

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **March 31, 2026**

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: **001-39513**

**Outset Medical, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
**3052 Orchard Dr.**  
San Jose, California  
(Address of principal executive offices)

**20-0514392**  
(I.R.S. Employer  
Identification No.)

**95134**  
(Zip Code)

Registrant's telephone number, including area code: **(669) 231-8200**

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, par value \$0.001 per share	OM	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

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

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

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

As of May 1, 2026, the registrant had 18,537,241 shares of common stock, \$0.001 par value per share, outstanding.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements (Unaudited).**

**Outset Medical, Inc.**  
**Condensed Balance Sheets**  
*(in thousands, except per share amounts)*

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,562	\$ 35,006
Short-term investments	126,144	133,940
Accounts receivable, net	25,322	28,329
Inventories	49,650	47,609
Prepaid expenses and other current assets	5,031	5,999
Total current assets	<u>236,709</u>	<u>250,883</u>
Restricted cash	3,829	3,829
Property and equipment, net	4,073	4,670
Operating lease right-of-use assets	4,410	4,797
Finance lease right-of-use assets	80	—
Other assets	353	317
Total assets	<u>\$ 249,454</u>	<u>\$ 264,496</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 1,440	\$ 554
Accrued compensation and related benefits	8,754	10,735
Accrued expenses and other current liabilities	11,599	9,433
Accrued warranty liability	1,352	1,374
Deferred revenue, current	12,641	13,795
Operating lease liabilities, current	1,795	1,739
Finance lease liabilities, current	26	—
Total current liabilities	<u>37,607</u>	<u>37,630</u>
Deferred revenue	366	406
Operating lease liabilities	2,797	3,271
Finance lease liabilities	59	-
Term loan	96,937	96,237
Total liabilities	<u>137,766</u>	<u>137,544</u>
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred Stock, \$0.001 par value; 5,000 shares authorized, and no shares issued and outstanding as of March 31, 2026 and December 31, 2025	—	—
Common stock, \$0.001 par value; 300,000 shares authorized as of March 31, 2026 and December 31, 2025; 18,529 and 18,169 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	18	18
Additional paid-in capital	1,302,097	1,298,138
Accumulated other comprehensive income	(73)	172
Accumulated deficit	(1,190,354)	(1,171,376)
Total stockholders' equity	<u>111,688</u>	<u>126,952</u>
Total liabilities and stockholders' equity	<u>\$ 249,454</u>	<u>\$ 264,496</u>

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

**Outset Medical, Inc.**  
**Condensed Statements of Operations**  
(Unaudited)  
*(in thousands, except per share amounts)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Revenue:</b>		
Product revenue	\$ 18,550	\$ 21,294
Service and other revenue	9,313	8,458
Total revenue	<u>27,863</u>	<u>29,752</u>
<b>Cost of revenue:</b>		
Cost of product revenue	8,833	11,002
Cost of service and other revenue	6,935	7,684
Total cost of revenue	<u>15,768</u>	<u>18,686</u>
Gross profit	12,095	11,066
<b>Operating expenses:</b>		
Research and development	5,618	5,515
Sales and marketing	13,279	13,652
General and administrative	10,117	8,298
Total operating expenses	<u>29,014</u>	<u>27,465</u>
Loss from operations	(16,919)	(16,399)
Interest income and other income, net	1,527	1,976
Interest expense	(3,369)	(3,560)
Loss on extinguishment of term loan	—	(7,685)
Loss before provision for income taxes	<u>(18,761)</u>	<u>(25,668)</u>
Provision for income taxes	217	115
Net loss	<u>\$ (18,978)</u>	<u>\$ (25,783)</u>
Net loss per share, basic and diluted	<u>\$ (1.03)</u>	<u>\$ (3.66)</u>
Shares used in computing net loss per share, basic and diluted	<u>18,373</u>	<u>7,038</u>

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

**Outset Medical, Inc.**  
**Condensed Statements of Comprehensive Loss**  
(Unaudited)  
(in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Net loss	\$ (18,978)	\$ (25,783)
Other comprehensive income:		
Unrealized (loss) gain on available-for-sale securities	(245)	46
Comprehensive loss	<u>\$ (19,223)</u>	<u>\$ (25,737)</u>

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

**Outset Medical, Inc.**  
**Condensed Statements of Convertible Preferred Stock and Stockholders' Equity**  
(Unaudited)  
*(in thousands)*

	<u>Convertible Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulate d Other Comprehen sive Income (Loss)</u>	<u>Accumulate d Deficit</u>	<u>Total Stockholder s' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
<b>Balance as of December 31, 2025</b>	—	\$ —	18,169	\$ 18	\$ 1,298,138	\$ 172	\$ (1,171,376)	\$ 126,952
Issuance of common stock through employee stock purchase plan	—	—	170	—	506	—	—	506
Issuance of common stock for settlement of RSUs	—	—	190	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	3,453	—	—	3,453
Unrealized loss on available-for-sale securities	—	—	—	—	—	(245)	—	(245)
Net loss	—	—	—	—	—	—	(18,978)	(18,978)
<b>Balance as of March 31, 2026</b>	—	\$ —	18,529	\$ 18	\$ 1,302,097	\$ (73)	\$ (1,190,354)	\$ 111,688

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

**Outset Medical, Inc.**  
**Condensed Statements of Convertible Preferred Stock and Stockholders' Equity**  
(Unaudited)  
(in thousands)

	Convertible Series A Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
<b>Balance as of December 31, 2024</b>	—	\$ —	3,530	\$ 4	\$ 1,116,496	\$ 42	\$ (1,089,723)	\$ 26,819
Issuance of Series A convertible preferred stock, net of issuance costs	863	161,071	—	—	—	—	—	161,071
Conversion of convertible preferred stock to common stock	(842)	(157,230)	14,046	14	157,216	—	—	—
Issuance of common stock warrant, net of issuance costs	—	—	—	—	4,330	—	—	4,330
Issuance of common stock through employee stock purchase plan	—	—	60	—	408	—	—	408
Issuance of common stock for settlement of RSUs	—	—	86	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	2,977	—	—	2,977
Unrealized gain on available-for-sale securities	—	—	—	—	—	46	—	46
Net loss	—	—	—	—	—	—	(25,783)	(25,783)
<b>Balance as of March 31, 2025</b>	<u>21</u>	<u>\$ 3,841</u>	<u>17,722</u>	<u>\$ 18</u>	<u>\$ 1,281,427</u>	<u>\$ 88</u>	<u>\$ (1,115,506)</u>	<u>\$ 169,868</u>

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

**Outset Medical, Inc.**  
**Condensed Statements of Cash Flows**  
(Unaudited)  
*(in thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (18,978)	\$ (25,783)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	3,453	2,977
Depreciation and amortization	795	1,294
Non-cash lease expense	387	381
Non-cash interest expense	700	636
Amortization of premium on investments, net	(413)	(402)
Change in provision for inventories	95	(74)
Change in provision for credit losses	(402)	197
Loss on extinguishment of term loan	—	7,685
Changes in operating assets and liabilities:		
Accounts receivable	3,409	(1,467)
Inventories	(2,244)	3,691
Prepaid expenses and other assets	932	(341)
Accounts payable	865	(2,772)
Accrued compensation and related benefits	(1,980)	(8,579)
Accrued expenses and other current liabilities	2,166	(370)
Accrued warranty liability	(22)	(8)
Deferred revenue	(1,194)	396
Operating lease liabilities	(413)	(429)
Accrued interest	—	(2,695)
Net cash used in operating activities	<u>(12,844)</u>	<u>(25,663)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(65)	(123)
Purchases of investment securities	(22,895)	(96,331)
Sales and maturities of investment securities	30,859	18,375
Net cash provided by (used in) investing activities	<u>7,899</u>	<u>(78,079)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from ESPP purchases	506	408
Payments on finance lease liabilities	(5)	—
Repayment of term loan and extinguishment costs	—	(204,954)
Proceeds from issuance of term loan, net of issuance costs	—	98,270
Proceeds from issuance of Series A convertible preferred stock, net of issuance costs	—	161,932
Net cash provided by financing activities	<u>501</u>	<u>55,656</u>
Net decrease in cash, cash equivalents and restricted cash	(4,444)	(48,086)
Cash, cash equivalents and restricted cash as of beginning of period	38,835	127,343
Cash, cash equivalents and restricted cash as of end of period	<u>\$ 34,391</u>	<u>\$ 79,257</u>
<b>Summary of cash, cash equivalents and restricted cash reported within the balance sheets:</b>		
Cash and cash equivalents	\$ 30,562	\$ 75,928
Restricted cash	3,829	3,329
Total cash, cash equivalents and restricted cash	<u>\$ 34,391</u>	<u>\$ 79,257</u>

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

**Outset Medical, Inc.**  
**Condensed Statements of Cash Flows**  
(Unaudited)  
*(in thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Supplemental cash flow disclosures:</b>		
Cash paid for income taxes	\$ 400	\$ 108
Cash paid for interest	\$ 2,668	\$ 7,364
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 413	\$ 429
<b>Supplemental non-cash investing and financing activities:</b>		
Transfer of inventories to property and equipment	\$ 109	\$ —
Right-of-use assets obtained in exchange for finance lease liabilities	\$ 85	\$ —
Fair value of common stock warrant	\$ —	\$ 4,367
Issuance costs included in accrued expenses	\$ —	\$ 300

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

**Outset Medical, Inc.**  
**Notes to Unaudited Condensed Financial Statements**

**1. Description of Business**

Outset Medical, Inc. (the Company) is a medical technology company pioneering a first-of-its-kind technology to improve clinical outcomes in dialysis with less cost and complexity. Tablo® Hemodialysis System (Tablo), cleared by the U.S. Food and Drug Administration (FDA) for use from the hospital to the home, represents a significant technological advancement designed to transform the dialysis experience for patients and operationally simplify it for providers. Tablo serves as a single enterprise solution designed to be utilized across the continuum of care, allowing dialysis to be delivered anytime, anywhere, and by virtually anyone. The integration of water purification and on-demand dialysate production in a single 35-inch compact console enables Tablo to provide clinical and operational flexibility to customers. With a simple-to-use touchscreen interface, two-way wireless data transmission and a proprietary data analytics platform, Tablo is a new holistic approach to dialysis care. The Company's headquarters are located in San Jose, CA.

***Liquidity***

Since inception, the Company has incurred net losses and negative cash flows from operations. During the three months ended March 31, 2026 and 2025, the Company incurred a net loss of \$19.0 million and \$25.8 million, respectively, and cash outflow from operating activities of \$12.8 million and \$25.7 million, respectively. As of March 31, 2026, the Company had an accumulated deficit of \$1.2 billion.

As of March 31, 2026, the Company had cash, cash equivalents, restricted cash and short-term investments of \$160.5 million.

In addition, in January 2025, the Company entered into a credit agreement and guaranty (the Perceptive Credit Agreement) with Perceptive Credit Holdings IV, LP, as administrative agent (Agent) and the lenders from time to time party thereto, which provided a \$100 million 5-year term loan at closing and provides an additional term loan of up to \$25 million, which is available for funding until July 14, 2027, subject to the achievement of certain revenue milestone and other customary conditions (the Perceptive Term Loan). The Company is required to comply with certain covenants under the Perceptive Credit Agreement including, among others, requirements as to financial reporting, restrictions on its ability to incur additional indebtedness and to pay any dividends or other distributions on capital stock, maintenance of a minimum cash balance, and achievement of certain specified trailing twelve-month net revenue targets. If the Company fails to comply with any covenants, payments or other terms of the Perceptive Credit Agreement and such failure constitutes an event of default, such event of default would give Agent the right to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. Further details of obligations under the Perceptive Credit Agreement are described in Note 7.

While the Company has taken actions to reduce operating expenses and working capital to align with anticipated revenue growth including implementing restructuring plans to streamline its overall organizational structure and renegotiating commitments with suppliers to reduce inventory, management expects to continue to incur operating losses in the near term while the Company makes investments to support its anticipated growth.

Management believes that the Company's existing cash, cash equivalents, short-term investments, and cash generated from sales will be sufficient to meet its anticipated needs for at least the next 12 months from the issuance date of the accompanying condensed financial statements.

***Basis of Presentation***

The accompanying condensed financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, that are necessary for the fair statement of the Company's financial position, results of operations, comprehensive loss, and cash flows for the interim periods presented. The financial data and the other financial information disclosed in these notes to the condensed financial statements related to the three-month period are also unaudited. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results of operations to be anticipated for any other future annual or interim period. The condensed balance sheet as of December 31, 2025 included herein was derived from the audited financial statements as of that date.

These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and related notes for the year ended December 31, 2025, which are included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (SEC) on February 13, 2026 (2025 Annual Report).

All share amounts disclosed in the notes to the condensed financial statements are rounded to the nearest thousand except for per share data.

## 2. Summary of Significant Accounting Policies

There have been no other new or material changes to the Company's significant accounting policies as described in its 2025 Annual Report that have had a material impact on the Company's condensed financial statements and related notes.

## 3. Revenue and Deferred Revenue

### Disaggregation of Revenue

Revenue by source consists of the following (in thousands):

	Three Months Ended March 31,	
	2026	2025
Consoles	\$ 5,372	\$ 7,091
Consumables	13,178	14,203
Total product revenue	18,550	21,294
Service and other revenue	9,313	8,458
Total revenue	\$ 27,863	\$ 29,752

### Remaining Performance Obligations and Contract Liabilities

As of March 31, 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations related to customer service contracts that are unsatisfied or partially unsatisfied was \$13.0 million, which is recorded as deferred revenue on the Company's condensed balance sheets. Of that amount, \$12.6 million will be recognized as revenue during the next 12 months and \$0.4 million thereafter.

The contract liabilities consist of deferred revenue which represents payments received in advance of revenue recognition. Revenue under these agreements is recognized over the related service period. During the three months ended March 31, 2026, the Company recognized \$5.4 million of previously deferred revenue.

## 4. Fair Value Measurements

The following tables summarize the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	Valuation Hierarchy	March 31, 2026			Aggregate Fair Value
		Amortized Costs	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
<b>Assets:</b>					
Cash equivalents:					
Money market funds	Level 1	\$ 18,379	\$ —	\$ —	\$ 18,379
Short-term investments:					
U.S. Treasury securities	Level 1	72,396	17	(42)	72,371
Corporate debt	Level 2	44,412	8	(46)	44,374
Commercial paper	Level 2	8,522	1	(12)	8,511
Foreign entity bond	Level 2	887	1	—	888
Total cash equivalents and short-term investments		\$ 144,596	\$ 27	\$ (100)	\$ 144,523

	Valuation Hierarchy	Amortized Costs	December 31, 2025		Aggregate Fair Value
			Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
<b>Assets:</b>					
Cash equivalents:					
Money market funds	Level 1	\$ 24,253	\$ —	\$ —	\$ 24,253
Short-term investments:					
U.S. Treasury securities	Level 1	77,622	109	—	77,731
Corporate debt	Level 2	47,111	56	(1)	47,166
Commercial paper	Level 2	5,909	4	—	5,913
Foreign entity bond	Level 2	3,126	4	—	3,130
Total cash equivalents and short-term investments		<u>\$ 158,021</u>	<u>\$ 173</u>	<u>\$ (1)</u>	<u>\$ 158,193</u>

As of March 31, 2026, the remaining contractual maturities for available-for-sale securities were one month to thirteen months. The unrealized losses for securities in an unrealized loss position for more than 12 months as of March 31, 2026, and December 31, 2025 were immaterial. For the three months ended March 31, 2026 and 2025, the Company did not recognize credit loss related to available-for-sale debt securities.

## 5. Balance Sheet Components

### Accounts Receivable

The following table presents the activities in the Company's allowance for credit losses (in thousands):

	March 31, 2026	December 31, 2025
Balance at beginning of period	\$ 6,092	\$ 2,577
Increase in allowance	297	4,487
Write-offs	(699)	(972)
Balance at end of period	<u>\$ 5,690</u>	<u>\$ 6,092</u>

### Inventories

Inventories consist of the following (in thousands):

	March 31, 2026	December 31, 2025
Raw materials	\$ 29,876	\$ 27,183
Work in process	7,546	7,316
Finished goods	12,228	13,110
Total inventories	<u>\$ 49,650</u>	<u>\$ 47,609</u>

### Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	March 31, 2026	December 31, 2025
Inventory	\$ 2,462	\$ 2,245
Research and development expenses	240	159
Professional services	1,158	1,022
Customer rebates	2,660	1,937
Other	5,079	4,070
Total accrued expenses and other current liabilities	<u>\$ 11,599</u>	<u>\$ 9,433</u>

## 6. Commitments and Contingencies

### *Litigation*

On August 29, 2024, a purported stockholder class action lawsuit, *Porcelli v. Outset Medical, Inc., et al.*, 5:24-cv-06124-EJD, was filed in the U.S. District Court for the Northern District of California, against the Company, its Chief Executive Officer, and then-Chief Financial Officer. On October 18, 2024, a second purported stockholder class action lawsuit, *Plymouth County Retirement Association v. Outset Medical, Inc., et al.*, 5:24-cv-06124-HSG, was filed in the same court (together with the first case, the Class Actions). The second lawsuit also named the Company's prior Chief Financial Officer as a defendant (together with the CEO and then-CFO, the Class Defendants). On March 18, 2025, the court consolidated the Class Actions into one action captioned *In re Outset Medical, Inc. Securities Litigation*, Case No. 5:24-cv-06124-EJD, appointing a Lead Plaintiff and Lead Counsel. The Lead Plaintiff filed its consolidated amended complaint (Complaint) on June 6, 2025. The Complaint alleged that between September 15, 2020 and August 7, 2024, Class Defendants made materially false or misleading statements in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (Exchange Act) regarding the Company's business, operations, and prospects related to the sale and marketing of the Tablo Hemodialysis System and TabloCart with Prefiltration, including concerning the impact of certain FDA processes for these products on the Company's revenue growth. The Class Defendants filed a motion to dismiss the Complaint on August 14, 2025. Following full briefing and a hearing, the Court issued a ruling on March 30, 2026, granting in part and denying in part Class Defendants' motion to dismiss. On May 1, 2026, Lead Plaintiff filed an amended consolidated complaint (Amended Complaint) naming the Company's General Counsel and Chief Medical Officer as additional Class Defendants. In addition to reasserting the claims made in the Complaint, the Amended Complaint also added a claim for violation of Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, alleging certain Class Defendants engaged in a scheme to defraud investors related to the marketing of the Tablo Hemodialysis System and TabloCart with Prefiltration. The Class Defendants must move to dismiss or otherwise respond to the Amended Complaint by June 2, 2026.

On November 29, 2024, an Outset stockholder purporting to act on behalf of the Company filed an action in the U.S. District Court for the Northern District of California against current and former members of Outset's Board of Directors and certain of its officers (the Derivative Defendants), alleging that the Derivative Defendants breached their fiduciary duties to the Company in connection with the same alleged events and alleged materially false and misleading statements asserted in the Class Actions described above. Three additional substantively duplicative actions were filed in the U.S. District Court for the Northern District of California on April 28, 2025, May 8, 2025, and June 16, 2025. The complaints seek unspecified monetary damages and other relief. On July 17, 2025, the court entered a stay of all derivative actions pending the outcome of motion practice in the Class Actions.

The cases are at a very early stage and the Company cannot currently estimate the loss or the range of possible losses it may experience in connection with this litigation.

In addition, from time to time, the Company may become involved in other legal proceedings or investigations, which could have an adverse impact on its reputation, business and financial condition and divert the attention of the Company's management from the operation of the Company's business.

### *Indemnification*

In the ordinary course of business, the Company often includes standard indemnification provisions in its arrangements with its partners, customers and suppliers. Pursuant to these provisions, the Company may be obligated to indemnify such parties for losses or claims suffered or incurred in connection with its service, breach of representations or covenants, intellectual property infringement or other claims made against such parties. These provisions may limit the time within which an indemnification claim can be made. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. To date, the Company has not incurred any material costs as a result of such indemnification obligations and has not accrued any liabilities related to such obligations in these financial statements.

## 7. Term Loan

Term loan consists of the following (in thousands):

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
Principal of term loan	\$ 101,883	\$ 101,502
Unamortized debt discount	(4,946)	(5,265)
Term loan, noncurrent	<u>\$ 96,937</u>	<u>\$ 96,237</u>

### ***Perceptive Term Loan***

On January 3, 2025, the Company entered into a senior secured credit facility for borrowings up to an aggregate principal amount of \$125.0 million pursuant to the Perceptive Credit Agreement with Perceptive Credit Holdings IV, LP (who also participated in the Private Placement). Pursuant to the terms and conditions of the Perceptive Credit Agreement, the lenders agreed to extend term loans to the Company in an aggregate principal amount of up to \$125.0 million, comprised of (i) a term loan of \$100.0 million (the Initial Term Loan), which was funded on January 8, 2025 (the Closing Date), and (ii) a delayed draw term loan of up to \$25.0 million (the Delayed Draw Loan). The Initial Term Loan and the Delayed Draw Loan are referred to collectively as the Perceptive Term Loans. The Delayed Draw Loan is available for funding until July 14, 2027, subject to the achievement of a specific revenue milestone and other customary conditions.

The principal amount outstanding under the Loans will accrue interest at a rate per annum equal to (i) the greater of (a) one-month term SOFR or (b) 4.00% per annum, plus (ii) an applicable margin of 8.00%, payable monthly in arrears. During the first two years after the Closing Date, a portion of the accrued interest equal to 1.50% per annum will be paid in kind and added to the principal amount of the Loans on each monthly interest payment date. The outstanding principal amount of the Loans will be due and payable on the five year anniversary of the Closing Date (the Maturity Date).

The Company paid the lenders a non-refundable closing fee in the amount of \$1.0 million in respect of the Initial Term Loan on the Closing Date. The Company is obligated to pay the lenders a non-refundable closing fee in the amount of \$250,000 in respect of the Delayed Draw Loan, to be due and payable upon the funding of the Delayed Draw Loan.

On the Closing Date, the Company issued to Perceptive Credit Holdings IV, LP as the initial lender a warrant to purchase 375,000 shares of the Company's common stock (the Closing Date Warrant), at an exercise price equal to \$12.00 per share. If the Company draws the Delayed Draw Loan, the Company is required to issue additional warrant(s) to the lenders to purchase 94,000 shares of the Company's common stock (the Delayed Draw Warrant), at an exercise price equal to the average closing price of the Company's common stock for the 5 trading days immediately preceding the issuance date of the Delayed Draw Warrant. Both the Closing Date Warrant and the Delayed Draw Warrant, if issued, are exercisable during the seven years after the date of issuance.

The fair value of the Closing Date Warrant of \$4.4 million and the debt issuance costs paid directly to Perceptive Credit Holdings IV, LP along with other debt issuance costs amounting to \$6.5 million were accounted for as a direct deduction from the term loan balance on the balance sheets and are being recognized as non-cash interest expense over the term of the loan using the effective interest method.

The Company may voluntarily prepay the outstanding loan(s), subject to a prepayment premium of (i) 10.0% of the principal amount of the prepaid loan(s), if prepaid prior to or on the first anniversary of the Closing Date, (ii) 8.0% of the principal amount of the prepaid Loans, if prepaid after the first anniversary of the Closing Date through and including the second anniversary of the Closing Date, (iii) 4.0% of the principal amount of the prepaid loan(s), if prepaid after the second anniversary of the Closing Date through and including the third anniversary of the Closing Date, (iv) 2.0% of the principal amount of the prepaid Loans, if prepaid after the third anniversary of the Closing Date through and including the fourth anniversary of the Closing Date, and (v) 0.00% of the principal amount of the prepaid loan(s), if prepaid after the fourth anniversary of the Closing Date.

The Perceptive Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, among others, requirements as to financial reporting and insurance and restrictions on the Company's ability to dispose of its business or property, to change its line of business, to liquidate or dissolve, to enter into any change in control transaction, to merge or consolidate with any other entity or to acquire all or substantially all the capital stock or property of another entity, to incur additional indebtedness, to incur liens on its property or to pay any dividends or other distributions on capital stock, in each case with certain exceptions. The Company has also agreed to certain financial covenants that require the Company to (i) maintain a minimum cash balance of at least \$10.0 million in accounts subject to control agreements in favor of Agent, and (ii) achieve certain trailing twelve-month net revenue targets as set forth in the Perceptive Credit Agreement.

In addition, the Perceptive Credit Agreement contains customary events of default that entitle the Agent to cause the Company's indebtedness under the Perceptive Credit Agreement to become immediately due and payable, and to exercise remedies against the Company and the collateral securing the obligations owed under the Perceptive Credit Agreement. Under the Perceptive Credit Agreement, an event of default will occur if, among other things, the Company fails to make payments under the Perceptive Credit Agreement, the Company breaches certain covenants under the Perceptive Credit Agreement, subject to specified cure periods with respect to certain breaches, a material adverse change or a material regulatory event has occurred under the Perceptive Credit Agreement, or the Company or its assets become subject to certain legal proceedings, such as bankruptcy proceedings. Upon the occurrence and for the duration of an event of default, an additional default interest rate equal to 4.0% per annum will apply to all obligations owed under the Perceptive Credit Agreement.

## 8. Equity Incentive Plan

### *Equity Incentive Plan*

As of March 31, 2026, 2,154,261 shares of common stock were reserved for future issuance under the 2020 Equity Incentive Plan (2020 Plan).

On January 22, 2026, upon the recommendation of the Company's Compensation Committee, the Company's Board of Directors (the Board) adopted the Outset Medical, Inc. Inducement Plan (the Inducement Plan), effective February 10, 2026. Under the Inducement Plan, 250,000 shares of common stock are reserved for issuance solely to individuals who were not previously employees or directors of the Company, or who are returning to employment following a bona fide period of non-employment, as an inducement material to such individuals' entry into employment with the Company for purposes of Rule 5635(c)(4) of the Nasdaq Stock Market Marketplace Rules (Rule 5635(c)(4)). The Inducement Plan was adopted by the Board without stockholder approval in reliance on Rule 5635(c)(4). The Inducement Plan incorporates the terms and conditions of the Company's stockholder-approved 2020 Plan, except as otherwise provided in the Inducement Plan and provided that incentive stock options may not be granted under the Inducement Plan. As of March 31, 2026, 250,000 shares of common stock were reserved for future issuance under the Inducement Plan.

### *Employee Share Purchase Plan (ESPP)*

As of March 31, 2026, 123,571 shares of common stock were reserved for issuance in connection with the current and future offering periods under the ESPP.

### *Restricted Stock*

The Company issues restricted stock units (RSUs) and performance stock units (PSUs), both of which are considered restricted stock. The Company grants restricted stock pursuant to the 2020 Plan and satisfies such grants through the issuance of new shares. RSUs are share awards that, upon vesting, will deliver to the holder shares of the Company's common stock.

RSUs with a service-based vesting condition granted to a grantee, beginning in February 2022, generally vest over a three-year period as follows: (i) 25% on the first anniversary of the vesting commencement date, 25% quarterly over the course of the second year, and 50% quarterly over the course of the third year, or (ii) 33% on the first anniversary of the vesting commencement date, with the balance vesting quarterly over the remaining two years.

Annual RSUs granted to non-executive employees in 2025 vest over one year with 100% vesting on the first anniversary of the grant date while the annual RSUs granted to executives in 2025 vest over a two-year period with 50% vesting on the first anniversary of the vesting commencement date, and the remaining 50% vesting quarterly over the following year.

Annual RSUs granted to non-executive employees in 2024 vest over a two-year period at a rate of 50% on the first anniversary of the original vesting date, with the balance vesting quarterly over the remaining one year.

Since 2022, the Company has granted a mix of 50% PSUs and 50% RSUs to its CEO, and a mix of 20% PSUs and 80% RSUs to its other executive officers and certain other senior leaders on an annual basis. These PSUs are earned and vest based on achievement against a performance-based metric and a market-based metric as follows:

- Performance-based vesting conditions:
  - o PSUs granted in 2022 through 2024 are earned based on the number of patients treating at home on Tablo as of the end of the second or third year following the grant date (Year 2 or Year 3), with earned units vesting either (i) 50% after certification of achievement following the end of Year 2 and 50% at the end of Year 3 or (ii) 100% after certification of achievement following the end of Year 3 (Home PSUs); or
  - o PSUs granted in 2025 are earned based on the Company's three-year non-GAAP cumulative earnings before income tax, depreciation and amortization (EBITDA) at the end of 2027, with 100% of earned units vesting after certification of the achievement level following the end of 2027 (EBITDA PSUs).
- Market-based vesting conditions:
  - o PSUs granted in 2022 through 2025 are earned based on the Company's relative total stockholder return (Relative TSR) at the end of a two-year or three-year performance period as compared to companies in a pre-determined index of medical device companies, in each case, with 100% of earned units vesting at the end of Year 3, or after certification of achievement following the end of the three-year performance period (Relative TSR PSUs).

The number of units earned varies based on actual performance as follows: (i) from 0% to 200% (250% for the CEO) of the target number of the Home PSUs and EBITDA PSUs granted, (ii) from 75% to 150% (250% for the CEO) of the target number of Relative TSR PSUs granted in 2022 and 2023 and (iii) from 0% to 200% (250% for the CEO) of the target number of Relative TSR PSUs granted in 2024 and 2025.

The grant dates for the Home PSUs and EBITDA PSUs are not considered established until the Compensation Committee of the Board approves the target and it is communicated to the award recipients, which then triggers the service inception date, the fair value of the awards, and the associated expense recognition period. Once the grant dates for the Home PSUs and EBITDA PSUs have been established, the related stock-based compensation expense would be recorded based on the forecasted performance, which is reassessed each reporting period based on the probability of achieving the performance conditions.

In 2024, the Company also granted a new type of PSU award to executive officers and certain other senior leaders which is earned and vests based on appreciation of the Company's stock price above pre-determined stock price triggers over a period of three years or achievement of specified non-GAAP operating income targets applicable to the first two years of the performance period.

### **Stock-Based Compensation Expense**

The following table sets forth stock-based compensation expense included in the accompanying condensed statements of operations (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Cost of revenue	\$ 111	\$ 117
Research and development	820	559
Sales and marketing	458	479
General and administrative	2,064	1,822
<b>Total stock-based compensation expense</b>	<b>\$ 3,453</b>	<b>\$ 2,977</b>

### **9. Income Taxes**

For each of the three months ended March 31, 2026 and 2025, the Company incurred an income tax provision which primarily related to foreign income taxes for the Company's Mexico operations. The U.S. federal and state net deferred tax assets have been fully offset by a valuation allowance, as the Company believes it is not more likely than not that the deferred tax assets will be realized.

### **10. Net Loss Per Share**

The following outstanding potentially dilutive shares were excluded from the calculation of diluted net loss per share due to their anti-dilutive effect (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Stock options to purchase common stock	80	92
Restricted stock units	527	173
Performance stock units	16	8
Shares committed under ESPP	14	2
Series A Convertible Preferred Stock	—	343
Warrants to purchase common stock	375	379
<b>Total</b>	<b>1,012</b>	<b>997</b>

### **11. Segment**

The key measure of segment profit or loss that the Company's chief operating decision maker (CODM), its Chief Executive Officer, uses to allocate resources and assess performance is the Company's net loss, as reported on the accompanying condensed statements of operations. Net income is used to monitor budget versus actual results.

There are no intra-entity sales or transfers. All expense categories on the accompanying condensed statements of operations are significant and there are no other expense categories regularly provided to the CODM beyond those disclosed in the accompanying condensed statements of operations. The CODM manages the business using expense information as well as regularly provided budgeted or forecasted expense information for the single operating segment. The measure of segment assets is reported on the accompanying condensed balance sheets as total consolidated assets with particular emphasis on the Company's available liquidity, including its cash, cash equivalents, restricted cash, and short-term investments.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion of our financial condition and results of operations should be read together with our unaudited condensed financial statements and related notes and other financial information included elsewhere in this Quarterly Report, as well as our audited financial statements and notes thereto and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our 2025 Annual Report. As used in this Quarterly Report, references to the “Company,” “we,” “us,” “our,” or similar terms refer to Outset Medical, Inc.*

*In addition to historical financial information, this discussion and other parts of this report contain forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact contained in this Quarterly Report are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “predict,” “plan,” “expect” or the negative or plural of these words or similar expressions. The forward-looking statements in this report are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such risks and uncertainties include those described throughout this Quarterly Report, including in this discussion as well as in the section titled “Risk Factors” under Part II, Item 1A below and in Part I, Item 1A, “Risk Factors” and in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2025 Annual Report. The forward-looking statements in this Quarterly Report are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements, like all statements in this report, speak only as of their date, and, except as required by law we undertake no obligation to update or revise these statements, whether as a result of any new information, future developments or otherwise. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.*

### Overview

Our technology is designed to elevate the dialysis experience for patients and help providers overcome traditional care delivery challenges. Requiring only an electrical outlet and tap water to operate, our Tablo® Hemodialysis System (Tablo) frees patients and providers from the burdensome infrastructure required to operate traditional dialysis machines. The integration of water purification and on-demand dialysate production in a single 35-inch compact console enables Tablo to provide clinical and operational flexibility to customers. With a simple-to-use touchscreen interface, two-way wireless data transmission and a proprietary data analytics platform, Tablo is a holistic approach to dialysis care. Unlike existing hemodialysis machines, which have limited clinical versatility across care settings, Tablo can be used seamlessly across multiple care settings and a wide range of clinical applications. Tablo is cleared by the FDA for use in the hospital, clinic, or home setting.

Tablo leverages cloud technology, making it possible for providers to monitor devices remotely, view treatment data, perform patient and population analytics, and automate clinical recordkeeping. Tablo’s wireless connectivity enables us to release training, new features and enhancements over-the-air without interventions by field service engineers. Tablo’s connectedness allows continuous streaming of an average of approximately 3 million machine performance data points to the cloud for every treatment. We use this data, in conjunction with our diagnostic and predictive algorithms, to monitor device performance, identify and diagnose failures and, in some instances, predict and prevent potential future device failures or malfunctions. In effect, this contributes to a reduction in service hours and an increase in device uptime.

We have generated meaningful evidence to demonstrate that providers can realize significant operational efficiencies, including reducing the cost of their dialysis programs. In addition, Tablo has been shown to deliver robust clinical care. In studies and surveys we have conducted, patients have reported quality of life benefits on Tablo compared to other dialysis machines. We believe Tablo empowers patients, who have traditionally been passive recipients of care, to regain agency and ownership of their treatment.

Driving adoption of Tablo in the acute care setting has been our primary focus to date. We have invested in growing our economic and clinical evidence, built a veteran sales and clinical support team with significant expertise, and implemented a comprehensive training and customer experience program. Our experience in the acute care market has demonstrated Tablo’s clinical flexibility and operational versatility, while also delivering meaningful cost savings to the providers. In addition, we are also working with skilled nursing facilities (SNFs), sub-acute long-term acute care hospitals (LTACHs), and other post-acute providers to raise awareness of Tablo’s economic and clinical benefits to them and to patients. We plan to continue leveraging our commercial infrastructure to broaden our installed base in the acute and post-acute care markets, as well as driving utilization and fleet expansion with our existing customers.

Tablo is also utilized for home-based dialysis. We believe our ability to reduce training time, patient dropout, and the supplies and infrastructure required to deliver dialysis in the home can drive efficiency and economic improvements to the home care model. In our home investigational device exemption trial, patients reported specific quality of life improvements compared to their experience on the incumbent home dialysis machine. To penetrate this market successfully, we have made investments in and continue to focus on refining our home distribution, logistics and support systems to help ensure they are ready for scale. We are also working with providers, patients, and payors to increase awareness and adoption of transitional care units as a bridge to home-based therapy.

We generate revenue from the placement of Tablo consoles along with accessories, and shipping and handling charged to customers, which revenue is recognized up-front. We also earn recurring revenue from sales of consumables, including Tablo cartridge, and services, which generates significant total revenue over the life of Tablo consoles. Our total revenues were \$27.9 million and \$29.8 million for the three months ended March 31, 2026 and 2025, respectively.

We primarily sell our solutions through our direct sales organization, which covers most major metropolitan markets in the United States. Our sales organization is comprised of our capital sales team, responsible for generating new customer demand for Tablo, and our clinical sales team, responsible for driving utilization and fleet expansion of Tablo at existing customer sites. In addition, our field service team provides maintenance services and product support to our customers. Our field sales and service teams represent 57% of our total full-time employees as of March 31, 2026. The same sales organization and field service team drive Tablo penetration in both the acute and home markets. We believe the ability to leverage one team to serve both markets will result in significant productivity and cost optimization as we continue to scale our business.

### **Key Factors Affecting Our Performance**

We believe that our financial performance has been, and in the foreseeable future will continue to be, primarily driven by the following factors. While we believe each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations. Our ability to successfully address the factors below is subject to various risks and uncertainties, including those described in the section titled “Risk Factors.”

#### ***Market Acceptance of Tablo in Acute Setting***

We plan to further broaden our installed base by continuing to target national and regional integrated delivery networks and health systems, SNFs, LTACHs and other post-acute providers. In addition, we focus on driving utilization and fleet expansion with existing customers by providing an exceptional user experience delivered through our commercial team and a steady release of software enhancements that amplify Tablo’s operational reliability and clinical versatility. Our ability to successfully execute on this strategy, and thereby increase our revenue in the acute market, will depend on several factors. These factors include the success of our initiatives to optimize and further evolve our commercial organization, infrastructure and sales processes to support the growth of our business in the acute and post-acute care markets as we focus more heavily on enterprise selling and transition beyond earlier stage adoption of Tablo.

#### ***Expansion of Tablo within the Home Setting***

We believe that a significant growth opportunity exists within the home hemodialysis market. We are partnering with innovative dialysis clinic providers, health systems and other adjacent healthcare providers who are motivated to grow their home hemodialysis population, and who share our vision of creating a seamless and supported transition to the home. We are also investing in market development over the longer term to expand the home hemodialysis market itself. The expansion of the home hemodialysis market and our ability to penetrate this market will be an important factor in driving the future growth of our business. In addition, the success of our efforts to expand within the home market, help grow new home programs and increase our revenue generated from home-based dialysis on the timeline that we anticipate will depend on several factors. These factors include the success of our initiatives to optimize and further evolve our commercial organization, infrastructure and sales processes as we scale our business in the home market.

#### ***Gross Margin***

Our ability to expand our gross margins depends on: first, our ability to continue to sell Tablo cartridges, services, and accessories for Tablo consoles; second, our ability to reduce the cost of service and third, our ability to reduce the cost to manufacture Tablo consoles. Our ability to expand gross margins will also depend in part on our ability to control the average selling prices of our products and services, including by selling higher-margin accessories, consumables and services. Further, we will continue to utilize our cloud-based data system, as well as enhanced product and support performance, to improve service margin and drive down service costs per console. In addition, over the past several years, we have moved the production of Tablo consoles and a substantial majority of Tablo cartridges in-house to our manufacturing facility in Tijuana, Mexico which we operate in collaboration with TACNA, as part of our cost reduction activities. This has helped further our long-term gross margin expansion and supply continuity strategies while reducing the costs of Tablo console production and improving the flexibility of our operations. We will continue our cost reduction activities by using our design, engineering, supply chain and manufacturing capabilities to help further advance and improve the

efficiency of our manufacturing processes, lowering the cost of parts and components and lowering our costs of production. Our ability to expand gross margins depends on our ability to successfully execute these strategies, as well as the impact of macroeconomic factors described below, including the tariffs imposed by the current administration.

### ***Profitability Initiatives***

Our ability to achieve and sustain profitability depends on several key factors: first, our ability to grow our revenue while expanding gross margins, as discussed above; second, our ability to optimize operating expenses; and third, our ability to optimize working capital. We have undertaken various initiatives designed to improve operational efficiencies, reduce operating expenses to align with anticipated levels of revenue growth and streamline our overall cost structure, including several organizational restructurings implemented beginning in the fourth quarter of 2023 through early 2025. We are also taking steps to improve our ability to efficiently manage working capital, including inventory. Our ability to transition to profitability will depend on the success of our efforts to optimize spending and working capital, including inventory.

### **Impacts of Macroeconomic Factors**

Global macroeconomic conditions, including global geopolitical instability (such as the ongoing hostilities in the Middle East), inflationary pressures, rising interest rates, changes in tariff or trade laws and policies (such as the tariffs imposed by the current administration), increased labor costs, staffing shortages and global supply chain disruptions, may impact our business and results of operations, and those of our customers, manufacturing partners and suppliers. As the duration and severity of these macroeconomic conditions remain uncertain and depend on various factors, we cannot predict what effects these macroeconomic conditions will ultimately have on our business and results of operations, our customers, or our suppliers.

Beginning in the third quarter of 2023, we began to observe an increasing number of our existing and prospective customers deferring their decisions to purchase Tablo in an environment of rising interest rates and more cautious capital spending. These deferrals served to elongate our sales cycle and the timing of delivery and installations, which, in turn, contributed to an adverse impact on our bookings and revenues starting in the second half of 2023 and through 2026. We may see disruption from this in future periods. In addition, ongoing uncertainty relating to various policy changes under the current administration – including developments in trade policy (such as increased tariffs), changes in interest rate policy, potential reductions in government reimbursement and shifts in broader healthcare policy – could increase financial pressures faced by our existing and prospective hospital customers. These actual or anticipated policy changes may lead to higher operating costs for our customers, as well as tighter operating budgets and more cautious capital spending decisions. Additionally, broader economic uncertainty and market volatility – driven in part by these evolving policies – could exacerbate financial strain on our customers, potentially resulting in delayed or reduced purchases of our products and services. These factors could adversely impact our revenues, results of operations and financial condition in future periods.

If our customers continue to face prolonged periods of rising interest rates, capital budget constraints, volatility, uncertainty, staffing shortages, cash flow challenges, rising costs and other financial pressures, whether due to general macroeconomic conditions, evolving policy changes under the current administration (including trade policy developments, reductions in government reimbursement or shifts in healthcare policy), cybersecurity events or other factors, it could ultimately adversely impact our ability to expand existing customer relationships or attract new customers of Tablo, timely collect amounts due, effectively manage our inventory levels, and have a material adverse effect on our bookings, revenues, results of operations, financial condition, and, ultimately, our future growth and profitability.

From a supply chain perspective, we have worked closely with our manufacturing partners and suppliers to enable us to source key components and maintain appropriate inventory levels to meet customer demand, and have not experienced material disruptions in our supply chain to date. However, macroeconomic factors such as rising inflation, increasing labor costs, and surges and shifts in consumer demand have disrupted the operations of certain of our third-party suppliers, resulting, in some cases, in increased lead times and higher component costs. We believe that localizing production of a substantial majority of Tablo cartridges in Mexico (in-house at our manufacturing facility) has helped achieve cost reductions through lower freight costs, further our long-term gross margin expansion and supply continuity strategies and improve the flexibility of our operations. However, we may face increased supply chain constraints in the future, which could negatively impact our ability to meet customer demand on a timely basis, result in customer dissatisfaction and adversely impact our operating margins and results of operations. Moreover, increased tariffs imposed by the current administration, including on goods imported into the United States from Mexico and China, could adversely impact our supply chain and distribution costs, as well as our ability to achieve sustainable gross margins. We currently do not believe we have exposure to these tariffs as Tablo, TabloCart and Tablo cartridge are covered under a special exemption. However, in September 2025, the U.S. Department of Commerce initiated an investigation under Section 232 of the Trade Expansion Act of 1962 to assess the national security implications of imports of personal protective equipment, medical consumables, and medical equipment, including medical devices. The outcome of this investigation could result in additional tariffs or other trade restrictions. While we continue to believe our products will remain exempt, the scope and outcome of the investigation are uncertain and could affect existing exemptions or expand coverage to additional product categories. We cannot predict what actions may ultimately be taken with respect

to tariffs or trade relations between the United States and other countries (including Mexico and China), what products may be subject to such actions, or what actions may be taken by the other countries in retaliation.

## Results of Operations

The following table summarizes our results of operations for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
<b>Revenue:</b>		
Product revenue	\$ 18,550	\$ 21,294
Service and other revenue	9,313	8,458
Total revenue	27,863	29,752
<b>Cost of revenue:</b>		
Cost of product revenue	8,833	11,002
Cost of service and other revenue	6,935	7,684
Total cost of revenue	15,768	18,686
Gross profit	12,095	11,066
<b>Operating expenses:</b>		
Research and development	5,618	5,515
Sales and marketing	13,279	13,652
General and administrative	10,117	8,298
Total operating expenses	29,014	27,465
Loss from operations	(16,919)	(16,399)
Interest income and other income, net	1,527	1,976
Interest expense	(3,369)	(3,560)
Loss on extinguishment of term loan	—	(7,685)
Loss before provision for income taxes	(18,761)	(25,668)
Provision for income taxes	217	115
Net loss	\$ (18,978)	\$ (25,783)

### Comparison of the Three Months Ended March 31, 2026 and 2025

#### Revenue

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
<i>(dollars in thousands)</i>				
<b>Revenue:</b>				
Product revenue	\$ 18,550	\$ 21,294	\$ (2,744)	(13)%
Service and other revenue	9,313	8,458	855	10%
Total revenue	\$ 27,863	\$ 29,752	(1,889)	(6)%

Product revenue decreased by \$2.7 million, or 13%, for the three months ended March 31, 2026 as compared to the same period in the prior year. This decrease was driven by a \$1.7 million decrease in console revenue and a \$1.0 million decrease in consumable revenue.

Service and other revenue increased for the three months ended March 31, 2026 as compared to the same period in the prior year. The increase was primarily due to services associated with growth in our console installed base.

#### Gross Profit and Gross Margin

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
<i>(dollars in thousands)</i>				
<b>Gross profit and gross margin:</b>				
Gross profit	\$ 12,095	\$ 11,066	\$ 1,029	9%
Gross margin	43.4 %	37.2 %		

Gross profit increased for the three months ended March 31, 2026 as compared to the same period in the prior year. Gross margin improved by 6.2 percentage points for the three months ended March 31, 2026 as compared to the same period in the prior

year. These improvements in gross profit and gross margin were primarily driven by higher average selling prices for consoles and higher gross margin on service and other revenue, which were partially offset by the lower average selling price for consumables.

### Operating Expenses

<i>(dollars in thousands)</i>	Three Months Ended March 31,		Change	
	2026	2025	\$	%
Operating expenses:				
Research and development	\$ 5,618	\$ 5,515	\$ 103	2%
Sales and marketing	13,279	13,652	(373)	(3)%
General and administrative	10,117	8,298	1,819	22%
Total operating expenses	<u>\$ 29,014</u>	<u>\$ 27,465</u>	1,549	6%

Research and development expenses increased for the three months ended March 31, 2026 as compared to the same period in the prior year. The increase was primarily due to increases in stock-based compensation and consulting expenses.

Sales and marketing expenses decreased for the three months ended March 31, 2026 as compared to the same period in the prior year. The decrease was mainly driven by lower compensation expenses, partially offset by higher freight costs.

General and administrative expenses increased for the three months ended March 31, 2026 as compared to the same period in the prior year. The increase was primarily due to an overall increase in compensation-related and stock-based compensation expense.

### Other Income (Expenses), Net

<i>(dollars in thousands)</i>	Three Months Ended March 31,		Change	
	2026	2025	\$	%
Other income (expenses), net:				
Interest income and other income, net	\$ 1,527	\$ 1,976	\$ (449)	(23)%
Interest expense	(3,369)	(3,560)	191	(5)%
Loss on extinguishment of term loan	—	(7,685)	7,685	—
Total other expenses, net	<u>\$ (1,842)</u>	<u>\$ (9,269)</u>	7,427	(80)%

\* Not meaningful

The decrease in interest income and other income, net for the three months ended March 31, 2026 as compared to the same period in the prior year was driven by a lower average short-term investment balance in 2026.

The interest expense for the three months ended March 31, 2026 was relatively consistent with the amount in the same period in the prior year.

The loss on extinguishment of term loan of \$7.7 million was recognized for the repayment of the SLR Term Loan in 2025, which included final payment and termination fees.

### Liquidity and Capital Resources

#### Sources of Liquidity

Since our inception, we have incurred net losses and negative cash flows from operations. To date, we have financed our operations and capital expenditures primarily through sales of equity securities, revenue from sales, debt financings, and proceeds from employee exercise of stock options and ESPP purchases.

As of March 31, 2026, we had cash, cash equivalents, restricted cash, and short-term investments of \$160.5 million.

In addition, in January 2025, we entered into a credit agreement and guaranty (the Perceptive Credit Agreement) with Perceptive Credit Holdings IV, LP, as administrative agent (Agent) and the lenders from time to time party thereto, which provided a \$100 million 5-year term loan at closing and will provide an additional term loan of up to \$25 million at our election, which is available for funding until July 14, 2027, subject to achievement of a specified revenue milestone and other customary conditions.

We are required to comply with certain covenants under the Perceptive Credit Agreement, including, among others, requirements as to financial reporting, restrictions on our ability to incur additional indebtedness and to pay any dividends or other distributions on capital stock, maintenance of a minimum cash balance, and achievement of certain specified trailing twelve-month net revenue targets. If we fail to comply with any covenants, payments or other terms of the Perceptive Credit Agreement and such failure constitutes an event of default thereunder, such event of default would give Agent the right to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable.

While we have taken actions to reduce operating expenses and working capital to align with anticipated revenue growth including implementing restructuring plans to streamline our overall organizational structure and renegotiating commitments with suppliers to reduce inventory, we expect to continue to incur operating losses in the near term while we make investments to support our anticipated growth. We may raise additional capital through the issuance of additional equity financing, debt financings, which may require refinancing or amending the terms of our existing debt, or other sources. If this financing is not available to us at adequate levels or on acceptable terms, we may need to further evaluate our operating plans. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our existing stockholders' rights. We are subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional capital through debt financing (including through our existing debt), we may be subject to an increase in our interest expense which may negatively affect our cash flow.

We believe that our existing cash, cash equivalents and short-term investments and cash generated from sales will be sufficient to meet our anticipated needs for at least the next 12 months from the issuance date of this Quarterly Report.

### **Cash Flows Summary**

The following table summarizes the cash flows for each of the periods indicated (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Net cash (used in) provided by:		
Operating activities	\$ (12,844)	\$ (25,663)
Investing activities	7,899	(78,079)
Financing activities	501	55,656
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (4,444)</u>	<u>\$ (48,086)</u>

### **Operating Activities**

The net cash used in operating activities of \$12.8 million for the three months ended March 31, 2026 was due to a net loss of \$19.0 million, the amortization of premiums on investments of \$0.4 million, and provision for credit losses of \$0.4 million, which were adjusted by stock-based compensation expense of \$3.5 million, a net cash inflow from the change in our operating assets and liabilities of \$1.5 million, depreciation and amortization of \$0.8 million, non-cash interest expense of \$0.7 million, and non-cash lease expense of \$0.4 million. The net cash inflow from operating assets and liabilities was primarily due to decreases in accounts receivable and prepaid expenses and other assets, and increases in accrued expenses and accounts payable. This net cash inflow from operating assets and liabilities was partially offset by an increase in inventory, a decrease in accrued compensation and related benefits resulting from the payout of 2025 annual cash bonuses, and decreases in deferred revenue and operating lease liabilities.

### **Investing Activities**

The net cash provided by investing activities of \$7.9 million for the three months ended March 31, 2026 was due to the maturities of short-term investment securities of \$30.9 million, which was partially offset by the purchases of short-term investment securities of \$22.9 million.

### **Financing Activities**

The net cash provided by financing activities of \$0.5 million for the three months ended March 31, 2026 was primarily due to proceeds from ESPP purchases.

### **Critical Accounting Estimates**

Management's discussion and analysis of the financial condition and results of operations is based on the financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses incurred during the reporting periods. The estimates are based on historical experience and on various other factors that 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.

There have been no new or significant changes in our critical accounting estimates as compared to the critical accounting estimates disclosed in Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2025 Annual Report.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the Company's market risk from the information provided in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, as described in the Company's 2025 Form 10-K.

**Item 4. Controls and Procedures.*****Evaluation of Disclosure Controls and Procedures***

Our management, with the participation and supervision of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this Quarterly Report.

***Changes in Internal Control over Financial Reporting***

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

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

The information set forth under “Litigation” in Note 6, Commitments and Contingencies, of the notes accompanying our unaudited condensed financial statements in this Quarterly Report is incorporated herein by reference.

### Item 1A. Risk Factors.

You should carefully consider the risk factors discussed in Part I, “Item 1A. Risk Factors” in our 2025 Annual Report, which could materially affect our business, financial position, or future results of operations. There have been no material changes to the risk factors described in our 2025 Annual Report. The risks described in our 2025 Annual Report are not the only risks that we face. Additional risks and uncertainties not precisely known to us, or that we currently deem to be immaterial, may also arise and materially impact our business. If any of these risks occur, our business, results of operations and financial condition could be materially and adversely affected and the trading price of our common stock could decline.

### 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.**

Exhibit Number	Description	Incorporation by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Outset Medical, Inc.</a>	S-1/A	333-248225	3.1	September 9, 2020
3.2	<a href="#">Amended and Restated Bylaws of Outset Medical, Inc.</a>	S-1/A	333-248225	3.2	September 9, 2020
3.3	<a href="#">Amendment No. 1 To Amended and Restated Bylaws of Outset Medical, Inc., dated January 23, 2025</a>	8-K	001-39513	3.1	January 24, 2025
3.4	<a href="#">Certificate of Designation of Preferences, Rights and Limitations of Series A Non-Voting Convertible Preferred Stock</a>	8-K	001-39513	3.1	January 8, 2025
3.5	<a href="#">Certificate of Correction of the Certificate of Designation of Preferences, Rights and Limitations of Series A Non-Voting Convertible Preferred Stock</a>	8-K	001-39513	3.1	March 11, 2025
3.6	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of Outset Medical, Inc.</a>	8-K	001-39513	3.1	March 20, 2025
4.1	<a href="#">Form of Common Stock Certificate</a>	S-1/A	333-248225	4.1	September 9, 2020
4.2	<a href="#">Warrant Certificate, dated January 8, 2025, issued by Outset Medical, Inc. to Perceptive Credit Holdings IV, LP</a>	8-K	001-39513	4.1	January 8, 2025
4.3	<a href="#">Description of Outset Medical, Inc.'s Securities Registered Pursuant to Section 12 of the Exchange Act</a>	10-K	001-39513	4.3	February 13, 2026
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32.1*	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
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 With Embedded Linkbase Documents				
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)				

\* Filed herewith.







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

In connection with the Quarterly Report of Outset Medical, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to her/his knowledge:

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

May 7, 2026

By: /s/ Leslie Trigg  
Leslie Trigg  
Chief Executive Officer  
(Principal Executive Officer)

May 7, 2026

By: /s/ Renee Gaeta  
Renee Gaeta  
Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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