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 September 30, 2025

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			**26-0199180**
(State or other jurisdiction of incorporation or organization)			(I.R.S. Employer Identification No.)
150 Baytech Drive	**San Jose**	**CA**	**95134**
(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", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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 55,878,589 shares of common stock as of October 29, 2025.

PROCEPT BioRobotics Corporation

Form 10-Q – QUARTERLY REPORT

For the Quarter Ended September 30, 2025

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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)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 294,281	$ 333,7
Accounts receivable, net	84,504	83,4
Inventory	66,715	56,1
Prepaid expenses and other current assets	9,252	8,4
Total current assets	454,752	481,8
Restricted cash, non-current	3,038	3,0
Property and equipment, net	30,022	26,7
Operating lease right-of-use assets, net	17,904	18,9
Intangible assets, net	727	9
Other assets	5,098	2,5
Total assets	$ 511,541	$ 534,0
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 11,118	$ 10,0
Accrued compensation	21,797	21,5
Deferred revenue	10,665	9,5
Operating lease, current	2,135	1,9
Loan facility liability	—	2,0
Other current liabilities	8,183	8,0
Total current liabilities	53,898	53,1
Long-term debt	51,566	51,4
Operating lease, non-current	25,225	26,8
Other liabilities	576	3
Total liabilities	131,265	131,7
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Preferred stock, $0.00001 par value;		
Authorized shares: 10,000 at September 30, 2025 and December 31, 2024		
Issued and outstanding shares: none at September 30, 2025 and December 31, 2024	—	
Common stock, $0.00001 par value;		
Authorized shares: 300,000 at September 30, 2025 and December 31, 2024		
Issued and outstanding shares: 55,870 and 54,718 at September 30, 2025 and December 31, 2024, respectively	—	
Additional paid-in capital	991,945	948,0
Accumulated other comprehensive gain	42	1
Accumulated deficit	(611,711)	(545,9
Total stockholders' equity	380,276	402,2
Total liabilities and stockholders' equity	$ 511,541	$ 534,0

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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	$ 83,327	$ 58,370	$ 231,671	$ 156,262
Cost of sales	29,321	21,459	81,758	62,835
Gross profit	54,006	36,911	149,913	93,427
Operating expenses:				
Research and development	18,187	16,647	52,221	47,232
Selling, general and administrative	59,011	42,691	170,510	123,099
Total operating expenses	77,198	59,338	222,731	170,331
Loss from operations	(23,192)	(22,427)	(72,818)	(76,904)
Interest expense	(919)	(1,140)	(2,692)	(3,215)
Interest and other income, net	2,700	2,593	9,783	7,562
Net loss	$ (21,411)	$ (20,974)	$ (65,727)	$ (72,557)
Net loss per share, basic and diluted	$ (0.38)	$ (0.40)	$ (1.19)	$ (1.41)
Weighted-average common shares used to compute net loss per share attributable to common shareholders, basic and diluted	55,727	52,011	55,366	51,550
Other comprehensive loss:				
Foreign currency translation adjustment	186	—	(72)	—
Unrealized gain on cash equivalents	—	(17)	—	(102)
Comprehensive loss	$ (21,225)	$ (20,991)	$ (65,799)	$ (72,659)

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
	Shares	Amount				
Balance at December 31, 2024	54,718	$ —	$ 948,091	$ 114	$ (545,985)	$ 402,220
Issuance of common stock under stock plans	560	—	1,298	—	—	1,298
Stock-based compensation expense	—	—	10,267	—	—	10,267
Foreign currency translation adjustment	—	—	—	109	—	109
Net loss	—	—	—	—	(24,737)	(24,737)
Balance at March 31, 2025	55,278	—	959,656	223	(570,722)	389,157
Issuance of common stock under stock plans	299	—	4,377	—	—	4,377
Stock-based compensation expense	—	—	12,207	—	—	12,207
Foreign currency translation adjustment	—	—	—	(367)	—	(367)
Net loss	—	—	—	—	(19,578)	(19,578)
Balance at June 30, 2025	55,577	—	976,240	(144)	(590,300)	385,796
Issuance of common stock under stock plans	293	—	1,078	—	—	1,078
Stock-based compensation expense	—	—	14,627	—	—	14,627
Foreign currency translation adjustment	—	—	—	186	—	186
Net loss	—	—	—	—	(21,411)	(21,411)
Balance at September 30, 2025	55,870	$ —	$ 991,945	$ 42	$ (611,711)	$ 380,276

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	50,771	$ —	$ 735,240	$ 84	$ (454,572)	$ 280,752
Issuance of common stock under stock plans	622	—	2,586	—	—	2,586
Stock-based compensation expense	—	—	6,637	—	—	6,637
Unrealized gain (loss) on cash equivalents	—	—	—	29	—	29
Net loss	—	—	—	—	(25,957)	(25,957)
Balance at March 31, 2024	51,393	—	744,463	113	(480,529)	264,047
Issuance of common stock under stock plans	507	—	5,296	—	—	5,296
Stock-based compensation expense	—	—	8,176	—	—	8,176
Unrealized gain (loss) on cash equivalents	—	—	—	(114)	—	(114)
Net loss	—	—	—	—	(25,626)	(25,626)
Balance at June 30, 2024	51,900	—	757,935	(1)	(506,155)	251,779
Issuance of common stock under stock plans	246	—	1,715	—	—	1,715
Stock-based compensation expense	—	—	8,715	—	—	8,715
Unrealized gain (loss) on cash equivalents	—	—	—	(17)	—	(17)
Net loss	—	—	—	—	(20,974)	(20,974)
Balance at September 30, 2024	52,146	$ —	$ 768,365	$ (18)	$ (527,129)	$ 241,218

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)

	Nine Months Ended September 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (65,727)	$ (72,557)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	4,681	3,781
Stock-based compensation expense	36,761	22,755
Change in fair value of derivative liability	—	114
Non-cash lease adjustment	(381)	(287)
Inventory write-down	566	1,281
Provision for credit losses	1,426	456
(Gain) loss on foreign currency transactions	(121)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,128)	(21,128)
Inventory	(10,500)	(11,438)
Prepaid expenses and other current assets	(671)	(1,210)
Other assets	(1,973)	(334)
Accounts payable	715	3,227
Accrued compensation	207	1,949
Accrued interest expense	94	100
Loan facility liability	(2,000)	—
Deferred revenue	1,352	2,295
Reimbursements for leasehold improvements from operating leases	—	2,596
Other liabilities	41	1,578
Net cash used in operating activities	(38,658)	(66,822)
Cash flows from investing activities:		
Purchases of property and equipment	(7,506)	(3,235)
Net cash used in investing activities	(7,506)	(3,235)
Cash flows from financing activities:		
Proceeds from issuance of common stock from the exercise of stock options	3,249	7,474
Proceeds from issuance of common stock under employee stock purchase plan	3,504	2,123
Net cash provided by financing activities	6,753	9,597
Effect of exchange rates on cash, cash equivalents and restricted cash	(33)	—
Net decrease in cash, cash equivalents and restricted cash	(39,444)	(60,460)
Cash, cash equivalents and restricted cash		
Beginning of the period	336,763	260,260
End of the period	$ 297,319	$ 199,800
Reconciliation of cash, cash equivalents and restricted cash to balance sheets:		
Cash and cash equivalents	$ 294,281	$ 196,762
Restricted cash	3,038	3,038
Cash, cash equivalents and restricted cash in balance sheets	$ 297,319	$ 199,800
Supplemental cash flow information		
Interest paid	$ 2,632	$ 3,046
Non-cash investing and financing activities		
Property and equipment included in accounts payable and accrued expenses	$ 714	$ 25

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, or the Company, was incorporated in the state of California in 2007 and its headquarters are located in San Jose, California. In April 2021, the Company re-incorporated in the state of Delaware. The Company received U.S. Food and Drug Administration clearance in December 2017 to market its AquaBeam® Robotic System, an automated surgical robot providing tissue removal for the treatment of benign prostatic hyperplasia, a prostate gland enlargement condition. On August 20, 2024, the Company received 510(k) clearance from the FDA for its next generation robot system, HYDROS® 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, or U.S. GAAP, and pursuant to the rules and regulations of the United States Securities and Exchange Commission or 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 September 30, 2025, the statements of operations and comprehensive loss and cash flows for the three and nine months ended September 30, 2025 and 2024, and the statements of stockholders' equity as of September 30, 2025 and 2024, are unaudited. The financial data and other information disclosed in these notes to the financial statements related to September 30, 2025, and the three and nine months ended September 30, 2025 and 2024, are also unaudited. The accompanying balance sheet as of December 31, 2024 has 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 September 30, 2025, and the results of its operations and cash flows for the three and nine months ended September 30, 2025 and 2024. The results for the three and nine months ended September 30, 2025, are not necessarily indicative of results to be expected for the year ending December 31, 2025, 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 allowance for credit losses, excess and obsolete inventory reserves, stock-based compensation expense, right-of-use lease asset, lease 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

In December 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for all public entities for fiscal years beginning after December 15, 2024. The ASU should be applied either prospectively or retrospectively. The Company plans to adopt the ASU and related updates in the year ending December 31, 2025. The adoption of this ASU is not expected to have a material impact on its financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In January 2025, the FASB issued ASU 2025-01, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. The ASUs require public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is evaluating the impact this ASU will have on its financial statement disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. ASU 2025-05 provides a practical expedient and, if applicable, an accounting policy election to simplify the measurement of credit losses for certain receivables and contract assets. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued or made available for issuance. The adoption of this ASU is not expected to have a material impact to the Company's financial statements.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU removes all references to prescriptive and sequential software development stages (referred to as "project stages") and requires companies to start capitalizing software costs when both of the following occur: (1) management has authorized and committed to funding the software project, and (2) it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to complete recognition threshold"). ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, an interim reporting periods within those annual reporting periods. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact to the Company's financial statements.

3. Fair Value Measurements

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

	September 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:								
Cash	$ 7,059	$ —	$ —	$ 7,059	$ 10,961	$ —	$ —	$ 10,961
Cash equivalents	287,222	—	—	287,222	322,764	—	—	322,764
Total cash and cash equivalents	$ 294,281	$ —	$ —	$ 294,281	$ 333,725	$ —	$ —	$ 333,725

Cash equivalents consist primarily of money market deposit funds.

The carrying value of the Company's long-term debt approximates fair value as the debt bears interest at variable SOFR rates at September 30, 2025 and 2024, which is observable at commonly quoted intervals for the full term of the loan, and therefore, is considered a Level 2 item in the fair value hierarchy.

4. Balance Sheet Components

Allowance for credit losses (in thousands):

	September 30, 2025	December 31, 2024
Beginning balance	$ 840	$ —
Net changes during the period	1,426	840
Ending balance	$ 2,266	$ 840

Inventory (in thousands):

	September 30, 2025	December 31, 2024
Raw materials	$ 18,388	$ 18,189
Work-in-process	12,814	11,452
Finished goods	35,513	26,527
Total inventory	$ 66,715	$ 56,168

Property and equipment, net, (in thousands):

	September 30, 2025	December 31, 2024
Manufacturing and computer equipment, and furniture and fixtures	$ 21,470	$ 19,683
Laboratory equipment	3,528	1,509
Rental equipment	459	597
Leasehold improvements	13,024	12,488
Construction in progress	3,738	262
Total property and equipment	42,219	34,539
Less: accumulated depreciation and amortization	(12,197)	(7,830)
Total property and equipment, net	$ 30,022	$ 26,709

Deferred commission costs, (in thousands):

	September 30, 2025	December 31, 2024
Reported as:		
Prepaid expenses and other current assets	$ 544	$ 357
Other assets	$ 1,224	$ 840

5. Long-Term Debt

Term Loan Facility

In October 2022, the Company entered into a loan and security agreement (as amended, “the 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.

The Term Loan Facility is scheduled to mature on the fifth anniversary of the closing date (the “Maturity Date”). 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 or 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 weighted-average interest rate for the periods ending September 30, 2025 and 2024 were 6.7%, and 7.7%, respectively.

The obligations under the 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.

In August 2025, the Company entered into a second amendment to the Agreement (the "Second Amendment"), which, among other things, modified the repayment terms such that the entire principal amount outstanding is now due on the Maturity Date, replacing the prior repayment schedule of interest-only payments followed by monthly principal amortization payments. Additionally, the Second Amendment modified the Company's minimum cash holdings requirement at CIBC as follows: (a) if the Company's cash and cash equivalents is less than $50.0 million, then the Company is required to maintain 100% of its cash and cash equivalents at CIBC; or (b) if the Company's cash and cash equivalents is greater than or equal to $50.0 million, then the Company is required to maintain the greater of $50.0 million or 50% of its cash and cash equivalents at CIBC, with amounts exceeding $50.0 million permitted to be held outside of CIBC in collateral accounts managed by CIBC.

Under the Loan Agreement, if the Company maintains less than $100.0 million in available cash, then the Company is required to meet either one of two financial covenants: a minimum unrestricted cash covenant or a minimum revenue and growth covenant. If the Company maintains at least $100.0 million in available cash, then it is not required to meet such financial covenants. As of September 30, 2025, the Company was in compliance with all debt covenants.

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

Fiscal Year	Amount
2026	—
2027	52,000
Total minimum payments	52,000
Less: amount representing unamortized debt discount	(434)
Present value of future payments	$ 51,566

Loan Facility Liability

In connection with the Company's previous loan facility, the Company is obligated to pay a fee upon the earlier occurrence of a defined liquidity event, including but not limited to, a merger or sale of our assets or voting stock, or achieving a $200.0 million trailing 12 months revenue target, in each case, by September 2029. At December 31, 2024, the Company achieved the 12 months revenue target. As a result, the loan facility liability became due and will no longer be revalued. The outstanding balance was paid in full during the second fiscal quarter of 2025.

6. Leases

Facility Lease

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 the lease, including additional rent charges for utilities, parking, maintenance, and real estate taxes, was $1.8 million and $2.0 million for the three months ended September 30, 2025 and 2024, and $4.9 million and $5.4 million for the nine months ended September 30, 2025 and 2024.

Future minimum annual operating lease payments are as follows (in thousands):

As of September 30, 2025	Amount
2025	$ 1,074
2026	4,426
2027	4,808
2028	4,952
2029	5,101
Thereafter	17,196
Total minimum payments	37,557
Less: amount representing interest/unamortized debt discount	(10,197)
Present value of future payments	27,360
Less: current portion	(2,135)
Non-current portion	$ 25,225

As of September 30, 2025 and December 31, 2024, the Company's security deposit is in the form of, and recorded as, restricted cash.

Lessor Information for Robotic Systems

Contractual maturities of gross lease receivables as of September 30, 2025 are as follows (in thousands):

Fiscal Year	Amount
2025	$ 260
2026	1,179
2027	1,056
2028	1,056
2029 and thereafter	1,467
Total	$ 5,018

	September 30, 2025	December 31, 2024
Gross receivables	$ 5,018	$ 2,097
Unearned interest income	(940)	(426)
Net investment in sales-type leases	$ 4,078	$ 1,671

The components of income from sales-type leases are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales-type lease revenue	$ 957	$ —	$ 2,178	$ —
Interest income	$ 63	$ 7	$ 139	$ 22

Leases receivable relating to sales-type lease arrangements are presented on the Company's consolidated balance sheets as follows (in thousands):

	September 30, 2025	December 31, 2024
Reported as:		
Accounts receivable	$ 847	$ 157
Other assets	3,231	1,514
Net investment in sales-type leases	$ 4,078	$ 1,671

7. Stock-Based Compensation

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of sales	$ 2,380	$ 1,893	$ 6,796	$ 4,891
Research and development	3,033	2,146	8,559	5,446
Sales, general and administrative	10,335	5,521	24,974	15,250
Stock-based compensation capitalized in inventory	(1,258)	(1,048)	(3,568)	(2,832)
Total stock-based compensation	$ 14,490	$ 8,512	$ 36,761	$ 22,755

On September 1, 2025, the Company's former CEO retired, which resulted in accelerated vesting of certain stock-based awards, in accordance with original grant terms, as well as cash severance. As a result, the Company recorded compensation expense of $3.7 million during the three and nine months ended September 30, 2025, in selling, general and administrative expenses.

Stock Options

The Company had 8.2 million shares available for grant as of September 30, 2025 under the 2021 Equity Incentive Award Plan, or 2021 Plan.

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

	Nine Months Ended September 30, 2025	
	Number of Shares	Weighted-Average Exercise Price
Outstanding, beginning of period	3,795	$ 11.56
Granted	469	46.15
Exercised	(497)	6.56
Forfeited	(74)	41.70
Outstanding, end of period	3,693	16.02
Vested and expected to vest	3,693	16.02
Exercisable	3,096	10.77

As of September 30, 2025 and December 31, 2024, the aggregate pre-tax intrinsic value of options outstanding and exercisable was $79.8 million and $239.7 million, respectively, and the aggregate pre-tax intrinsic value of options outstanding were $79.8 million and $261.7 million, respectively. The aggregate pre-tax intrinsic value of options exercised was $24.1 million and $47.2 million during the nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, there was a total of $13.9 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Expected life (years)	6.1	6.0	6.1	6.0
Expected volatility	57 %	57 %	57 %	57 %
Risk-free interest rate	3.8 %	4.1 %	3.9 %	4.1 %
Expected dividend rate	— %	— %	— %	— %
Weighted-average fair value	$ 22.61	$ 38.24	$ 26.39	$ 28.52

Restricted Stock Units

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

	Nine Months Ended September 30, 2025	
	Number of Shares	Weighted-Average Fair Value
Unvested, beginning of period	1,894	$ 45.36
Awarded	1,144	55.21
Forfeited	(274)	47.89
Vested	(581)	44.49
Unvested, end of period	2,183	50.44

As of September 30, 2025, there was a total of $91.6 million of unrecognized stock-based compensation expense related to RSUs.

Performance Stock Units

The 2021 Plan provides for issuance of performance stock units, or PSUs. PSUs granted are contingent upon the achievement of predetermined market, performance, and service conditions. PSUs are awarded to executives of the Company and generally time vest over a period of up to three years. Vesting is also generally contingent upon achievement of applicable performance metrics. PSU expense is recognized over the requisite service period.

During the nine months ended September 30, 2025, the Company awarded PSU shares with both a performance and service condition.

A summary of the Company's PSU activity and related information are as follows (PSUs in thousands):

	Nine Months Ended September 30, 2025	
	Number of Shares	Weighted-Average Fair Value
Unvested, beginning of period	81	$ 73.20
Awarded	56	60.60
Forfeited	(22)	70.14
Vested	—	—
Unvested, end of period	115	67.62

As of September 30, 2025, total unrecognized stock-based compensation related to unvested PSUs was $4.0 million.

Employee Stock Purchase Plan

As of September 30, 2025, there was approximately $2.0 million of unrecognized cost related to the Employee Stock Purchase Plan, or ESPP. This cost is expected to be recognized over a weighted average period of 0.6 years. As of September 30, 2025, a total of 1.9 million shares were available for issuance under the ESPP.

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

	Nine Months Ended September 30,	
	2025	2024
Expected life (years)	0.8	0.8
Expected volatility	59 %	53 %
Risk-free interest rate	4.2 %	5.3 %
Expected dividend rate	— %	— %
Weighted-average fair value	$ 23.52	$ 22.10

8. Net Loss Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	$ (21,411)	$ (20,974)	$ (65,727)	$ (72,557)
Weighted-average common stock outstanding	55,727	52,011	55,366	51,550
Net loss per share, basic and diluted	$ (0.38)	$ (0.40)	$ (1.19)	$ (1.41)

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):

	September 30,	
	2025	2024
Stock options	3,693	4,342
Restricted and performance stock units	2,298	2,013
Employee stock purchase plan	154	52
Total	6,145	6,407

9. Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
U.S.				
System sales and rentals	$ 24,747	$ 19,643	$ 65,400	$ 50,978
Handpieces and other consumables	44,411	29,620	125,668	81,217
Service	4,754	2,952	12,723	7,888
Total U.S. revenue	73,912	52,215	203,791	140,083
Outside of U.S.				
System sales and rentals	3,391	3,155	10,179	7,974
Handpieces and other consumables	5,316	2,616	15,805	7,230
Service	708	384	1,896	975
Total outside of U.S. revenue	9,415	6,155	27,880	16,179
Total revenue	$ 83,327	$ 58,370	$ 231,671	$ 156,262

During the three and nine months ended September 30, 2025, the Company recognized $4.2 million and $8.3 million of revenue, respectively, that was included in the deferred revenue balance as of June 30, 2025 and December 31, 2024. During the three and nine months ended September 30, 2024, the Company recognized $2.6 million and $5.2 million of revenue, respectively, that was included in the deferred revenue balance as of June 30, 2024 and December 31, 2023.

10. Income Taxes

In July 2025, new federal tax legislation was enacted, introducing significant changes to U.S. income tax law, including provisions affecting the deductibility and capitalization of research and development expenditures, as well as changes to various international tax rules. The Company analyzed the impact of this legislation and determined that the legislation did not have a material impact due to the Company's full valuation allowance applied on its deferred tax assets and liabilities.

11. Segment, Geographical, and Customer Concentration

The Company operates as a single operating segment. The Company's chief operating decision maker, or CODM, its Chief Executive Officer, reviews the Company's forecast, as well as budget to actual financial information, as key inputs to making decisions on resource allocation and assessing the performance of the business. The CODM monitors budget versus actual results using income (loss) from operations and net income (loss).

Significant expenses within income from operations, as well as within net income (loss), include cost of goods sold, research and development expenses, and selling, general and administrative expenses, which are each separately presented on the Company's consolidated statements of operations. Other segment items within net income (loss) include interest expense, and interest and other income, net 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 nine months ended September 30, 2025 and 2024.

No customer accounted for more than 10% of accounts receivable at September 30, 2025 and December 31, 2024.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
United States	89 %	89 %	88 %	90 %
Outside the United States	11 %	11 %	12 %	10 %

No individual country outside the United States accounted for more than 10% of the Company's revenue for the periods presented.

12. Commitments and Contingencies

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 material claims or been required to defend any action related to its indemnification obligations. As of September 30, 2025 and December 31, 2024, the Company does not have any material indemnification claims that were probable or reasonably possible and consequently has not recorded related liabilities.

Legal Contingencies

From time to time, the Company may be involved in legal proceedings arising in the ordinary course of our business. The Company is not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on the business. Regardless of outcome, litigation can have an adverse impact on the Company due to defense and settlement costs, diversion of management resources, negative publicity and reputation harm, and other factors.

A liability and related charge to earnings are recorded in the financial statements for legal contingencies when the loss is considered probable and the amount can be reasonably estimated. The assessment is re-evaluated each accounting period and is based on all available information.

13. 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 $0.7 million and $0.5 million for the three months ended September 30, 2025 and 2024, and $2.4 million and $1.8 million for the nine months ended September 30, 2025 and 2024.

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, including those discussed in the section titled "Risk Factors" and elsewhere in this report. 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 and HYDROS Robotic System, which are advanced, image-guided, surgical robotic systems 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. Each of our robotic systems 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 robotic systems 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 is 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 nine clinical studies and over 150 peer-reviewed publications, supporting the benefits and clinical advantages of Aquablation therapy. As of September 30, 2025, we had an install base of 835 AquaBeam Robotic Systems and HYDROS Robotic Systems globally, including 653 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.

We manufacture the robotic systems, the single-use disposable handpiece, integrated scope and other accessories at our facility in San Jose, 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 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 $231.7 million and incurred a net loss of $65.7 million for the nine months ended September 30, 2025, compared to revenue of $156.3 million and a net loss of $72.6 million for the nine months ended September 30, 2024. As of September 30, 2025, we had cash and cash equivalents of $294.3 million and an accumulated deficit of $611.7 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 robotic systems:* As of September 30, 2025, we had an install base of 835 robotic systems globally, including 653 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 target approximately 2,700 hospitals that perform resective BPH procedures in the United States. To penetrate these hospitals, we expect to 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 robotic systems, we expect our revenue to increase as a result of the system sale and resulting utilization.

- *Increase system utilization:* Our revenue is significantly impacted by the utilization of our robotic systems. 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 expect to 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 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 robotic systems. 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 many large commercial payors. We plan to leverage these successes in our active discussions with commercial payors to establish additional positive national and regional coverage policies. We believe that additional commercial payor coverage will contribute to increasing utilization of our system over time. 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 robotic systems 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 our robotic systems. 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 sales and leases of our robotic systems, sales of our single-use disposable handpieces that are used during each surgery performed with our system, and related accessories. Additionally, we also derive revenue 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
United States	89 %	89 %	88 %	90 %
Outside the United States	11 %	11 %	12 %	10 %

We expect that both our United States and international revenue will increase in the near term as we continue to expand the install base of our robotic systems and increase the related single-use disposable handpieces sold. We expect our increase in revenue 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, scrap 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, clinical trial expenses, 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 and enhance existing products and

technologies, though it may fluctuate from quarter to quarter. However, over time, we expect our R&D expenses to decrease as a percentage of revenue.

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 clinical 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, Net

Interest Expense

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

Interest and Other Income, Net

Interest and other income, net, consists primarily of interest income from our cash and cash equivalents balances.

Results of Operations

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

	Three Months Ended September 30,		Change	
	2025	2024	$	%
	(in thousands, except percentages)			
Revenue	$ 83,327	$ 58,370	$ 24,957	43 %
Cost of sales	29,321	21,459	7,862	37
Gross profit	54,006	36,911	17,095	46
Gross margin	*65 %*	*63 %*		
Operating expenses:				
Research and development	18,187	16,647	1,540	9
Selling, general and administrative	59,011	42,691	16,320	38
Total operating expenses	77,198	59,338	17,860	30
Loss from operations	(23,192)	(22,427)	(765)	(3)
Interest expense	(919)	(1,140)	221	19
Interest and other income, net	2,700	2,593	107	4
Net loss	$ (21,411)	$ (20,974)	$ (437)	(2)

	Nine Months Ended September 30,		Change	
	2025	2024	$	%
	(in thousands, except percentages)			
Revenue	$ 231,671	$ 156,262	$ 75,409	48 %
Cost of sales	81,758	62,835	18,923	30
Gross profit	149,913	93,427	56,486	60
Gross margin	*65 %*	*60 %*		
Operating expenses:				
Research and development	52,221	47,232	4,989	11
Selling, general and administrative	170,510	123,099	47,411	39
Total operating expenses	222,731	170,331	52,400	31
Loss from operations	(72,818)	(76,904)	4,086	5
Interest expense	(2,692)	(3,215)	523	16
Interest and other income, net	9,783	7,562	2,221	29
Net loss	$ (65,727)	$ (72,557)	$ 6,830	9

Comparison of Three and Nine Months Ended September 30, 2025 and 2024

Revenue

	Three Months Ended September 30,		Change	
	2025	2024	$	%
	(in thousands, except percentages)			
System sales and leases	$ 28,138	$ 22,798	$ 5,340	23 %
Handpieces and other consumables	49,727	32,236	17,491	54
Service	5,462	3,336	2,126	64
Total revenue	$ 83,327	$ 58,370	$ 24,957	43

	Nine Months Ended September 30,		Change	
	2025	2024	$	%
	(in thousands, except percentages)			
System sales and leases	$ 75,579	$ 58,952	$ 16,627	28%
Handpieces and other consumables	141,473	88,447	53,026	60
Service	14,619	8,863	5,756	65
Total revenue	$ 231,671	$ 156,262	$ 75,409	48

Revenue increased $25.0 million, or 43%, to $83.3 million during the three months ended September 30, 2025, compared to $58.4 million during the three months ended September 30, 2024, and increased $75.4 million, or 48%, to $231.7 million during the nine months ended September 30, 2025, compared to $156.3 million during the nine months ended September 30, 2024. The growth in revenue was primarily attributable to $73.9 million and $203.8 million in revenue derived from the United States for the three and nine months ended September 30, 2025,

respectively. The increase was due to higher sales volumes of system sales, handpieces, other consumables, and service contracts.

Cost of Sales and Gross Margin

Cost of sales increased $7.9 million, or 37%, to $29.3 million during the three months ended September 30, 2025, compared to $21.5 million during the three months ended September 30, 2024, and increased $18.9 million, or 30%, to $81.8 million during the nine months ended September 30, 2025, compared to $62.8 million for the nine months ended September 30, 2024. The increase in cost of sales was primarily attributable to the growth in the number of units sold.

Gross margin increased to 65% during the three months ended September 30, 2025, compared to 63% for the three months ended September 30, 2024, and increased to 65% during the nine months ended September 30, 2025, compared to 60% during the nine months ended September 30, 2024. The increase in gross margin was primarily attributable to the growth in unit sales, which allowed us to spread the fixed portion of our manufacturing overhead costs over more production units, and to a lesser extent, an increase in average selling prices on both our system sales and handpieces.

Research and Development Expenses

R&D expenses increased $1.5 million, or 9%, to $18.2 million during the three months ended September 30, 2025, compared to $16.6 million during the three months ended September 30, 2024, and increased $5.0 million, or 11%, to $52.2 million during the nine months ended September 30, 2025, compared to $47.2 million for the nine months ended September 30, 2024. 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. These expenses support ongoing product improvements and the development of additional and next generation technologies.

Selling, General and Administrative Expenses

SG&A expenses increased $16.3 million, or 38%, to $59.0 million during the three months ended September 30, 2025, compared to $42.7 million during the three months ended September 30, 2024, and increased $47.4 million, or 39%, to $170.5 million during the nine months ended September 30, 2025, compared to $123.1 million for the nine months ended September 30, 2024. 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. In addition, vesting of $3.0 million of stock-based compensation expense related to the retirement of our former CEO was accelerated in accordance with the original grant terms, and the we recognized $0.7 million in cash severance related to the retirement.

Interest Expense

Interest expense decreased approximately $0.2 million, or 19%, to $0.9 million during the three months ended September 30, 2025, compared to $1.1 million during the three months ended September 30, 2024, and decreased $0.5 million, or 16%, to $2.7 million during the nine months ended September 30, 2025, compared to $3.2 million during the nine months ended September 30, 2024. The decrease in interest expense was primarily due to a decrease in the interest rate as compared to the prior period.

Interest and Other Income, Net

Interest and other income, net, increased $0.1 million for the three months ended September 30, 2025, and increased $2.2 million during the nine months ended September 30, 2025. The increase was primarily due to an increase in interest income, which was due to our increased cash balances.

Liquidity and Capital Resources

Overview

As of September 30, 2025, we had cash and cash equivalents of $294.3 million, an accumulated deficit of $611.7 million, and $52.0 million outstanding on our loan facility. We expect our expenses will increase for the foreseeable future, as we continue to make substantial investments in sales and marketing, operations and research and development. 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 a regulatory or government action or other litigation;
- 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 included in the Quarterly Report on Form 10-Q. 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. 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.

Indebtedness

In October 2022, we entered into a loan and security agreement with Canadian Imperial Bank of Commerce. 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.

The Term Loan Facility is scheduled to mature on October 6, 2027, the fifth anniversary of the closing date, or the Maturity Date. We have 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, or 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.

In August 2025, the Company entered into a second amendment to the loan and security agreement (the "Second Amendment"), which, among other things, modified the repayment terms such that the entire principal amount outstanding is now due on the Maturity Date, replacing the prior repayment schedule of interest-only payments followed by monthly principal amortization payments. After giving effect to the Second Amendment, we are obligated to maintain in collateral accounts held at the lender (a) if the Company's cash and cash equivalents is less than $50.0 million, 100% of its cash and cash equivalents; or (b) if the Company's cash and cash equivalents is greater than or equal to $50.0 million, the greater of (i) $50.0 million or (ii) 50% of its cash and cash equivalents, with amounts exceeding $50.0 million permitted to be held outside of the lender in collateral accounts managed by the lender.

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 we are not required to meet such financial covenants.

Cash Flows

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

	Nine Months Ended September 30,	
	2025	2024
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$ (38,658)	$ (66,822)
Investing activities	(7,506)	(3,235)
Financing activities	6,753	9,597
Effect of exchange rates on cash, cash equivalents and restricted cash	(33)	—
Net decrease in cash, cash equivalents and restricted cash	$ (39,444)	$ (60,460)

Net Cash Used in Operating Activities

During the nine months ended September 30, 2025, net cash used in operating activities was $38.7 million, consisting primarily of a net loss of $65.7 million and an increase in net operating assets of $15.9 million, partially offset by non-cash charges of $42.9 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 activities resulted in an increase in accounts receivable, inventory, prepaid expenses, and accounts payable. Non-cash charges consisted primarily of stock-based compensation, depreciation, and provision for credit losses.

During the nine months ended September 30, 2024, net cash used in operating activities was $66.8 million, consisting primarily of a net loss of $72.6 million and an increase in net operating assets of $22.4 million, partially offset by non-cash charges of $28.1 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 activities resulted in an increase in accounts receivable, inventory, and accounts payable, partially offset by reimbursements for leasehold improvements made related to our San Jose, California corporate headquarters and increases to other liabilities and deferred revenue. Non-cash charges consisted primarily of stock-based compensation, non-cash lease expense, and depreciation.

Net Cash Used in Investing Activities

During the nine months ended September 30, 2025, net cash used in investing activities was $7.5 million, consisting of purchases of property and equipment. During the nine months ended September 30, 2024, net cash used in investing activities was $3.2 million, consisting of purchases of property and equipment.

Net Cash Provided by Financing Activities

During the nine months ended September 30, 2025, net cash provided by financing activities was $6.8 million, consisting of proceeds from exercises of stock options and proceeds from the issuance of common stock under the ESPP. During the nine months ended September 30, 2024, net cash provided by financing activities was $9.6 million, consisting of proceeds from exercises of stock options and proceeds from the issuance of common stock under the ESPP.

Contractual Commitments and Contingencies

The information included in Note 12 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, 2024, and the notes thereto, which are included in our Annual Report on Form 10-K dated February 28, 2024, 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 September 30, 2025.

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

Our market risks related to interest rate, credit, foreign currency exchange rates, and effects of inflation are described in Part II Item 7A, "Quantitative and Qualitative Disclosures About Market Risk", of our 2024 Annual Report on Form 10-K. Our exposure to market risks has not changed materially since December 31, 2024.

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 September 30, 2025, 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 September 30, 2025 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

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputation harm, and other factors.

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, 2024, filed with the SEC on February 27, 2025 and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025, filed with the SEC on May 2, 2025. The risks and uncertainties disclosed in such prior reports 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 September 30, 2025, there were no material changes to our previously disclosed risk factors.

Besides risk factors disclosed in the Annual Report, our Quarterly Report for the quarterly period ended March 31, 2025, 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.

Exhibit No.	Exhibit Description
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)
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: November 5, 2025

PROCEPT BIOROBOTICS CORPORATION
(Registrant)

/s/ Larry Wood
Larry Wood
President and Chief Executive Officer
(principal executive officer)

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