UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

May 8, 2018
Date of Report (date of earliest event reported)

TransEnterix, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**0-19437**	**11-2962080**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

635 Davis Drive, Suite 300
Morrisville, North Carolina
(Address of principal executive offices)

919-765-8400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company □

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

Item 2.02 Results of Operations and Financial Condition

On May 8, 2018, TransEnterix, Inc., a Delaware corporation (the "Company"), issued a press release announcing its financial results for the first quarter ended March 31, 2018. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on May 8, 2018, following the issuance of the press release referred to above, the Company conducted a conference call to discuss the reported operating and financial results for the first quarter ended March 31, 2018. The Company had issued a press release on April 24, 2018 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2.

Non-GAAP Measures

The adjusted net loss and adjusted net loss per share presented in the transcript of the conference call are non-GAAP measures. The adjustments relate to gain on the sale of SurgiBot assets, amortization of intangible assets, change in fair value of contingent consideration and change in fair value of warrant liabilities. These financial measures are presented on a basis other than in accordance with U.S. generally accepted accounting principles ("Non-GAAP Measures"). Please refer to the Company's website for a "Reconciliation of Non-GAAP Measures," table where the Company presents adjusted net loss and adjusted net loss per share, reconciled to their comparable GAAP measures. These items are adjusted because they are not operational or because these charges are non-cash or non-recurring and management believes these adjustments are meaningful to understanding the Company's performance during the periods presented. These Non-GAAP Measures should be considered a supplement to, not a substitute for, or superior to, the corresponding financial measures calculated in accordance with GAAP.

The information included herein and in Exhibit 99.1 and Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release, dated May 8, 2018

99.2 May 8, 2018 conference call script

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TransEnterix, Inc.

Date: May 10, 2018

/s/ Joseph P. Slattery
Joseph P. Slattery
EVP and Chief Financial Officer

Exhibit 99.1

May 8, 2018

TransEnterix, Inc. Reports Operating and Financial Results for the First Quarter 2018

RESEARCH TRIANGLE PARK, N.C.--(BUSINESS WIRE)-- TransEnterix, Inc. (NYSE American:TRXC), a medical device company that is digitizing the interface between the surgeon and the patient to improve minimally invasive surgery, today announced its operating and financial results for the first quarter 2018.

Recent Highlights

- During the first quarter ended March 31, 2018, the Company sold two Senhance Systems
- In January of 2018, the Company filed a FDA 510(k) submission to expand the indications for use of the Senhance System, potentially doubling the Senhance System's total addressable procedures
- Thus far in the second quarter ending June 30, 2018, the Company has sold three Senhance Systems, including one in the U.S.

"We continued to generate momentum in the first quarter of 2018, including delivering the second consecutive quarter with multiple Senhance system sales and progressing our U.S. indication expansion strategy," said Todd M. Pope, President and CEO at TransEnterix. "Looking to the balance of 2018, we will continue to leverage the momentum we have generated to drive the global commercial adoption of Senhance."

Commercial and Clinical Update

In the quarter ended March 31, 2018, the Company sold two Senhance Systems. Both of these sales have come from sales to end user hospitals by distributors in the Company's EMEA (Europe, Middle East, and Africa) region.

In January of 2018, the Company filed a 510(k) submission with the FDA to expand the indications for use of the Senhance System to include laparoscopic inguinal hernia and gallbladder surgery. The Senhance System is currently cleared for use in the U.S. for laparoscopic colorectal and laparoscopic gynecologic surgery, accounting for approximately 1.5 million procedures in the U.S. annually. Upon clearance, we anticipate these additional indications would bring the Senhance System's total addressable procedures in the U.S. to approximately 3 million.

Thus far in the quarter ending June 30, 2018, the Company has sold three Senhance Systems. One of the system sales was in the U.S., driven by the Company's direct sales force, the remaining two system sales came from sales to end user hospitals by distributors in the Company's EMEA region.

First Quarter Financial Highlights

For the three months ended March 31, 2018, the Company reported revenue of $4.8 million as compared to revenue of $1.9 million in the three months ended March 31, 2017. Revenue in the first quarter of 2018 included $3.5 million in system sales, $1.1 million in instruments and accessories, and $200 thousand in services.

For the three months ended March 31, 2018, total net operating income and expenses were $5.4 million, as compared to $16.5 million in the three months ended March 31, 2017.

For the three months ended March 31, 2018, net loss was $0.9 million, or $0.00 per share, as compared to a net loss of $15.4 million, or $0.13 per share, in the three months ended March 31, 2017.

For the three months ended March 31, 2018, adjusted net loss was $11.3 million, or $0.06 per share, as compared to an adjusted net loss of $12.6 million, or $0.11 per share in the three months ended March 31, 2017, after adjusting for the gain from the sale of SurgiBot assets and non-cash charges for amortization of intangible assets, change in fair value of contingent consideration, and change in fair value of warrant liabilities.

Conference Call

TransEnterix, Inc. will host a conference call on Tuesday, May 8, 2018 at 4:30 PM ET to discuss its first quarter 2018 operating and financial results. To listen to the conference call on your telephone, please dial (844) 804-5261 for domestic callers or (612) 979-9885 for international callers and reference conference ID 4854118 approximately ten minutes prior to the start time. To access the live audio webcast or archived recording, use the following link http://ir.transenterix.com/events.cfm. The replay will be available on the Company's website.

About TransEnterix

TransEnterix is a medical device company that is digitizing the interface between the surgeon and the patient to improve minimally invasive surgery by addressing the clinical and economic challenges associated with current laparoscopic and robotic options in today's value-based healthcare environment. The Company is focused on the commercialization of the Senhance™ Surgical System, which digitizes laparoscopic minimally invasive surgery. The system allows for robotic precision, haptic feedback, surgeon camera control via eye sensing and improved ergonomics while offering responsible economics. The Senhance Surgical System is available for sale in the US, the EU and select other countries. For more information, visit www.transenterix.com.

Non-GAAP Measures

The adjusted net loss and adjusted net loss per share presented in this press release are non-GAAP measures. The adjustments relate to the gain on the sale of SurgiBot assets, amortization of intangible assets, change in fair value of contingent consideration and change in fair value of warrant liabilities. These financial measures are presented on a basis other than in accordance with U.S. generally accepted accounting principles ("Non-GAAP Measures"). In the tables that follow under "Reconciliation of Non-GAAP Measures," we present adjusted net loss and adjusted net loss per share, reconciled to their comparable GAAP measures. These items are adjusted because they are not operational or because these charges are non-cash or non-recurring and management believes these adjustments are meaningful to understanding the Company's performance during the periods presented. These Non-GAAP Measures should be considered a supplement to, not a substitute for, or superior to, the corresponding financial measures calculated in accordance with GAAP.

Forward-Looking Statements

This press release includes statements relating to the 2018 first quarter results and plans for 2018 and beyond. These statements and other statements regarding our future plans and goals constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations and include whether the expansion of the indications for use of the Senhance System will be approved, whether upon clearance the Senhance System's total addressable procedures in the U.S. will more than double to approximately three million procedures, and whether we will be able to leverage the momentum we have worked to generate to drive the global commercial adoption of Senhance. For a discussion of the risks and uncertainties associated with TransEnterix's business, please review our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018 and our other filings we make with the SEC. You are cautioned not to place undue reliance on these forward looking statements, which are based on our expectations as of the date of this press release and speak only as of the origination date of this press release. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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

	Three Months Ended March 31,	
	2018	**2017**
Revenue	$ 4,767	$ 1,946
Cost of revenue	2,555	1,334
Gross profit	2,212	612
Operating Expenses (Income)		
Research and development	5,265	6,855
Sales and marketing	5,970	3,723
General and administrative	2,676	3,049
Amortization of intangible assets	2,827	1,636
Change in fair value of contingent consideration	627	1,227
Gain from sale of SurgiBot assets, net	(11,996)	—
Total Operating Expenses (Income)	5,369	16,490
Operating Loss	(3,157)	(15,878)
Other Income (Expense)		
Change in fair value of warrant liabilities	1,829	—
Interest expense, net	(386)	(334)
Other expense	(58)	(60)
Total Other Income (Expense), net	1,385	(394)
Loss before income taxes	$ (1,772)	$ (16,272)
Income tax benefit	890	858
Net loss	$ (882)	$ (15,414)
Other comprehensive income		
Foreign currency translation gain	2,308	1,133
Comprehensive income (loss)	$ 1,426	$ (14,281)
Net loss per share - basic and diluted	$ 0.00	$ (0.13)
Weighted average common shares outstanding - basic and diluted	199,900	121,660

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

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	$ 87,634	$ 91,217
Accounts receivable, net	1,837	1,536
Inventories	11,644	10,817
Interest receivable	101	80
Other current assets	8,304	9,344
Total Current Assets	109,520	112,994
Restricted cash	6,779	6,389
Property and equipment, net	6,406	6,670
Intellectual property, net	51,233	52,638
Goodwill	71,954	71,368
Other long term assets	283	192
Total Assets	$ 246,175	$ 250,251
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 3,614	$ 3,771
Accrued expenses	8,222	10,974
Deferred revenue	1,018	1,088
Deferred gain on sale of SurgiBot assets	—	7,500
Contingent consideration – current portion	760	719
Notes payable - current portion, net of debt discount	6,583	4,788
Total Current Liabilities	20,197	28,840
Long Term Liabilities		
Contingent consideration – less current portion	12,285	11,699
Notes payable - less current portion, net of debt discount	6,863	8,385
Warrant liabilities	11,745	14,090
Net deferred tax liabilities	7,727	8,389
Total Liabilities	58,817	71,403
Commitments and Contingencies		
Stockholders' Equity		
Common stock $0.001 par value, 750,000,000 shares authorized at March 31, 2018 and December 31, 2017; 201,972,831 and 199,282,003 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	201	199
Additional paid-in capital	628,332	621,261
Accumulated deficit	(448,511)	(447,640)
Accumulated other comprehensive income	7,336	5,028
Total Stockholders' Equity	187,358	178,848
Total Liabilities and Stockholders' Equity	$ 246,175	$ 250,251

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

	Three Months Ended March 31,	
	2018	**2017**
Operating Activities		
Net loss	$ (882)	$ (15,414)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Gain from sale of SurgiBot assets, net	(11,996)	—
Depreciation	660	532
Amortization of intangible assets	2,827	1,636
Amortization of debt discount and debt issuance costs	274	31
Stock-based compensation	1,834	2,139
Deferred tax benefit	(890)	(858)
Change in fair value of warrant liabilities	(1,829)	—
Change in fair value of contingent consideration	627	1,227
Changes in operating assets and liabilities, net of effect of acquisition:		
Accounts receivable	(296)	(753)
Interest receivable	(21)	2
Inventories	(604)	(320)
Other current and long term assets	1,171	(251)
Accounts payable	(217)	(759)
Accrued expenses	(2,871)	(1,161)
Deferred revenue	(86)	—
Net cash and cash equivalents used in operating activities	(12,299)	(13,949)
Investing Activities		
Proceeds related to sale of SurgiBot assets, net	4,496	—
Purchase of property and equipment	(218)	(501)
Proceeds from sale of property and equipment	17	—
Net cash and cash equivalents provided by (used in) investing activities	4,295	(501)
Financing Activities		
Payment of notes payable	—	(1,966)
Proceeds from issuance of common stock and warrants, net of issuance costs	11	5,304
Proceeds from issuance of common stock for sale of SurgiBot assets	3,000	—
Proceeds from exercise of stock options and warrants	1,712	—
Net cash and cash equivalents provided by financing activities	4,723	3,338
Effect of exchange rate changes on cash and cash equivalents	88	40
Net increase (decrease) in cash, cash equivalents and restricted cash	(3,193)	(11,072)
Cash, cash equivalents and restricted cash, beginning of period	97,606	34,590
Cash, cash equivalents and restricted cash, end of period	$ 94,413	$ 23,518
Supplemental Disclosure for Cash Flow Information		
Interest paid	$ 304	$ 233
Supplemental Schedule of Noncash Investing and Financing Activities		
Transfer of inventories to property and equipment	$ 71	$ —
Issuance of common stock as contingent consideration	$ —	$ 5,227
Reclass of warrant liability to common stock and additional paid in capital	$ 516	$ —

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

(Unaudited, U.S. Dollars, in thousands)	Three months ended March 31, 2018	Three months ended March 31, 2017
Net loss	$ (882)	$ (15,414)
Adjustments		
Gain from sale of SurgiBot assets, net	(11,996)	-
Amortization of intangible assets	2,827	1,636
Change in fair value of contingent consideration	627	1,227
Change in fair value of warrant liabilities	(1,829)	-
Adjusted net loss	$ (11,253)	$ (12,551)

(Unaudited, per diluted share)	Three months ended March 31, 2018	Three months ended March 31, 2017
Net loss per share	$ 0.00	$ (0.13)
Adjustments		
Gain from sale of SurgiBot assets	(0.06)	-
Amortization of intangible assets	0.01	0.01
Change in fair value of contingent consideration	0.00	0.01
Change in fair value of warrant liabilities	(0.01)	-
Adjusted net loss per share	$ (0.06)	$ (0.11)

The non-GAAP financial measures for the three months ended March 31, 2018 provide management with additional insight into its results of operations and are calculated using the following adjustments:

a) Gain from sale of SurgiBot assets relates to amounts received from Great Belief International Limited in excess of the carrying amount of the assets sold.

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

c) Contingent consideration in connection with the acquisition of the Senhance System in 2015 is recorded as a liability and is the estimate of the fair value of potential milestone payments related to business acquisitions. Contingent consideration is measured at fair value using a discounted cash flow model utilizing significant unobservable inputs including the probability of achieving each of the potential milestones and an estimated discount rate associated with the risks of the expected cash flows attributable to the various milestones. Significant increases or decreases in any of the probabilities of success or changes in expected timelines for achievement of any of these milestones would result in a significantly higher or lower fair value of these milestones, respectively, and commensurate changes to the associated liability. The contingent consideration is revalued at each reporting period and changes in fair value are recognized in the consolidated statements of operations and comprehensive income (loss).

d) The Company's Series B Warrants are measured at fair value using a simulation model which takes into account, as of the valuation date, factors including the current exercise price, the expected life of the warrant, the current price of the underlying stock, its expected volatility, holding cost and the risk-free interest rate for the term of the warrant. The warrant liability is revalued at each reporting period and changes in fair value are recognized in the consolidated statements of operations and comprehensive income (loss).

Company: TRANSENTERIX, INC.
Conference Title: Q1 2018 TransEnterix Inc. Earnings Call
Moderator: Mark Klausner
Date: May 8, 2018

PRESENTATION

Operator

Good afternoon, ladies and gentlemen. Welcome to the TransEnterix First Quarter Financial and Operating Results Conference Call. As a reminder, this conference call is webcast live and recorded.

It is now pleasure to introduce your host Mr. Mark Klausner of Westwicke Partners. Please go ahead, sir.

Mark R. Klausner - *Westwicke Partners, LLC - Managing Partner*

Good afternoon, and thank you for joining us for the TransEnterix first quarter conference call. Joining us on today's call are TransEnterix's President and Chief Executive Officer, Todd Pope; and its Executive Vice President and Chief Financial Officer, Joe Slattery.

I would like to remind you that this call is being webcast live and recorded. A replay of the event will be available following the call on our website. To access the webcast, please visit the Events link in the IR section of our website, transenterix.com.

Before we begin, I would like to caution listeners that certain information discussed by management during this conference call are forward-looking statements covered under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those stated or implied by our forward-looking statements due to risks and uncertainties associated with the company's business.

The company undertakes no obligation to update the information provided on this call. For a discussion of risks and uncertainties associated with TransEnterix business, I encourage you to review the company's filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2017 and the Form 10-Q for the quarter ended March 31, 2018, expected to be filed shortly.

With that, it's my pleasure to turn the call over to TransEnterix President and Chief Executive Officer, Todd Pope.

Todd M. Pope - *TransEnterix, Inc. - CEO, President & Director*

Thank you, Mark, and welcome to our first quarter 2018 conference call. On today's call, I will start by discussing our recent accomplishments, then turn the call over to Joe for a first quarter financial update. We will then open the line up for your questions.

During the first quarter, we made good progress toward our key goals for 2018. As a reminder, those key goals are:

- Maximizing the effectiveness of our global commercial sales infrastructure
- Expanding the portfolio of instruments available for use with Senhance
- Expanding Senhance's indication for use, and
- Continuing to expand regulatory clearances in key geographies.

Our global pipeline continues to develop well, and we are encouraged by the two systems we sold in the first quarter. I'm also pleased to announce that we already have three systems that are under contract and expected to be delivered in the second quarter. I'll provide some additional color on these systems in my update on our commercial and clinical progress in the Americas, EMEA and Asia/Pacific regions.

Starting with the United States – we sold our first system in the fourth quarter of last year, and I am pleased that we have recently signed a contract for our second U.S. sale. This Senhance will be installed at a large academic medical center located in the South Central United States. We expect to deliver this system and recognize revenue in the second quarter. We anticipate that we will issue a press release to provide more details on this sale at the time of installation in conjunction with the institution. Given that we are still in the early stages of the 4 to 6 quarters sales process, we're very encouraged by these initial successes and the development of our pipeline and expect to see continued progress in the back half of 2018 and into 2019.

As we continue to build our presence in the U.S., we will benefit from an increasingly body of U.S. clinical users and expanded opportunities for pipeline surgeons to view live cases along with the opportunity for proctoring and training after a system has been sold. To this end, we are pleased to announce that Florida Hospital Center Orlando has performed their first colorectal cases with the Senhance. Florida Hospital Center Orlando, one of the largest hospitals in the country and a leader in the integration and utilization of surgical robotics, was the first hospital in the U.S. to purchase the Senhance. We are thrilled that they have begun to perform cases and look forward to partnering with the surgical team as they expand their clinical utilization. We continue to generate substantial interest in the market due to Senhance's haptic feedback, the ability to control 3 robotic arms simultaneously, open source video capability, 5-millimeter and 3-millimeter instrumentation, open console and attractive per procedure economics.

In the first quarter, the Senhance was presented at 9 events in the U.S. and Europe, that either took place at a major surgical congress or in cooperation with a major hospital. Of note, in April, the Senhance was showcased at the World Congress of Endoscopic Surgery in Seattle, Washington, which is the SAGES Annual Global Meeting. Several thousand attendees had an opportunity to view or interact with the system. A surgical program was delivered by Dr. Dietmar Stephan, reviewing results of his first 173 general surgery cases with Senhance across a wide range of procedures, including hernia repairs, gallbladder, foregut and colorectal surgeries. This combination of steadily increasing clinical experience with increased engagement of

surgeons with the system at major congresses and hospital-based events is supporting our building commercial momentum.

In the EMEA region, following the sale of 2 systems in this region in the first quarter, we are pleased to announce that an additional 2 systems are currently under contract. Both of these systems were sold by one of our distribution partners and are expected to be delivered in the second quarter. Their understanding of the local landscape is incredibly valuable when working with the complex medical device sale into hospitals.

As it relates to our pipeline in Europe, we continue to be satisfied with the robustness of our current pipeline, which includes a wide variety of accounts throughout the region in both direct and distributor markets. During the first quarter, the United Kingdom NHS Trusts hospital systems established a framework process to allow hospitals to procure robotics or related services from approved vendors without the need for a burdensome and costly tender process. We are pleased to announce that the Senhance has been awarded a place in this framework as one of only two existing systems for soft tissue robotics. The program, which includes all types of surgical robotics, consumables and related services, is valued at over $400 million and runs through early 2023. While, this framework does not guarantee specific sales, it will significantly raise the profile of Senhance in the U.K., ensure that hospitals are aware of another player in the market with a strong value proposition and enable them to purchase a system via a compliant, transparent and straightforward process.

In the Asia/Pacific region, we continue to make meaningful progress. In the first quarter, we received regulatory approval from the Taiwanese Food and Drug Administration for the Senhance system. This is a major milestone and continues to reinforce the deep understanding that our team has garnered of the global robotics regulatory landscape. We are continuing to work through the regulatory process for our instruments and remain on track for our fourth quarter clearance.

We're also pleased to announce that we have begun clinical cases with the Senhance in Japan. As a reminder, Japan is the second largest robotics market in the world, behind the United States. Clinicians and administrators are very impressed with the highly differentiated features and the cost per procedure that Senhance offers. The low per procedure cost is especially attractive in Japan where robotic reimbursement is the same as laparoscopy for most procedures and patients are often asked to pay out-of-pocket for robotic surgery. We're excited about the future across the Asia/Pacific region.

Turning to the development of our portfolio of instruments, we remain on track with all of the timelines we laid out in March. Our first portfolio expansion initiative is the progression of our 3-millimeter instruments offering. We view 3-millimeter instruments as an important opportunity as surgeons continue to expand the boundaries of minimally invasive surgery. We currently have a CE mark for 3-millimeter instruments in Europe, and we expect to file our 510(k) submission by midyear (sic) and obtain 510(k) clearance by the end of 2018.

Our second portfolio expansion initiative is an ultrasonic energy instrument, which we believe to be an important offering for many surgical specialties, in particular, general surgery. We

continue to expect to launch this product in Europe during 2018, and expect to submit for 510(k) clearance before the end of the year. Our final portfolio expansion initiative is to launch our 5-millimeter articulating instruments. We continue to anticipate achieving a CE mark and submitting for 510(k) clearance by the end of 2018.

Shifting gears to our efforts to expand the indications for use for Senhance. We previously announced that during the first quarter, we filed a 510(k) submission to expand the indications for use to include both laparoscopic inguinal hernia and laparoscopic gallbladder surgery. These are both high-volume procedures, traditionally performed laparoscopically and would approximately double our addressable procedure market over 3 million procedures per year. This process continues to progress in line with our expectations for a mid-year clearance.

Now I'd like to turn the call over to Joe to provide a financial update.
Joseph P. Slattery - *TransEnterix, Inc. - Executive VP & CFO*

Thank you, Todd. For the three months ended March 31 2018, we reported revenue of $4.8 million, primarily related to the sale of 2 Senhance systems as well as the sale of instruments and accessories.

Beginning today and on future calls, we will provide a revenue breakdown between Systems, Services and Instruments and accessories, so let me explain our definitions as they may not be identical to how others report their revenues. Our definition of Systems revenue is the sale of robotic systems, less revenue deferred that relates to future warranty services liabilities, if any. Our definition of Services includes the recognition of deferred revenue related to warranties, as previously mentioned, as well as other services such as ongoing field service and surgical trade management. Instruments and accessories is fairly self-explanatory and covers anything that is not classified as Systems or Services and it includes the vision systems. As a reminder, the open architecture of the Senhance allows a hospital to leverage the investment they have made in a third-party vision system, so not all sales include these systems.

The breakdown of the $4.8 million in first quarter revenue was $3.5 million in Systems, $200,000 in Services and $1.1 million in Instruments and accessories.

Gross margin for the quarter was 46%, up from 31% in the prior year quarter. The increase in gross margin was due primarily to lower overhead burden due to higher revenues.

R&D expenses in the quarter decreased to approximately $5.3 million as compared to the prior year period at $6.9 million, primarily due to the high level of investments being made in 2017 to prepare the Senhance 510(k) application.

Sales and marketing expenses in the quarter increased to $6 million from $3.7 million in the prior year period, primarily due to the expansion of our sales efforts in the U.S. following the FDA clearance of the Senhance system late last year.

General and administrative expenses in the quarter decreased to approximately $2.7 million from approximately $3 million in the prior year period, primarily due to lower use of consultants in the current quarter.

GAAP net loss for the quarter was $900,000 or $0.00 per share compared to a GAAP net loss of $15.4 million or $0.13 per share in the prior year period.

Adjusted net loss for the quarter, which excludes noncash amortization of intangibles, noncash change in fair value of warrant liabilities and contingent consideration and the gain from the sale of SurgiBot business, was $11.3 million or $0.06 per share compared to adjusted net loss of $12.6 million or $0.11 per share in the prior year period.

Moving on to the balance sheet, we finished the first quarter with cash of approximately $94.4 million, of which $6.8 million was restricted cash. In the first quarter of 2018, we received $7.5 million related to the SurgiBot sale and also received $1.7 million in proceeds from the exercise of common stock warrants. Excluding these cash inflows, our underlying cash burn was $12.4 million in the quarter. We continue to anticipate that cash on hand is sufficient to fund the business through 2019.

Todd?
Todd M. Pope

Thank you, Joe. 2018 is off to a great start. We've generated good momentum and continue to be on track for achieving our goals. We recognized $4.8 million of revenue in the first quarter. We've already signed contracts with the sale of three systems in the second quarter, including one in the U.S. Our global pipeline continues to progress in line with our expectations, and we're pleased we've been accepted into the U.K. robotics tender program.

On the clinical side, we've now performed our first clinical cases in the United States and Japan, while continuing to broaden our clinical experience in EMEA. Regulatory progress continues with the clearance of the Senhance in Taiwan, and in the U.S., we remain on track for our expected indication expansion by mid-year. Overall, we continue to be enthusiastic about the underlying trends in surgical robotics and Senhance's unique attributes and positioning in the market. We look forward to building on our recent momentum as we drive the continued adoption of Senhance.

And with that, I'd like to open up the line for your questions.
QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Rick Wise with Stifel. Your line is open.

Frederick Allen Wise - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst*

Good afternoon, Todd. Hi, Joe. First, it's really encouraging to see all the progress on multiple fronts. It seems clear, particularly with the early indications of the second quarter, that you are truly gaining some traction. I thought first, if you would, Todd, maybe just sort of a general question. What are --clearly, you've been in all these meeting, you're seeing these additional orders. Talk to us about what these centers are responding to? Is it the specific physical attributes? Is it the pipeline of these additional instruments and the potential there? Is it a specific procedure that could be transformed? Help us understand what's tipping them over. And just to finish that thought, how does this sort of point to the future, is what I'm really trying to get at?

Todd M. Pope

Sure. Thanks for the question, Rick. We appreciate it. Yes, to highlight that a little bit, let's talk a little bit about this sale we've made here in the U.S. in the second quarter. We'll provide more details in conjunction with the account later in the quarter. But as I was talking to that account earlier today, they continue to stress the reasons they were excited about purchasing Senhance. They do have one robot at their hospital currently and it's kind of meeting their needs for traditional robotic cases. But when they looked at Senhance, the things they stress to us is they appreciated the lap motion. It was a very familiar motion for the laparoscopic surgeons that we were talking to. They really wanted to incorporate robotics into their practice, but they felt like up to now, they had, had a few things that they wanted to be able to make that move to acquire robotics. And with the Senhance, they highlighted the safety of haptics was a big deal to them, they wanted haptic feedback. They like that we had 5-millimeter instruments because that's what they typically use with their current laparoscopic surgery. They're excited that we're going to be bringing out 3-millimeter in the future, they're very excited about that. And certainly, on a cost per case basis, they feel like Senhance really works in to their OR budget, as we know with reimbursement, people are today using laparoscopic reimbursement codes for these robotic procedures. So, I figured that might be a question, I wanted to retouch base with the account earlier today and that's what they stress, and I think that's pretty representative. I think when you look at our pipeline and now, we've said over the last quarter or two that we're gaining some early momentum. And what we're seeing now is robotics is on the grow. I don't - I think even the staunchest critics will agree that robotic assisted surgery is going to grow by leaps and bounds over the coming years. And now, it's a matter of -- if you don't have a robotic today -- robotic surgery offering today, why? Or if you were looking at another one and you haven't so far, why? And I think up this point, people have had to make some trade-offs, whether it was features they felt like they didn't have or whether it was maybe a cost per procedure. And I think we're filling a lot of those gaps that people were hoping to see with the new robotic platform. And it's early but it's starting to pay dividend. So I think what you saw from that one account is representative of what we're hearing from the pipeline. It's still early for us, but we feel really good as we're progressing through the year, talking to more and more accounts, bringing more and more accounts in for hands on with the Senhance. We feel good about the feedback we're getting.

Frederick Allen Wise

Good. And on a more granular level, you said several times that the pipeline is developing well, and I, of course, understand you are not going to share every detail of that this afternoon. But is your confidence -- I mean, can you characterize that pipeline in Europe and U.S. at all, in any way, shape or form, so that we can get some perspective on the second half? And as part of that and related to the instrument side of things, how quickly -- as you install these systems, how quickly do you expect them, should we expect them to be up and running and generating -- doing procedures and generating revenues? So the pipeline and the newly installed systems.

Todd M. Pope

Certainly. Well, with the pipeline, we've been characterizing our pipeline as early and growing and positive. But I think now that you're seeing a double-digit -- a multiple quarter with more than 1 system sold in the Q1 and now doing that same into Q2, albeit we're just about halfway through the Q2, I think we're starting to see some tangible results there. So we feel like that as we continue to progress on throughout the year that we're just going to continue to see more momentum in our pipeline, both in Europe, kind of rest of world and in the U.S. I will say as far as utilization, now that we're up and going in the U.S., I think that's going to be a nice tailwind for us here because up to this point, when we were considering bringing accounts online in the U.S., we oftentimes would look to bring surgeons from Europe over, which involves getting them over here, getting them surgical privileges if the hospital wants them to proctor, a little bit more logistics, a little bit more time consuming. But now that we're going to have systems up and going here in the U.S., same thing, other parts of the world. I think it's important that we see geographies that have clinical users on a week-in and week-out basis, so people don't have to go as far if they're in our pipeline to see the system being used, and then after they're installed later on the year, I think we're going to have plenty of in-country proctors to get people up and going. So I think we're going to start seeing the utilization get kicked off pretty aggressively. So we feel good, and I think it's nice to put a few results with the positive commentary.

Frederick Allen Wise

Right. Two last quick ones from me for now. The -- I'm going to phrase this carefully. I assume we're halfway through the quarter, you're sharing some of your second quarter progress to date. I assume that -- how can I phrase this, that it doesn't mean -- should we assume there is a possibility or the possibility of additional systems in whatever geographies still this quarter? And maybe, Joe, a question for you that obviously, you commented on gross margins and they seem to be strong, particularly because of the strong instrument revenue. How sustainable are we at that level? And again, it's not so much asking for guidance, but just -- again, this is the best -- I think it's the best gross margin you've ever had. Anyway that's -- those are the two questions.

Joseph P. Slattery

Hi Rick, yes, this is Joe. Thanks for the question. We are 5 to 6 weeks into the quarter. What I would say is we feel really good about the pipeline. As you know, these robotic sales, you can be at the eleventh hour and the contracting process can take weeks. And then we have a signature, you had asked earlier about timing. We've had situations where we sign a contract and we have them doing surgery within a week, which is a bit extraordinary. But really for us, it's those time

lines have always had to do with whatever the hospital wants. So where we are in our pipeline right now is we feel good. We've got several weeks left in the quarter. We hope to see some more. But we think with three systems already on the book, we've already put up a nice Q2. As far as the gross margin, the ASPs in the overseas sales in the first quarter were higher than what you would typically see in a blended ASP call it a year from now with multiple sales in the U.S. and multiple sales in Europe and multiple sales from distributors. So some of that margin is being driven by ASP. I think you've got some perspective of our ASPs over the past. Obviously, the Euro has worked in our favor over the last year, so that's been a little bit of the factor, too. But those are primarily what's driving the increase in gross margin.

Frederick Allen Wise

Thank you.
Operator

And our next question comes from Glenn Novarro of RBC Capital Markets. Your line is open.
Glenn John Novarro - *RBC Capital Markets, LLC, Research Division - Analyst*

Hi, good afternoon guys, and congratulations on that first robot sale this year. That was certainly sooner than what we expected, so congratulations there. Wanted to follow up on the two OUS sales, so similar to Rick's question where he asked about what appealed to the U.S. buyer. Can you talk about the characteristics of the two international buyers, were they major academic centers, did they already have robots, so a little color there and what appeal to them? And then I had a follow-up.

Todd M. Pope

Glenn, this Todd, and thanks for the question. Yes, we find that each part of the world's a little bit different in what some of their motivators are for bringing in the Senhance and purchasing. And parts of Europe are really just now emerging into the robotics category. They want to be seen as leading edge. We've had several of these Systems that we sold early in the year saying they would rather be the first one in their region or their country to buy a Senhance rather than being another, maybe number, of another system that is already well populated in their country. So the systems that we sold there, the hospitals did not have a robotic offering, they were primarily MIS hospitals. So a lot of these MIS surgeries that we've had success converting over to Senhance was kind of top of mind for them. So they were excited, they feel like we're a new system on the market starting to gather some good momentum, and they're proud to get out there and offer that to their surgeons and their patients.
Glenn John Novarro

Okay, thanks for that color. And two follow-ups. One on the instrument revenues that you reported $1.1 million. Can you help us get to that number? Does that mean you did 1,000 cases in the quarter at a $1,000 a case, or were there any one-timers in that? And then I had one last just on the market.

Joseph P. Slattery

Yes, this is Joe, Glenn. Really you don't see that direct correlation of cases to revenue in a given quarter, especially with our current scale. About 80% of that number was instrument successor in accessories that were bought with the system -- with the 2 sales. The other about -- the other 20% is more of the recurring revenue for the underlying business. And even that we don't control that choppiness at our low volume. I would say it was a little on the high side for a typical run rate. We had a bit more of a chunky ordering in the first quarter compared to other quarters.

Glenn John Novarro

Okay. Then just lastly, Todd. What is your opinion on the competitive landscape? We know eventually, J&J and Medtronic are going to come to the market. Brandon published some pictures of the J&J -- potential J&J robot, which was bed mounted. So I'm curious of your view on a robot that would be bed mounted. Our research tells us that that's not going to be appreciated by surgeons. But based on what we know that's coming out, J&J with a bed mounted system, what's your view of that? And is that going to be a real competitor to you?

Todd M. Pope

Yes, Glenn, I would say two things. First of all, we did look at quite a few different configurations, not only with Senhance but also with SurgiBot because, remember SurgiBot was more patient side, bed side. So we had some experience in taking a look at different pros and cons of potentially being on the bed. For us, it didn't work out to go that way. But for me, I think it's smartest really not to comment on competing systems until they get FDA approval. And what we've found is, we had a lot of deeply held beliefs, but until you go through the regulatory process and get some of that feedback, you don't quite know what your configuration is going to be til you're on the backside of that. So I think for me, it's best policy when products do get approved and are on the market, certainly glad to field questions about their viability and how we may compete, but I don't think it's wise to do that until regulatory approval is achieved.

Glenn John Novarro

Okay, alright, thanks Todd.

Operator

And our next question comes from John Hsu of Raymond James. Your line is open.

John Hsu – *Raymond James*

Good afternoon and thanks for taking my questions. Todd, maybe if we could start with, I think you've had the FDA clearance for the Senhance for a few quarters now. Based on conversations

you've had with hospitals during that time, has anything shifted from your initial expectations in terms of the selling strategy for Senhance in the U.S.?

Todd M. Pope

Well, I think comments on that would be twofold. First of all, when you're first out there talking about a new system, there is a lot of excitement, but there is a lot of need to explain where you're coming from, your company, your history, viability and that's really been strengthened over this last 4 or 5 months, kind of our cash on hand, the success we've had in Europe, our clinical utilization expanding, revenue coming in, being named on this NHS Trust tender in the U.K. We've just continued, I would say, to see an evolution of confidence in both our company and the product. When you go to these large shows and at first, you just have your system out on the booth and you have a big sign that you're not approved yet, but then you get regulatory approval and people get excited. But now we're at the point to where we are presenting a pretty good size series of data. We have a lot of videos that people are showing. We can talk to people about different results we're having and people can talk to their peer group about their experience with Senhance. And I think that's the other thing that's evolved since we first went out there late in 2017 about 4 months ago. So I think a lot of interest is now converting into momentum toward purchases and that's a good thing for us.

John Hsu

Okay, great, thank you for that. And then just a couple quick ones on expenses for Joe. It looks like SG&A stepped down slightly from the Q4, and I realize that was all on G&A side, and R&D was kind of flattish. But I guess, are these kind of the right run rates to think -- how we should think about, for at least for the remainder of the year?

Joseph P. Slattery

Yes, give or take, I think that's about right.

John Hsu

Okay, great. And then same question on the cash burn rate. Is this kind of the pacing that you would anticipate at least for the rest of 2018?

Joseph P. Slattery

Pretty much. The adjusted number, the $12.4 million, is about right. And there'll obviously be some working capital moves around that, but that will probably be offset by the revenue growth.

John Hsu

Okay, great. Thank you very much.

Todd M. Pope

Thanks, John.

Operator

And that concludes our question-and-answer session for today. I would now like to turn the call back to Todd Pope for closing remarks.

Todd M. Pope

Just thanks everyone for joining us on today's call. We look forward to updating you on our progress in the next quarter. Thank you.

Operator

And ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day.