperial Bank of Commerce, or CIBC. The Agreement provides for a senior secured term loan facility in the aggregate principal amount of \$52.0 million (the “Term Loan Facility”) which was borrowed in full.

Proceeds from the Term Loan Facility were used to repay and terminate the Company's previous loan facility, transaction fees, and related expenses.

The Term Loan Facility is scheduled to mature on the fifth anniversary of the closing date (the “Maturity Date”). The Agreement provides for interest-only payments on the Term Loan Facility for the first thirty-six months following the Maturity Date (the “Initial Interest-Only Period”). The Initial Interest-Only Period will be extended to an additional twelve months if the Company achieves either (i) \$200.0 million or greater in revenue in any twelve-month period or (ii) \$0 or greater in EBITDA (as defined in the Loan Agreement) in any six-month period. Thereafter, amortization payments on the Term Loan Facility will be payable monthly until the Maturity Date in monthly installments equal to 20% of the then outstanding principal amount of the Term Loan Facility divided by 12 plus any accrued and unpaid interest. The Company has the option to prepay the Term Loan Facility without any prepayment charge or fee.

The loan borrowed under the Term Loan Facility bears interest at an annual rate equal to the secured overnight financing rate (“SOFR”) (calculated based on an adjustment of .10%, .15% and .25%, respectively, for one-month, three-month or six-month term SOFR as of a specified date, subject to a floor of 1.5%) plus an applicable margin of 2.25%.

The obligations under the Loan Agreement are secured by substantially all of the Company's assets, including its intellectual property and by a pledge all of the Company's equity interests in its U.S. subsidiaries and 65% of the Company's equity interests in its non-U.S. subsidiaries that are directly owned by the Company. The Company is obligated to maintain in deposit accounts held at the lender the lesser of (i) \$150.0 million or (ii) all of its non-operating cash.

7. Stock-Based Compensation

Stock Options

The Company had 5.5 million shares available for grant as of March 31, 2023 under the 2021 Equity Incentive Award Plan.

A summary of the Company's stock option activity and related information are as follows (options in thousands):

	Three Months Ended March 31, 2023	
	Options	Weighted-Average Exercise Price
Outstanding, beginning of period	5,353	\$ 6.93
Granted	359	37.02
Exercised	(80)	4.73
Forfeited	(6)	5.12
Outstanding, end of period	5,626	8.89
Vested and expected to vest	5,626	8.89
Exercisable	3,585	5.52

As of March 31, 2023 and December 31, 2022, the aggregate pre-tax intrinsic value of options outstanding and exercisable was \$84.6 million and \$126.3 million, respectively, and the aggregate pre-tax intrinsic value of options outstanding were \$115.0 million and \$185.3 million, respectively. The aggregate pre-tax intrinsic value of options exercised was \$2.3 million and \$8.7 million during the three months ended March 31, 2023 and 2022, respectively.

As of March 31, 2023, there was a total of \$14.9 million of unrecognized stock-based compensation expense related to stock options.

The fair value of the options granted to employees or directors was estimated as of the grant date using the Black-Scholes model assuming the weighted-average assumptions listed in the following table:

	Three Months Ended March 31,	
	2023	2022
Expected life (years)	6.0	6.0
Expected volatility	57 %	64 %
Risk-free interest rate	4.0 %	2.4 %
Expected dividend rate	— %	— %
Weighted-average fair value	\$ 21.18	\$ 20.87

Restricted Stock Units

A summary of the Company's restricted stock unit ("RSU") activity and related information are as follows (restricted stock units in thousands):

	Three Months Ended March 31, 2023	
	Options	Weighted-Average Fair Value
Outstanding, beginning of period	742	\$ 36.35
Awarded	753	37.75
Forfeited	(23)	31.88
Vested	(101)	33.78
Outstanding, end of period	1,371	37.38

As of March 31, 2023, there was a total of \$48.0 million of unrecognized stock-based compensation expense related to RSUs.

Employee Stock Purchase Plan

During the period ended March 31, 2023, there were no stock purchases made under the Employee Stock Purchase Plan (“ESPP”). As of March 31, 2023, there was approximately \$0.9 million of unrecognized cost related to the ESPP. This cost is expected to be recognized over a weighted average period of 0.6 years. As of March 31, 2023, a total of 1.2 million shares were available for issuance under the ESPP.

Total stock-based compensation recognized, before taxes, are as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cost of sales	\$ 461	\$ 124
Research and development	887	299
Sales, general and administrative	2,789	1,129
Total stock-based compensation	<u>\$ 4,137</u>	<u>\$ 1,552</u>

Total stock-based compensation cost capitalized in inventory was \$0.4 million and \$0.1 million as of March 31, 2023 and 2022, respectively.

8. Net Loss Per Share

Net loss per share was determined as follows (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (28,484)	\$ (17,185)
Weighted-average common stock outstanding	45,066	43,855
Net loss per share, basic and diluted	<u>\$ (0.63)</u>	<u>\$ (0.39)</u>

The following potentially dilutive securities outstanding have been excluded from the computations of weighted-average shares outstanding because such securities have an antidilutive impact due to losses reported (in common stock equivalent shares, in thousands):

	March 31,	
	2023	2022
Common stock options	5,626	6,023
Restricted stock units	1,371	198
Employee stock purchase plan	100	193
Total	<u>7,097</u>	<u>6,414</u>

9. Revenue

The following table presents revenue disaggregated by type and geography (in thousands):

	Three Months Ended March 31,	
	2023	2022
U.S.		
System sales and rentals	\$ 8,770	\$ 7,754
Handpieces and other consumables	11,770	4,444
Service	1,235	359
Total U.S. revenue	21,775	12,557
Outside of U.S.		
System sales and rentals	1,469	742
Handpieces and other consumables	906	745
Service	254	153
Total outside of U.S. revenue	2,629	1,640
Total revenue	\$ 24,404	\$ 14,197

10. Segment, Geographical and Customer Concentration

The Company operates as a single operating segment. The Company's chief operating decision maker, its Chief Executive Officer, reviews financial information on an aggregate basis for the purposes of allocating resources and evaluating financial performance. The Company's assets are primarily based in the United States.

No customers accounted for more than 10% of revenue during the three months ended March 31, 2023 and 2022.

No customer accounted for more than 10% of accounts receivable at March 31, 2023 and December 31, 2022.

The following table presents revenue by significant geographical locations for the periods indicated:

	Three Months Ended March 31,	
	2023	2022
United States	89 %	88 %
Outside the United States	11 %	12 %

11. Commitments

Guarantees and Indemnifications

In the normal course of business, the Company enters into agreements that contain a variety of representations and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. As of March 31, 2023 and December 31, 2022, the Company does not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

Facility Lease

In July 2013, the Company entered into a lease agreement for its current facility located in Redwood City, California. In 2018, the Company expanded the lease space and extended the lease agreement through October 2023. In January 2023, the Company entered into an amendment to this lease that lease of 19,807 square feet of office space terminated on October 29, 2023, and lease of remaining 23,638 square feet is extended to terminate no later than January 31, 2024.

In December 2021, the Company entered into a lease for two existing buildings, comprising approximately 158,221 square feet of space, located in San Jose, California. The lease commenced in July 2022, and will continue for 122 months following thereafter, with two five year options to extend the term of the lease.

Rent expense recognized under both leases, including additional rent charges for utilities, parking, maintenance, and real estate taxes, was \$2.0 million and \$0.7 million for the three months ended March 31, 2023 and 2022.

Future minimum annual operating lease and debt repayments are as follows (in thousands):

As of March 31, 2023	Minimum Lease Payments	Debt Repayments	Total
2023	\$ 4,615	\$ —	\$ 4,615
2024	4,183	—	4,183
2025	4,297	4,333	8,630
2026	4,426	26,000	30,426
2027	4,808	21,667	26,475
Thereafter	27,250	—	27,250
Total minimum payments	49,579	52,000	101,579
Less: amount representing interest/unamortized debt discount	(20,799)	(759)	(21,558)
Present value of future payments	28,780	51,241	80,021
Less: current portion	(2,998)	—	(2,998)
Non-current portion	\$ 25,782	\$ 51,241	\$ 77,023

As of March 31, 2023 and December 31, 2022, the Company's security deposits is in the form of, and recorded as, restricted cash.

12. Defined Contribution Plan

The Company has a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan allows eligible employees to defer a portion of their annual compensation on a pre-tax basis. Employer contributions were \$0.5 million and \$0 for the three months ended March 31, 2023 and 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included elsewhere in this report. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors. Please also see the section titled "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a surgical robotics company focused on advancing patient care by developing transformative solutions in urology. We develop, manufacture and sell the AquaBeam Robotic System, an advanced, image-guided, surgical robotic system for use in minimally invasive urologic surgery, with an initial focus on treating benign prostatic hyperplasia, or BPH. BPH is the most common prostate disease and impacts approximately 40 million men in the United States. The AquaBeam Robotic System employs a single-use disposable handpiece to deliver our proprietary Aquablation therapy, which combines real-time, multi-dimensional imaging, personalized treatment planning, automated robotics and heat-free waterjet ablation for targeted and rapid removal of prostate tissue. We designed our AquaBeam Robotic System to enable consistent and reproducible BPH surgery outcomes. We believe that Aquablation therapy represents a paradigm shift in the surgical treatment of BPH by addressing compromises associated with alternative surgical interventions. We designed Aquablation therapy to deliver effective, safe and durable outcomes for males suffering from lower urinary tract symptoms, or LUTS, due to BPH that are independent of prostate size and shape, and delivers resection independent of surgeon experience. We have developed a significant and growing body of clinical evidence, which includes 150 peer-reviewed publications, supporting the benefits and clinical advantages of Aquablation therapy. As of March 31, 2023, we had an install base of 275 AquaBeam Robotic Systems globally, including 192 in the United States.

Our U.S. pivotal trial, the WATER study, is the only FDA pivotal study randomized against transurethral resection of prostate, or TURP, which is the historical standard of care for the surgical treatment of BPH. In this study, Aquablation therapy demonstrated superior safety and non-inferior efficacy compared to TURP across prostate sizes between 30 ml and 80 ml, and superior efficacy in a subset of patients with prostates larger than 50 ml. We have established strong relationships with key opinion leaders, or KOLs, within the urology community and collaborated with key urological societies in global markets. This support has been instrumental in facilitating broader acceptance and adoption of Aquablation therapy. As a result of our strong KOL network and our compelling clinical evidence, Aquablation therapy has been added to clinical guidelines of various professional associations, including the American Urological Association.

In the United States, we sell our products to hospitals. We are initially targeting 860 high-volume hospitals that perform, on average, more than 200 resective procedures annually and account for approximately 70% of all hospital-based resective procedures. Additionally, there are approximately 1,840 U.S. hospitals that perform the remaining 30% of resective BPH procedures we are also targeting. Over time, we expect to gradually expand our focus to also include mid- and low-volume hospitals. These customers in turn bill various third-party payors, such as commercial payors and government agencies, for treatment payment of each patient. Effective in 2021, all local Medicare Administrative Contractors, or MACs, which represent 100% of eligible Medicare patients, issued final positive local coverage determinations to provide Medicare beneficiaries with access to Aquablation therapy in all 50 states. We also have favorable coverage decisions from many large commercial payors. Outside of the United States, we have ongoing efforts in key markets to expand established coverage and improve payment which we believe will expand patient access to Aquablation therapy.

We manufacture the AquaBeam Robotic System, the handpiece, integrated scope and other accessories at our facility in Redwood City, California. This includes supporting the supply chain distribution and logistics of the various components. Components, sub-assemblies and services required to manufacture our products are purchased from numerous global suppliers. Each AquaBeam Robotic System is shipped to our customers with a third-party

manufactured ultrasound system and probe. We utilize a well-known third-party logistics provider located in the United States and the Netherlands to ship our products to our customers globally.

We generated revenue of \$24.4 million and incurred a net loss of \$28.5 million for the three months ended March 31, 2023, compared to revenue of \$14.2 million and a net loss of \$17.2 million for the three months ended March 31, 2022. As of March 31, 2023, we had cash and cash equivalents of \$181.0 million and an accumulated deficit of \$377.2 million.

Factors Affecting Our Performance

We believe there are several important factors that have impacted and that we expect will impact our operating performance and results of operations for the foreseeable future. While these factors may present significant opportunities for us, they also pose significant risks and challenges that we must address. See the section titled “Risk Factors” for more information. These factors include:

- *Grow our install base of AquaBeam Robotic Systems:* As of March 31, 2023, we had an install base of 275 AquaBeam Robotic Systems globally, including 192 in the United States. In the United States, we are initially focused on driving adoption of Aquablation therapy among urologists that perform hospital-based resective BPH surgery. We are initially targeting 860 high-volume hospitals that we estimate perform, on average, more than 200 resective procedures annually and account for approximately 70% of all hospital-based resective procedures. To penetrate these hospitals, we will continue to increase our direct team of capital sales representatives, who are focused on driving system placement within hospitals by engaging with key surgeons and decision makers to educate them about the compelling value proposition of Aquablation therapy. As we increase our install base of AquaBeam Robotic systems our revenue will increase as a result of the system sale and resulting utilization.
- *Increase system utilization:* Our revenue is significantly impacted by the utilization of our AquaBeam robotic system. Once we place a system within a hospital our objective is to establish Aquablation therapy as the surgical treatment of choice for BPH. Within each hospital we are initially focused on targeting urologists who perform medium-to-high volumes of resective procedures and converting their resective cases to Aquablation therapy. To accomplish this, we will continue expanding our team of highly trained Aquablation representatives and clinical specialists who are focused on driving system utilization within the hospital, providing education and training support and ensuring excellent user experiences. As urologists gain experience with Aquablation therapy we will leverage their experiences to capture more surgical volumes and establish Aquablation therapy as the surgical standard of care.
- *Reimbursement and coverage decisions by third-party payors.* Healthcare providers in the United States generally rely on third-party payors, principally federal Medicare, state Medicaid and private health insurance plans, to cover all or part of the cost of procedures using our AquaBeam Robotic System. The revenue we are able to generate from sales of our products depends in large part on the availability of sufficient reimbursement from such payors. Effective in 2021, all local MACs, representing 100% of eligible Medicare patients, issued final positive local coverage determinations to provide Medicare beneficiaries with access to Aquablation therapy in all 50 states. We believe that these favorable coverage decisions have been a catalyst for hospital adoption of our AquaBeam Robotic System. We believe our strong body of clinical evidence and support from key societies, supplemented by the momentum from Medicare coverage, have led to favorable coverage decisions from most large commercial payors. Outside of the United States, we have ongoing efforts in key markets to expand established coverage and further improve patient access to Aquablation therapy.
- *Cost of sales.* The results of our operations will depend, in part, on our ability to increase our gross margins by more effectively managing our costs to produce our AquaBeam Robotic System and single-use disposable handpieces, and to scale our manufacturing operations efficiently. We anticipate that as we expand our sales and marketing efforts and drive further sales growth, our purchasing costs on a per unit basis may decrease, and in turn improve our gross margin. As our commercial operations continue to grow, we expect to continue to realize operating leverage through increased scale efficiencies.

- *Investment in research and development to drive continuous improvements and innovation.* We are currently developing additional and next generation technologies to support and improve Aquablation therapy to further satisfy the evolving needs of surgeons and their patients as well as to further enhance the usability and scalability of the AquaBeam Robotic System. We also plan to leverage our treatment data and software development capabilities to integrate artificial intelligence and machine learning to enable computer-assisted anatomy recognition and improved treatment planning and personalization. Our future growth is dependent on these continuous improvements which require significant resources and investment.

Components of Our Results of Operations

Revenue

We generate our revenue primarily from the capital portion of our business, which includes sales and rentals of our AquaBeam Robotic System, and from the recurring revenue associated with sales of our single-use disposable handpieces that are used during each surgery performed with our system. Other revenue is derived primarily from service and repair and extended service contracts with our existing customers. We expect our revenue to increase in absolute dollars for the foreseeable future as we continue to focus on driving adoption of Aquablation therapy, and increased system utilization, though it may fluctuate from quarter to quarter.

The following table presents revenue by significant geographical locations for the periods indicated:

	Three Months Ended March 31,	
	2023	2022
United States	89 %	88 %
Outside the United States	11 %	12 %

We expect that both our U.S. and international revenue will increase in the near term as we continue to expand the install base of AquaBeam Robotic Systems and increase the units sold of our single-use disposable handpieces. We expect our increase in revenues in absolute dollars to be larger in the United States.

Cost of Sales and Gross Margin

Cost of sales consists primarily of manufacturing overhead costs, material costs, warranty and service costs, direct labor and other direct costs such as shipping costs. A significant portion of our cost of sales currently consists of manufacturing overhead costs. These overhead costs include compensation for personnel, including stock-based compensation, facilities, equipment and operations supervision, quality assurance and material procurement. We expect our cost of sales to increase in absolute dollars for the foreseeable future primarily as, and to the extent, our revenue grows, or we make additional investments in our manufacturing capabilities, though it may fluctuate from period to period.

We calculate gross margin percentage as gross profit divided by revenue. Our gross margin has been and will continue to be affected by a variety of factors, primarily, product and geographic mix and the resulting average selling prices, production volumes, manufacturing costs and product yields, and to a lesser extent the implementation of cost reduction strategies. We expect our gross margin to increase over the long term as our production volume increases and as we spread the fixed portion of our manufacturing overhead costs over a larger number of units produced, thereby significantly reducing our per unit manufacturing costs, though it may fluctuate from quarter to quarter. Our gross margins can fluctuate due to geographic mix. To the extent we sell more systems and handpieces in the United States, we expect our margins will increase due to the higher average selling prices as compared to sales outside of the United States.

Operating Expenses

Research and Development

Research and development, or R&D, expenses consist primarily of engineering, product development, regulatory affairs, consulting services, materials, depreciation and other costs associated with products and

technologies being developed. These expenses include employee and non-employee compensation, including stock-based compensation, supplies, materials, quality assurance expenses, consulting, related travel expenses and facilities expenses. We expect our R&D expenses to increase in absolute dollars for the foreseeable future as we make strategic investments in R&D, continue to develop, enhance and commercialize new products and technologies, though it may fluctuate from quarter to quarter. However, we expect our R&D expenses as a percentage of revenue to vary over time depending on the level and timing of initiating new product development efforts.

Selling, General and Administrative

Selling, general and administrative, or SG&A, expenses consist primarily of compensation for personnel, including stock-based compensation, related to selling, marketing, clinical affairs, professional education, finance, information technology, and human resource functions. SG&A expenses also include commissions, training, travel expenses, promotional activities, conferences, trade shows, professional services fees, audit fees, legal fees, insurance costs and general corporate expenses including allocated facilities-related expenses. Post-market study expenses include trial design, site reimbursement, data management and travel expenses. We expect our SG&A expenses to increase in absolute dollars for the foreseeable future as we expand our commercial infrastructure in order for us to execute on our long-term growth plan, though it may fluctuate from quarter to quarter. However, over time, we expect our SG&A expenses to decrease as a percentage of revenue.

Interest and Other Income (Expense), Net

Interest Expense

Interest expense consists primarily of interest expense from our long-term debt.

Interest and Other Income (Expense), Net

Interest and other income, net, consists primarily of interest income from our cash and cash equivalents balances, and fair value adjustments from our loan facility derivative liability.

Results of Operations

The following tables show our results of operations for the periods indicated:

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
(in thousands, except percentages)				
Revenue	\$ 24,404	\$ 14,197	\$ 10,207	72 %
Cost of sales	11,913	6,505	5,408	83
Gross profit	12,491	7,692	4,799	62
Gross margin	51 %	54 %		
Operating expenses:				
Research and development	10,737	5,011	5,726	114
Selling, general and administrative	30,131	18,385	11,746	64
Total operating expenses	40,868	23,396	17,472	75
Loss from operations	(28,377)	(15,704)	(12,673)	(81)
Interest expense	(886)	(1,421)	535	38
Interest and other income (expense), net	779	(60)	839	N/M
Net loss	\$ (28,484)	\$ (17,185)	\$ (11,299)	(66)

N/M - Not meaningful.

Comparison of Three Months Ended March 31, 2023 and 2022

Revenue

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
(in thousands, except percentages)				
System sales and rentals	\$ 10,239	\$ 8,496	\$ 1,743	21 %
Handpieces and other consumables	12,676	5,189	7,487	144
Service	1,489	512	977	191
Total revenue	\$ 24,404	\$ 14,197	\$ 10,207	72

Revenue increased \$10.2 million, or 72%, to \$24.4 million during the three months ended March 31, 2023, compared to \$14.2 million during the three months ended March 31, 2022. The growth in revenue was primarily attributable to an increase of \$9.2 million in revenues derived from the United States. The increase was due to higher sales volumes of system sales, handpieces, and service contracts.

Cost of Sales and Gross Margin

Cost of sales increased \$5.4 million, or 83%, to \$11.9 million during the three months ended March 31, 2023, compared to \$6.5 million during the three months ended March 31, 2022. The increase in cost of sales was primarily attributable to the growth in the number of units sold.

Gross margin decreased to 51% during the three months ended March 31, 2023, compared to 54% for the three months ended March 31, 2022. The decrease in gross margin was primarily attributable to an increase in personnel in operations to meet anticipated future growth.

Research and Development Expenses

R&D expenses increased \$5.7 million, or 114%, to \$10.7 million during the three months ended March 31, 2023, compared to \$5.0 million during the three months ended March 31, 2022. The increase in R&D expenses was primarily due to employee-related expenses of our R&D organization such as salaries and wages and stock-based compensation expense, along with an increase in consultant expenses. These expenses support ongoing product improvements and the development of additional and next generation technologies.

Selling, General and Administrative Expenses

SG&A expenses increased \$11.7 million, or 64%, to \$30.1 million during the three months ended March 31, 2023, compared to \$18.4 million during the three months ended March 31, 2022. The increase in SG&A expenses was primarily due to employee-related expenses of our sales and marketing organization such as salaries and wages and stock-based compensation expense, primarily to expand the commercial organization, and employee-related expenses of our administrative organization such as salaries and wages and stock-based compensation expense, to drive and support our growth in revenue.

Interest Expense

Interest expense decreased 0.5 million, or 38% to \$0.9 million during the three months ended March 31, 2023, compared to \$1.4 million during the three months ended March 31, 2022. The decrease in interest expense was primarily due to our refinancing of our debt in the fourth quarter of 2022, which resulted in a reduced interest rate.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, increased \$0.8 million for the three months ended March 31, 2023. The increase was primarily due to an increase in interest income, which was due to increasing interest rates.

Liquidity and Capital Resources

Overview

As of March 31, 2023, we had cash and cash equivalents of \$181.0 million, an accumulated deficit of \$377.2 million, and \$52.0 million outstanding on our loan facility. We expect our expenses will increase for the foreseeable future, in particular as we continue to make substantial investments in sales and marketing, operations and research and development. Moreover, we expect to incur additional expenses as a result of operating as a public company, including legal, accounting, insurance, compliance with the rules and regulations of the SEC and those of any stock exchange on which our securities are traded, investor relations, and other administrative and professional services expenses. Our future funding requirements will depend on many factors, including:

- the degree and rate of market acceptance of our products and Aquablation therapy;
- the scope and timing of investment in our sales force and expansion of our commercial organization;
- the scope, rate of progress and cost of our current or future clinical trials and registries;
- the cost of our research and development activities;
- the cost and timing of additional regulatory clearances or approvals;
- the costs associated with any product recall that may occur;
- the costs associated with the manufacturing of our products at increased production levels;

- the costs of attaining, defending and enforcing our intellectual property rights;
- whether we acquire third-party companies, products or technologies;
- the terms and timing of any other collaborative, licensing and other arrangements that we may establish;
- the emergence of competing technologies or other adverse market developments; and
- the rate at which we expand internationally.

Based on our operating plan, we currently believe that our existing cash and cash equivalents and anticipated revenue will be sufficient to meet our capital requirements and fund our operations through at least the next twelve months from the issuance date of the financial statements. We have based this estimate on assumptions that may prove to be wrong, and we may need to utilize additional available capital resources. If these sources are insufficient to satisfy our liquidity requirements, we may seek to sell additional public equity or debt securities or obtain an additional credit facility. We may also consider raising additional capital to expand our business, to pursue strategic investments, to take advantage of financing opportunities or for other reasons. The sale of equity and convertible debt securities may result in dilution to our stockholders and, in the case of preferred equity securities or convertible debt, those securities could provide for rights, preferences or privileges senior to those of our common stock. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. Additional financing may not be available at all, or in amounts or on terms unacceptable to us. If we are unable to obtain additional financing, we may be required to delay the development, commercialization and marketing of our products. Additionally, we maintain cash balances with financial institutions in excess of insured limits.

Indebtedness

In October 2022, we entered into a loan and security agreement with a new lender, Canadian Imperial Bank of Commerce. The agreement provides for a senior secured term loan facility in the aggregate principal amount of \$52.0 million, which was borrowed in full. Proceeds from the term loan facility were used to repay and terminate our previous loan facility, and to pay transaction fees, and related expenses.

The term loan facility is scheduled to mature on October 6, 2027, the fifth anniversary of the closing date (the “Maturity Date”). The loan and security agreement provides for interest-only payments on the term loan facility for the first thirty-six months following the closing date (the “Initial Interest-Only Period”). The Initial Interest-Only Period will be extended to an additional twelve months if we achieve either (i) \$200.0 million or greater in revenue in any twelve-month period or (ii) \$0 or greater in EBITDA (as defined in the loan and security agreement) in any six-month period. Thereafter, amortization payments on the loan facility will be payable monthly until the Maturity Date in monthly installments equal to 20% of the then outstanding principal amount of the loan facility divided by 12 plus any accrued and unpaid interest. We have the option to prepay the loan facility without any prepayment charge or fee.

The loan borrowed under the loan facility bears interest at an annual rate equal to the secured overnight financing rate (“SOFR”) (calculated based on an adjustment of 0.10%, 0.15% and 0.25%, respectively, for one-month, three-month or six-month term SOFR as of a specified date, subject to a floor of 1.5%) plus an applicable margin of 2.25%.

The obligations under the loan and security agreement are secured by substantially all of our assets, including its intellectual property and by a pledge all of our equity interests in its U.S. subsidiaries and 65% of our equity interests in its non-U.S. subsidiaries that are directly owned by us. We are obligated to maintain in deposit accounts held at the lender equal to at least the lesser of (i) \$150.0 million or (ii) all of our non-operating cash.

The loan and security agreement contains certain customary representations and warranties, affirmative and negative covenants, and events of default. Under the loan and security agreement, if we maintain less than \$100.0 million in available cash, then we are required to meet either one of two financial covenants: a minimum unrestricted cash covenant or a minimum revenue and growth covenant. The minimum unrestricted cash covenant requires that

we to maintain cash reserve not less than the greater of (i) \$20.0 million, (ii) the absolute value of EBITDA losses (if any) for the most recent consecutive four-month period then ended or (iii) the aggregate outstanding principal amount of \$52.0 million. The minimum revenue and growth covenant requires our revenue, for the consecutive twelve-month period as of each measurement date, of not less than \$50.0 million and of at least 115% as of the last day of the consecutive twelve-month period of the immediately preceding year. If we maintain at least \$100.0 million in available cash, then it is not required to meet such financial covenants.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Three Months Ended March 31,	
	2023	2022
(in thousands)		
Net cash (used in) provided by:		
Operating activities	\$ (35,928)	\$ (18,231)
Investing activities	(5,339)	(55)
Financing activities	380	1,291
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (40,887)</u>	<u>\$ (16,995)</u>

Net Cash Used in Operating Activities

During the three months ended March 31, 2023, net cash used in operating activities was \$35.9 million, consisting primarily of a net loss of \$28.5 million and an increase in net operating assets of \$12.7 million, partially offset by non-cash charges of \$5.3 million. The cash used in operations was primarily due to our net loss due to the increase in operating expenses to support our commercialization and development activities. The expansion of our commercialization resulted in an increase in accounts receivable, inventory, and accounts payable, partially offset by a decrease in accrued compensation, due to timing of payments, and reimbursements for leasehold improvements made related to our new San Jose, California corporate headquarters. Non-cash charges consisted primarily of stock-based compensation, non-cash lease expense, and depreciation.

During the three months ended March 31, 2022, net cash used in operating activities was \$18.2 million, consisting primarily of a net loss of \$17.2 million and an increase in net operating assets of \$3.3 million, partially offset by non-cash charges of \$2.3 million. The cash used in operations was primarily due to our net loss due to the increase in operating expenses to support our commercialization and development activities. The expansion of our commercialization resulted in an increase in accounts receivable and accounts payable, partially offset by a decrease in accrued compensation due to timing of payments. Non-cash charges consisted primarily of depreciation and stock-based compensation.

Net Cash Used in by Investing Activities

During the three months ended March 31, 2023, net cash used in investing activities was \$5.3 million, consisting of purchases of property and equipment. During the three months ended March 31, 2022, net cash used in investing activities was less than \$0.1 million, consisting of purchases of property and equipment.

Net Cash Provided by Financing Activities

During the three months ended March 31, 2023, net cash provided by financing activities was \$0.4 million, consisting of proceeds from exercises of stock options. During the three months ended March 31, 2022, net cash provided by financing activities was \$1.3 million, consisting of proceeds from exercises of stock options.

Contractual Commitments and Contingencies

The information included in Note 11 to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have any off-balance sheet arrangements, such as structured finance, special purpose entities or variable interest entities.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

The significant accounting policies and estimates used in preparation of the unaudited condensed consolidated financial statements are described in our audited consolidated financial statements as of and for the year ended December 31, 2022, and the notes thereto, which are included in our Annual Report on Form 10-K dated February 28, 2023, or Annual Report, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report. There have been no material changes to our significant accounting policies during the three months ended March 31, 2023.

Recent Accounting Pronouncements

The information included in Note 2 to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Cash and cash equivalents of \$181.0 million as of March 31, 2023, consisted of securities carried at quoted market prices with an original maturity of three months or less and therefore there is minimal risk associated with fluctuating interest rates. We do not currently use or plan to use financial derivatives in our investment portfolio.

In addition, as described above under the subsection titled "Indebtedness," amounts outstanding under our loan facility bears interest at an annual rate equal to the secured overnight financing rate ("SOFR") (calculated based on an adjustment of .10%, .15% and .25%, respectively, for one-month, three-month or six-month term SOFR as of a specified date, subject to a floor of 1.5%) plus an applicable margin of 2.25%. As a result, we are exposed to risks from changes in interest rates. We do not believe that a hypothetical 100 basis point increase or decrease in interest rates or 30-day SOFR would have had a material impact on our financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Credit Risk

We maintain our cash and cash equivalents with multiple financial institutions in the United States, and our current deposits are in excess of insured limits. Risks associated with cash, cash equivalents and restricted cash are mitigated by banking with creditworthy institutions.

Our accounts receivable primarily relate to revenue from the sale or rental of our products. No customer accounted for greater than 10% of accounts receivable at March 31, 2023 and December 31, 2022. We believe that credit risk in our accounts receivable is mitigated by our credit evaluation process, relatively short collection terms and diversity of our customer base.

Foreign Currency Risk

A portion of our net sales and expenses are denominated in foreign currencies, most notably the Euro. Future fluctuations in the value of the U.S. Dollar may affect the price competitiveness of our products outside the United States. For direct sales outside the United States, we sell in both U.S. Dollars and local currencies, which could expose us to additional foreign currency risks, including changes in currency exchange rates. Our operating expenses in countries outside the United States, are payable in foreign currencies and therefore expose us to currency risk. We do not believe that a hypothetical 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have had a material impact on our financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor and research and development contract costs. We do not believe that inflation had a material effect on our financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of March 31, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

Limitations on Effectiveness of Disclosure Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceeding

We are not subject to any material legal proceedings.

Item 1A. Risk Factors

Our business, financial condition and operating results are affected by a number of factors, whether currently known or unknown, including risks specific to us or the healthcare industry as well as risks that affect businesses in general. In addition to the information set forth in this Quarterly Report on Form 10-Q, you should consider carefully the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 28, 2023. The risks and uncertainties disclosed in such Annual Report and in this Quarterly Report could materially adversely affect our business, financial condition, cash flows or results of operations and thus our stock price. During the three months ended March 31, 2023, there were no material changes to our previously disclosed risk factors. Besides risk factors disclosed in the Annual Report and this Quarterly Report, additional risks and uncertainties not currently known or we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

These risk factors may be important to understanding other statements in this Quarterly Report and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes in Part I, Item 1, "Financial Statements" and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report. Because of such risk factors, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed or furnished as a part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on September 21, 2021)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed on September 21, 2021)
10.18*	Offer Letter, by and between the Registrant and Alaleh Nouri, dated as of May 15, 2018
10.19*	Amended and Restated Change of Control Agreement, by and between the Registrant Alaleh Nouri, dated September 17, 2021
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 4, 2023

PROCEPT BIROBOTICS CORPORATION
(Registrant)

/s/ Reza Zadno

Reza Zadno, Ph.D.
President and Chief Executive Officer
(principal executive officer)

/s/ Kevin Waters

Kevin Waters
EVP, Chief Financial Officer
(principal financial and accounting officer)



May 15, 2018

Alaleh Nouri
171 Main Street #115
Los Altos, CA 94022

Re: Employment Terms

Dear Alaleh:

On behalf of PROCEPT BioRobotics Corporation (the "Company"), I am very pleased to offer you the position of Senior Vice President, General Counsel and Corporate Secretary of the Company, reporting to me. This letter agreement sets forth the terms and conditions of your employment with the Company. Please understand that this offer, if not accepted, will expire on May 25, 2018.

You will be responsible for leading the Company's legal department and you will work at our facility located at 900 Island Drive, Suite 101 & 210, in Redwood Shores, California. Of course, the Company may change your position, duties, and work location from time to time in its discretion.

In this exempt full-time position, you will earn a starting base salary of \$320,000 annually, less regular payroll deductions and withholdings and this base salary will be paid semi-monthly pursuant to the Company's regular payroll policy. You will be eligible for paid time off and holidays. The Company will provide you with the opportunity to participate in the standard benefits plans currently available to other Company employees, subject to any eligibility requirements imposed by such plans. The Company may change compensation and benefits from time to time in its discretion. You will be covered by workers' compensation insurance and State Disability Insurance, as required by state law. You will also be reimbursed for all documented reasonable business expenses that are incurred in the ordinary course of business provided they comply with Company policy guidelines. Each year, you will be eligible to earn an annual incentive bonus equal to thirty percent (30%) of your annual base salary (to be prorated for 2018 from your Start Date). Whether you receive such a bonus, and the amount of any such bonus, will be determined by the Board of Directors (the "Board") in its sole discretion, and will be based upon achievement of corporate and individual goals and other criteria to be determined by the Board. Any bonus will be paid within thirty (30) days after the Board's determination that a bonus will be awarded. You must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid.

Subject to approval by the Board at the first meeting in which stock options are granted following your Start Date (as defined below), the Company will grant you an option to purchase 687,035 shares of the Company's Common Stock (the "Option"), which is equivalent one half of one percent (0.5%) of the fully-diluted shares of the Company on that date at fair market value as determined by the Board as of the date of grant. The Option will be subject to the terms and conditions of the Company's Equity Incentive Plan (the "Plan") and your option agreement. Your option agreement will include a four-year vesting schedule, under which twenty-five percent (25%) of your shares subject to the Option will vest after twelve months of employment, with the remaining shares vesting monthly thereafter, until either your Option is fully vested or your employment ends, whichever occurs first. Subject to Board approval and individual performance you will have the opportunity to earn by the year 2020 up to an additional 274,814 Shares of the Company's Common Stock, which is equivalent to two tens of one percent (0.2%) of the fully diluted shares of the Company.

You may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause

or advance notice. Your employment at-will status can only be modified in a written agreement signed by you and by an officer of the Company. Notwithstanding the foregoing, if at any time the Company terminates your employment without Cause, and other than as a result of your death or disability, or you resign for Good Reason, and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "Separation from Service"), then subject to your obligations below, you will be entitled to receive severance in an amount equal to three (3) months of your then current base salary, less all applicable withholdings and deductions, paid over such three (3) month period, on the schedule described below (the "Salary Continuation"). Furthermore, in the event such termination without Cause or resignation for Good Reason occurs within 12 months following a Corporate Transaction (as defined in the Plan) then, promptly upon such termination without Cause or for Good Reason, as applicable, you will be entitled to (i) the payment of your then annual base salary in full; (ii) the payment of your then eligible annual bonus amount in full and (iii) the vesting of your Option will immediately accelerate so as to be fully vested.

Your receipt of these severance benefits is conditional upon (a) your continuing to comply with your contractual obligations to the Company and (b) your delivering to the Company an effective, general release of claims in favor of the Company in a form acceptable to the Company within 60 days following your termination date. The Salary Continuation will be paid in equal installments based on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your termination date; provided, however, that no payments will be made prior to the 60th day following your Separation from Service. On the 60th day following your Separation from Service, the Company will pay you in a lump sum the Salary Continuation and other Severance Benefits that you would have received on or prior to such date under the original schedule but for the delay while waiting for the 60th day in compliance with Code Section 409A and the effectiveness of the release, with the balance of the Salary Continuation and other Severance Benefits being paid as originally scheduled.

For the purposes of this letter, the term "Cause" means that one or more of the following has occurred (as reasonably determined by the Board, based on the information then known to it): (i) your willful failure to substantially perform your duties and responsibilities to the Company or deliberate violation of a Company policy; (ii) your commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material injury to the Company; (iii) unauthorized use or disclosure by you of any proprietary information or trade secrets of the Company or any other party to whom you owe an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) your willful breach of any of your obligations under any written agreement or covenant with the Company. For the purposes of this letter, the term "Good Reason" means your resignation from employment with the Company within sixty (60) days after the effective date of the following (without your prior written consent): (i) a material reduction of your Salary, if such Salary reduction is not part of and consistent with a broad cross- Company cost cutting measures; (ii) any requirement that you engage in any illegal or unethical conduct, after you have given the Company thirty (30) days written notice and opportunity to cure; (iii) a forced relocation of more than fifty (50) miles from the primary work facility in Redwood City, California; or (iv) except as otherwise provided herein, any material breach by the Company of a material provision of this letter, or any other agreement between you and the Company, in each case which the Company fails to cure within thirty (30) days of receiving written notice from you.

As a Company employee, you will be expected to abide by Company rules and policies. As a condition of employment, you must sign and comply with the attached Employee Confidential Information and Inventions Assignment Agreement which prohibits unauthorized use or disclosure of Company proprietary information, among other obligations.

In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public

domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.

You agree to follow the Company's strict policy that employees must not disclose, either directly or indirectly, the terms of this agreement regarding monetary compensation to any person, including other employees of the Company; provided, however, that you may discuss such terms with members of your immediate family and any legal, tax or accounting specialists who provide you with individual legal, tax or accounting advice.

This offer is contingent upon a background check clearance, reference check, and satisfactory proof of your right to work in the United States. You agree to assist as needed and to complete any documentation at the Company's request to meet these conditions.

This letter, together with your Employee Confidential Information and Inventions Assignment Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this letter, require a written modification signed by an officer of the Company.

If you wish to accept employment at the Company under the terms described above, please sign and date this letter, and the enclosed Employee Confidential Information and Inventions Assignment Agreement and return them to me by May 25, 2018. If you accept our offer, we would like you to start on July 9, 2018 ("Start Date"). I am delighted to be able to extend this offer to you Alaleh and I look forward to working with you. We all look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

/s/ Nikolai Aljuri

Nikolai Aljuri, Ph.D.

President and Chief Executive Officer

I have read, understand, and accept this employment offer. Furthermore, in choosing to accept this offer, I agree that I am not relying on any representations, whether verbal or written, except as specifically set out within this letter.

ACCEPTED AND AGREED:

/s/ Alaleh Nouri

Alaleh Nouri

Date: 29 May 2018

Attachment: Employee Confidential Information and Inventions Assignment Agreement

PROCEPT BioRobotics Corporation

Amended and Restated Change Of Control And Severance Agreement

This Amended and Restated Change of Control and Severance Agreement (this “*Agreement*”) is entered into effective as of September 17, 2021 (the “*Effective Date*”) by and between Alaleh Nouri (“*Executive*”) and **PROCEPT BioRobotics Corporation**, a Delaware corporation (the “*Company*”).

Recital

The Company’s Board of Directors (the “*Board*”) believes it is in the best interests of the Company and its shareholders to provide incentives for Executive to continue in Executive’s service to the Company and enter into this Agreement to provide Executive with certain protections in the event of Executive’s termination of employment under certain circumstances.

Now Therefore, in consideration of the mutual promises, covenants and agreements contained herein, and in consideration of the continuing employment of Executive by the Company, the parties hereto agree as follows:

1. At-Will Employment. Executive’s employment is and shall remain at-will, which means that the Company may terminate Executive’s employment at any time, with or without advance notice, and with or without Cause. Similarly, Executive may resign Executive’s employment at any time, with or without advance notice. Except as set forth in Section 2 below, Executive shall not receive any compensation of any kind, including, without limitation, stock option or other equity award vesting acceleration and severance benefits, following Executive’s termination of employment with the Company, except as expressly provided herein or expressly provided in a written agreement between Executive and the Company entered into following the Effective Date.

2. Severance Benefits.

(a) Severance Benefits upon a Termination in Connection with or Following a Change of Control. If Executive’s employment is terminated by the Company without Cause (as defined below), and other than as a result of death or disability, or Executive resigns Executive’s employment with the Company for Good Reason (as defined below), in either case, three (3) months prior to, on or within twelve (12) months following the effective date of a Change of Control (a “*COC Termination*”), and provided such termination constitutes a “separation from service” (within the meaning of Treasury Regulation Section 1.409A-1(h), a “*Separation from Service*”), and further provided that Executive delivers a release of claims as required under Section 3 below, then Executive shall be entitled to the following severance benefits (the “*COC Benefits*”) subject to Sections 3(c) and 9(i):

(i) The Company shall pay Executive an amount in cash equal to the sum of (a) twelve (12) months of Executive’s then current base salary (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then the Executive’s annual base salary in effect immediately prior to the reduction), payable in substantially equal installments in accordance with the Company’s normal payroll practice over the twelve (12) month period following Executive’s Separation from Service and (b) 100% of Executive’s target annual cash bonus for the year during which Executive’s Separation from Service occurs, payable in a single lump sum on the later of (x) three days following the Release Effective Date (as defined below) or (y) immediately prior to a Change of Control.

(ii) Subject to Section 9(c), the Company shall pay Executive's expenses for continuing Executive's health care coverage and that of any dependents who are covered at the time of Executive's Separation from Service at then-existing participation and coverage levels (the "**COBRA Premiums**") under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for a period ending on the earlier of twelve (12) months from the Separation from Service or the date on which Executive becomes eligible to be covered by the health care plans of another employer (the "**COC COBRA Period**"), so long as Executive timely elects and is eligible for such COBRA continuation coverage.

(iii) All outstanding unvested Company stock awards then held by Executive (the "**Equity Awards**") shall become fully vested and, if applicable, exercisable with respect to all of the shares subject thereto and any restrictions thereon shall lapse, effective on the later of (x) the Release Effective Date or (y) immediately prior to a Change of Control; *provided, however*, that with respect to any Equity Award that remains subject to the achievement of performance goals as of Executive's Separation from Service, such Equity Award shall vest only to the extent applicable performance goals are achieved upon a Change of Control that occurs during the three-month period following such Separation from Service. To the extent such Equity Awards are options, such options shall be exercisable by Executive for twelve (12) months following the date of Executive's Separation from Service (or, if earlier, until such option's final expiration date). For the avoidance of doubt, any unvested portion of Executive's outstanding Equity Awards will remain outstanding for three (3) months or until the occurrence of a Change of Control (whichever is earlier) so that any vesting acceleration benefits provided under this clause (iii) can be provided if a Change of Control occurs within three (3) months following such Separation from Service (provided that in no event will an option remain outstanding beyond the option's final expiration date). In such case, if no Change of Control occurs within three (3) months following Executive's Separation from Service, any unvested portion of Executive's Equity Awards automatically will be forfeited for no consideration. Notwithstanding the foregoing, in the event that the definitive agreement for the Change of Control does not provide for the continuance, assumption or substitution of Executive's Equity Awards, then all of such Equity Awards shall become fully vested with respect to all of the shares subject thereto and any restrictions thereon shall lapse, effective immediately prior to the consummation of the Change of Control.

(b) **Severance Benefits upon a Termination that is not a COC Termination.** If Executive's employment is terminated by the Company without Cause and other than as a result of death or disability, or Executive resigns Executive's employment with the Company for Good Reason, and such termination is not a COC Termination, and provided such termination constitutes a Separation from Service and that Executive delivers a release of claims as required under Section 3 below, then Executive shall be entitled to the following severance benefits (the "**Severance Benefits**"):

(i) The Company shall pay Executive an amount in cash equal to six (6) months of Executive's then current base salary (or if the termination is due to a resignation for Good Reason based on a material reduction in base salary, then the Executive's annual base salary in effect immediately prior to the reduction), payable in substantially equal installments in accordance with the Company's normal payroll practice over the six (6) month period following Executive's Separation from Service.

(ii) Subject to Section 9(c), the Company shall pay Executive's COBRA Premiums under COBRA for a period ending on the earlier of six (6) months from the Separation from Service or the date on which Executive becomes eligible to be covered by the health care plans of another employer (the "**Severance COBRA Period**"), so long as Executive timely elects and is eligible for such COBRA continuation coverage.

(c) **Accrued Wages, Bonus and Vacation, Expenses.** Without regard to the reason for, or the timing of, Executive's termination of employment, the Company shall pay (or provide reimbursement to) Executive for (i) any unpaid base salary due for periods prior to and including the date of Separation from Service; (ii) all accrued and unused vacation through the date of Separation from Service, if applicable; (iii) any earned (as determined and approved by the Board prior to the Separation from Service) but not yet paid incentive bonus from the prior fiscal year, which bonus shall be paid in accordance with the Company's regular bonus payment process and in any event by no later than two and one-half months after the end of such subsequent year; and (iv) following submission of proper expense reports by Executive, all expenses reasonably and necessarily incurred by Executive in connection with the business of the Company prior to the Separation from Service. These payments shall be made promptly upon or following termination and within the period of time mandated by law (or in the case of an earned bonus, within the time period set forth in the Company's bonus plan and in any event by no later than two and one-half months after the end of the fiscal year following the year in which the bonus was earned).

3. **Release Required; Timing of Payments.**

(a) **Requirement of Release.** Prior to the payment of any COC Benefits (including the acceleration of Equity Awards) or Severance Benefits, Executive shall execute and allow to become effective a standard release agreement releasing the Company (and its successor) from any and all claims Executive (or Executive's estate or beneficiaries) may have against such entities related to or arising in connection with Executive's employment and the terms of such employment and termination thereof (the "**Release**") within the time frame set forth therein, but not later than 60 days following Executive's Separation from Service (the "**Release Effective Date**"). No COC Benefits or Severance Benefits shall be paid or provided prior to the Release Effective Date.

(b) **Form of Release.** The Release shall be in substantially the form attached hereto as *Exhibit A* and shall specifically relate to all of Executive's rights and claims in existence at the time of such execution and shall confirm Executive's continuing obligations to the Company (including but not limited to obligations under any confidentiality and/or non-solicitation agreement with the Company). Unless a Change of Control has occurred, the Board, in its sole discretion, may modify the form of the required Release to comply with applicable law and shall determine the form of the required Release, which may be incorporated into a termination agreement or other agreement with Executive.

(c) **Timing of Payments.** Within three (3) days following the Release Effective Date, the Company will pay in a lump sum payment or commence payment of the COC Benefits or Severance Benefits, as applicable, that Executive would otherwise have received on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the benefits being paid as originally scheduled. Notwithstanding the foregoing, if the Company (or, if applicable, the successor entity thereto) determines that any of the COC Benefits or Severance Benefits constitute "deferred compensation" under Section 409A (defined below) or as otherwise necessary to comply with, or be exempt from, Section 409A, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, no COC Benefits or Severance Benefits, as applicable, will be paid prior to the 61st day following Executive's Separation from Service. On the 61st day following the date of Separation from Service, the Company will pay to Executive in a lump sum payment the COC Benefits or Severance Benefits, as applicable, that Executive would otherwise have received on or prior to such date, with the balance of the benefits being paid as originally scheduled.

4. **Limitation on Payments.** If any payment or benefit (including payments and benefits pursuant to this Agreement) that Executive would receive in connection with a Change

of Control from the Company or otherwise ("**Transaction Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "**Code**"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the Company shall cause to be determined, before any amounts of the Transaction Payment are paid to Executive, which of the following two alternative forms of payment would result in Executive's receipt, on an after-tax basis, of the greater amount of the Transaction Payment notwithstanding that all or some portion of the Transaction Payment may be subject to the Excise Tax: (1) payment in full of the entire amount of the Transaction Payment (a "**Full Payment**"), or (2) payment of only a part of the Transaction Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "**Reduced Payment**"). For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (x) Executive shall have no rights to any additional payments and/or benefits constituting the Transaction Payment, and (y) reduction in payments and/or benefits will occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of equity awards other than stock options; (3) cancellation of accelerated vesting of stock options; and (4) reduction of other benefits paid to Executive. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive's equity awards. In no event will the Company or any shareholder be liable to Executive for any amounts not paid as a result of the operation of this Section 4.

(a) The professional firm engaged by the Company for general tax purposes as of the day prior to the effective date of the Change of Control shall make all determinations required to be made under this Section 4. If the professional firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such professional firm required to be made hereunder.

(b) The professional firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within 15 calendar days after the date on which Executive's right to a Transaction Payment is triggered or such other time as reasonably requested by the Company or Executive. If the professional firm determines that no Excise Tax is payable with respect to the Transaction Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with detailed supporting calculations of its determinations that no Excise Tax will be imposed with respect to such Transaction Payment. Any good faith determinations of the professional firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

5. **Successors.**

(a) **Company's Successors.** Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the Company's, or ensure that the Company fully performs its, obligations under this Agreement and shall perform the Company's, or ensure that the Company performs its, obligations, under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term

“Company” shall include any such successor. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Company shall require any successor to the Company to expressly and unconditionally assume this Agreement in writing and honor the obligations of the Company hereunder, in the same manner and to the same extent that the Company would be required to perform if no succession had taken place.

(b) Executive’s Successors. Without the written consent of the Company, Executive shall not assign or transfer any right or obligation under this Agreement to any other person or entity. Notwithstanding the foregoing, the terms of this Agreement and all rights, benefits and payments of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Notices.

(a) General. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices shall be addressed to Executive at the home address which Executive’s most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Notice of Termination. Any termination by the Company with or without Cause or by Executive as a result of a voluntary resignation for any reason shall be communicated by a notice of termination to the other party hereto given in accordance with this Agreement.

7. Arbitration. The Company and Executive shall attempt to settle any disputes arising in connection with this Agreement through good faith consultation. In the event that Executive and the Company are not able to resolve any such disputes within 15 days after notification in writing to the other (the “**Initial Period**”), any dispute or claim arising out of or in connection with this Agreement will be finally settled by binding arbitration in San Mateo County, California, in accordance with the process outlined in this Section 7. To ensure the timely and economical resolution of disputes that may arise in connection with Executive’s employment with the Company, Executive and the Company agree that, after the expiration of the Initial Period, any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, or Executive’s employment, or the termination of Executive’s employment, including but not limited to all statutory claims, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by law, by final, binding and confidential arbitration by a single arbitrator conducted by JAMS, Inc. (“**JAMS**”) under the then applicable JAMS rules (available upon request and also currently available at <http://www.jamsadr.com/rules-employment-arbitration/>). **By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding and agree that the arbitrator’s award shall be final and binding on both parties. This arbitration provision is to be construed as broadly as is permissible under applicable law.** The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be

permitted by law; (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and (c) be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

8. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. "**Cause**" for termination of Executive's employment will exist if Executive is terminated by the Company for any of the following reasons: (i) Executive's commission of any material act of dishonesty which is injurious to the Company; (ii) Executive's conviction of a felony or any crime involving moral turpitude; (iii) Executive's willful commission of any action that has caused or is reasonably expected to result in material harm to the business or the reputation of the Company (excluding any action taken in good faith); (iv) Executive's willful and material violation of any duty or obligation owed by Executive to the Company which causes or is reasonably expected to cause material injury to the Company; (v) Executive's material breach of any of Executive's obligations under any written agreement or covenant with the Company, including but not limited to Executive's Confidentiality and Intellectual Property Agreement; or (vi) Executive's repeated refusal to substantially perform Executive's assigned duties (other than any such failure resulting from incapacity due to physical or mental illness). The term "Company" will be interpreted to include any subsidiary, parent or affiliate of the Company, as appropriate.

(b) Change of Control. "**Change of Control**" means (1) a sale of all or substantially all of the Company's assets, (2) any merger, consolidation or other business combination transaction of the Company with or into another corporation, entity or person, other than a transaction in which the holders of at least a majority of the shares of voting capital stock of the Company outstanding immediately prior to such transaction continue to hold (either by such shares remaining outstanding or by their being converted into shares of voting capital stock of the surviving entity) a majority of the total voting power represented by the shares of voting capital stock of the Company (or the surviving entity) outstanding immediately after such transaction, (3) the direct or indirect acquisition (including by way of a tender or exchange offer) by any person, or persons acting as a group, of beneficial ownership or a right to acquire beneficial ownership of shares representing a majority of the voting power of the then outstanding shares of capital stock of the Company, or (4) a contested election of Directors, as a result of which or in connection with which the persons who were Directors before such election or their nominees (the "**Incumbent Directors**") cease to constitute a majority of the Board; provided however that if the election or nomination for election by the Company's shareholders, of any new Director was approved by a vote of at least 50% of the Incumbent Directors, such new Director shall be considered as an Incumbent Director. Notwithstanding the foregoing, to the extent required for compliance with Section 409A of the Code, in no event will a Change of Control be deemed to have occurred if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(c) Good Reason. "**Good Reason**" for Executive's resignation of Executive's employment shall exist following the occurrence of any of the following without Executive's written consent: (i) a material reduction in job duties, responsibilities, title or authority

inconsistent with Executive's position with the Company; (ii) a material reduction of Executive's then current base salary, representing a reduction of more than 5% of Executive's then current base salary; (iii) the relocation of Executive's principal place of employment to a place that increases Executive's one-way commute by more than 35 miles as compared to Executive's then current principal place of employment immediately prior to such relocation; (iv) a material reduction in Executive's target annual bonus opportunity; or (v) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform, except where such assumption occurs by operation of law; *provided*, that Executive gives written notice to the Company of the event forming the basis of the termination for Good Reason within 60 days after the date on which the Company gives written notice to Executive of the Company's affirmative decision to take an action set forth in clause (i), (ii), (iii), (iv) or (v) above, the Company fails to cure such basis for the Good Reason resignation within 30 days after receipt of Executive's written notice and Executive terminates Executive's employment within 90 days following the expiration of the cure period.

9. Miscellaneous Provisions.

(a) **Executive Obligations.** Notwithstanding anything to the contrary contained herein, payment of any of the COC Benefits or Severance Benefits, as applicable, will be conditioned upon (i) Executive continuing to comply with Executive's obligations under the Confidentiality and Intellectual Property Agreement (or such similar form that Executive previously executed in connection with Executive's employment) during the period of time in which Executive is receiving the COC Benefits or Severance Benefits, as applicable; and (ii) Executive's resignation from all positions with the Company, any subsidiaries and affiliates, and the Board (as applicable), to be effective no later than the date of Separation from Service (or such other date as determined by the Board).

(b) **Income and Employment Taxes.** All amounts paid or provided under this Agreement shall be net of required withholdings, and Executive shall be responsible for any additional taxes of any nature (including any penalties or interest that may apply to such taxes) that the Company reasonably determines apply to any payment made hereunder. Executive's receipt of any benefit hereunder is conditioned on Executive's satisfaction of any applicable withholding or similar obligations that apply to such benefit and any cash payment owed hereunder will be reduced to satisfy any such withholding or similar obligations that may apply.

(c) **Alternative Method of Providing COBRA Benefit.** If the Company determines, in its sole discretion, that the Company cannot pay COBRA Premiums as provided in Section 2(a) or 2(b) without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof pay Executive a taxable cash amount, which payment shall be made regardless of whether Executive or Executive's eligible dependents elect health care continuation coverage (the "**Health Care Benefit Payment**"). The Health Care Benefit Payment shall be paid in monthly installments over the same time period that the COBRA Premiums would otherwise have been paid on behalf of Executive as set forth in Section 2(a)(ii) or 2(b)(ii). The Health Care Benefit Payment shall be equal to the amount that the Company would have otherwise paid for COBRA Premiums (which amount shall be calculated based on the premium for the first month of coverage), and shall be paid until the expiration of the COC COBRA Period or the Severance COBRA Period, as applicable.

(d) **No Duty to Mitigate.** Executive shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that Executive may receive from any other source.

(e) **Waiver.** No provision of this Agreement may be waived or discharged unless the waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Integration.** This Agreement supersedes all prior or contemporaneous agreements, whether written or oral, with respect to the subject matter of this Agreement including without limitation any severance provisions in any employment agreement or offer letter with the Company; provided that, for clarification purposes, this Agreement shall not affect any agreements between the Company and Executive regarding intellectual property matters, non-solicitation or non-competition restrictions or confidential information of the Company.

(g) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws, but not the conflicts of law rules, of the State of California.

(h) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(i) **Code Section 409A.** It is intended that each installment of the payments and benefits provided for in this Agreement is a separate “payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the amounts set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code (Section 409A of the Code, together, with any state law of similar effect, “**Section 409A**”) provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that any severance payments and benefits provided under this Agreement (the “**Agreement Payments**”) constitute “deferred compensation” under Section 409A and Executive is, on the date of Executive’s Separation from Service, a “specified employee” of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code (a “**Specified Employee**”), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of such severance payments and/or benefits, as applicable, described in Sections 2(a) and 2(b) shall be delayed as follows: on the earlier to occur of (i) the date that is six months and one day after Executive’s Separation from Service or (ii) the date of Executive’s death (such earlier date, the “**Delayed Initial Payment Date**”), the Company (or the successor entity thereto, as applicable) shall pay to Executive a lump sum amount equal to the applicable benefit that Executive would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the benefit had not been so delayed pursuant to this Section 9(i).

(j) **Legal Fees and Expenses.** The parties shall each bear their own expenses, legal fees and other fees incurred in connection with the execution of this Agreement.

(k) **Term; Termination.** This Agreement shall be effective for an initial period of three (3) years from the Effective Date (the “**Initial Term**”) and, unless otherwise terminated pursuant to the terms of this Section 9(k), shall be automatically renewed thereafter for additional successive terms equal to one (1) year each (each a “**Successive Term**”) and together with the Initial Term, the “**Term**”), unless a notice of termination is issued by the Company no later than sixty (60) days prior to the end of the then current Term. This Agreement, and any rights granted hereunder, will terminate on the date all amounts to be paid

by the Company (or any successor to the Company as contemplated in Section 5(a) above) to Executive hereunder are paid.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Signature Page Follows]

In Witness Whereof, the parties have executed this Agreement as of the date first set forth above.

Executive

/s/ Alaleh Nouri
Alaleh Nouri

Date: September 14, 2021

PROCEPT BioRobotics Corporation

By: /s/ Reza Zadno

Name: Reza Zadno

Title: President and Chief Executive Officer

Date: September 14, 2021

Exhibit A Release Agreement

In consideration of receiving certain benefits under my Change of Control and Severance Agreement with PROCEPT BioRobotics Corporation (the “**Company**”) dated [_____,] 2021 (the “**Agreement**”) and the Company’s agreement to the nondisparagement covenant set forth on Attachment A hereto, I have agreed to sign this Release. I understand that I am not entitled to benefits under the Agreement unless I sign this Release.

I understand that this Release, together with the Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company, affiliates of the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated therein. Certain capitalized terms used in this Release are defined in the Agreement.

I hereby confirm my obligations under my Confidentiality and Intellectual Property Agreement (or such similar form that I previously executed in connection with my employment) with the Company.

Except as otherwise set forth in this Release, I hereby generally and completely release the Company and its current and former directors, officers, executives, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the “**Released Parties**”) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to my signing this Release (collectively, the “**Released Claims**”). The Released Claims include, but are not limited to: (1) all claims arising out of or in any way related to my employment with the Company or its affiliates, or the termination of that employment; (2) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company or its affiliates; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, [the federal Age Discrimination in Employment Act of 1967 (as amended) (“**ADEA**”),]¹ the federal Employee Retirement Income Security Act of 1974 (as amended), the California Fair Employment and Housing Act, the California Labor Code, and the California Business & Professions Code. Notwithstanding the foregoing, the following are not included in the Released Claims (the “**Excluded Claims**”): (1) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter or bylaws of the Company, or under applicable law; (2) any rights related to vested securities of the Company that were granted to me during the course of my employment with the Company or any shares of capital stock or other securities of the Company that I purchased other than pursuant to a Company stock option or stock plan; (3) any claims for breach of this Release Agreement or (4) any rights which are not waivable as a matter of law.

In addition, nothing in this Release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, the

¹ Note to Draft: include for age 40+ individual termination and 40+ group termination

Securities and Exchange Commission, or any other local, state, or federal administrative body or government agency (“**Government Agencies**”). I further understand this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit my right to receive an award for information provided to the Securities and Exchange Commission, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released and any rights I have waived by signing this Agreement. Pursuant to 18 USC Section 1833(b), (1) I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (2) I acknowledge that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims. I agree that if I hereafter commence any suit arising out of, based upon, or relating to any of the Released Claims or in any manner asserts against the Released Parties, or any of them, any of the Released Claims, then I agree to pay to the Released Parties, and each of them, in addition to any other damages caused to the Released Parties thereby, all attorneys’ fees incurred by the Released Parties in defending or otherwise responding to said suit or Released Claim. Notwithstanding the foregoing, this provision shall not apply to any suit or claim to the extent it challenges the effectiveness of this release with respect to a claim under the ADEA.

[I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA. I also acknowledge that the consideration given for the Released Claims is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) the Released Claims do not apply to any rights or claims that arise after the date I sign this Release; (b) I should consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so); (c) I have [twenty-one (21) days]² [forty-five (45) days]³ to consider this Release (although I may choose to voluntarily sign it sooner); (d) I have seven (7) days following the date I sign this Release to revoke the Release by providing written notice to an officer of the Company; and (e) the Release will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after I sign this Release (“**Effective Date**”).]⁴

[I have received with this Release all of the information required by the ADEA, including without limitation a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated, along with information on the eligibility factors used to select employees for the group termination and any time limits applicable to this group termination program.]⁵

² Note to Draft: include for ages 40+ individual

³ Note to Draft: include for ages 40+ group termination

⁴ Note to Draft: include for ages 40+ individual termination and 40+ group termination

⁵ Note to Draft: include for 40+ group termination

I hereby represent that I have been paid all compensation owed and for all hours worked, I have received all the leave and leave benefits and protections for which I am eligible, and I have not suffered any on-the-job injury for which I have not already filed a workers' compensation claim.

I hereby agree not to disparage the Company, or its officers, directors, executives, shareholders or agents, in any manner likely to be harmful to its or their business, business reputation, or personal reputation; *provided, however*, that I may respond accurately and fully to any question, inquiry or request for information when required by legal process.

I acknowledge that to become effective, I must sign and return this Release to the Company so that it is received not later than [fourteen (14) days]⁶ [twenty-one (21) days]⁷ [forty-five (45) days]⁸ following the date it is provided to me [or such other date as specified by the Company]⁹, and I must not revoke it thereafter¹⁰.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: “**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**” I hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to any claims I may have against the Company.

This Release Agreement is deemed made and entered into in the [State of California], and in all respects shall be interpreted, enforced and governed under the internal laws of the [State of California], to the extent not preempted by federal law.

I UNDERSTAND THAT THIS RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE UNKNOWN CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS RELEASE AGREEMENT.

[Executive Name]

—
Date:___

⁶ Note to Draft: include for below 40 individual/group termination
⁷ Note to Draft: include for ages 40+ individual termination
⁸ Note to Draft: include for 40+ group termination
⁹ Note to Draft: include for below 40 individual/group termination
¹⁰ Note to Draft: include for ages 40+ individual and 40+ group termination

Attachment A

Nondisparagement Agreement

In consideration for **[Executive Name]**'s execution of the Release Agreement to which this document is an attachment, PROCEPT BioRobotics Corporation agrees (through its officers and directors) not to disparage **[Executive Name]** in any manner likely to be harmful to [his/her] business reputation or personal reputation; *provided that* the Company may respond accurately and fully to any question, inquiry or request for information when required by legal process.

PROCEPT BioRobotics Corporation

By:___

Name:___

Title:___

Date:___

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Reza Zadno, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PROCEPT BioRobotics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

By:

/s/ Reza Zadno
Reza Zadno, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Waters, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PROCEPT BioRobotics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

By: _____
/s/ Kevin Waters
Kevin Waters
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of PROCEPT BioRobotics Corporation (the "Company") on Form 10-Q for the period ending March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 4, 2023

By:

/s/ Reza Zadno

Reza Zadno, Ph.D.

**Chief Executive Officer
(Principal Executive Officer)**

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of PROCEPT BioRobotics Corporation (the "Company") on Form 10-Q for the period ending March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 4, 2023

By:

/s/ Kevin Waters

Kevin Waters

**Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)**

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.