UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended June 30, 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: **001-38546**

NEURONETICS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**33-1051425** (I.R.S. Employer Identification No.)
3222 Phoenixville Pike, Malvern, PA (Address of principal executive offices)	**19355** (Zip Code)
(877) 600-7555 (Registrant's telephone number, including area code)	

Not applicable.

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol (s)	Name on each exchange on which registered
Common Stock ($0.01 par value)	STIM	The Nasdaq Global Market

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

Indicate by check mark whether the registrant has submitted electronically 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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

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

There were 76,197,222 shares of the registrant's common stock outstanding as of August 5, 2026.

NEURONETICS, INC.

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

NEURONETICS, INC.
Consolidated Balance Sheets
(Unaudited; In thousands, except per share data)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 19,197	$ 28,134
Restricted cash and cash equivalents	5,750	6,000
Accounts receivable, net of allowance for credit losses of $553 and $1,043 as of June 30, 2026 and December 31, 2025, respectively	15,955	16,469
Inventory	5,502	4,327
Current portion of net investments in sales-type leases	233	225
Current portion of prepaid commission expense	2,773	3,050
Current portion of notes receivable	315	424
Prepaid expenses and other current assets	3,505	2,922
Total current assets	53,230	61,551
Property and equipment, net	3,464	4,466
Goodwill	23,622	23,622
Intangible assets, net	17,420	18,149
Operating lease right-of-use assets	23,913	23,560
Net investments in sales-type leases	65	98
Prepaid commission expense	6,980	7,972
Long-term notes receivable	43	151
Other assets	2,792	1,982
Total assets	$ 131,529	$ 141,551
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 12,419	$ 10,739
Accrued expenses	8,929	12,316
Current portion of deferred revenue	1,143	753
Deferred and contingent consideration	250	500
Other payables	425	652
Current portion of operating lease liabilities	5,143	5,561
Total current liabilities	28,309	30,521
Long-term debt, net	61,519	65,807
Other long term liabilities	142	—
Deferred revenue	58	48
Operating lease liabilities	19,861	18,935
Total liabilities	109,889	115,311
Commitments and contingencies (Note 18)		
Equity:		
Preferred stock, $0.01 par value: 10,000 shares authorized; no shares issued or outstanding on June 30, 2026 and December 31, 2025	—	—
Common stock, $0.01 par value: 250,000 shares authorized; 76,193 and 68,994 shares issued and outstanding on June 30, 2026 and December 31, 2025, respectively	762	690
Additional paid-in capital	490,239	480,475
Accumulated deficit	(473,151)	(458,787)
Total Stockholders' equity	17,850	22,378
Non-controlling interest	3,790	3,862
Total equity	21,640	26,240
Total liabilities and equity	$ 131,529	$ 141,551

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

NEURONETICS, INC.
Consolidated Statements of Operations
(Unaudited; In thousands, except per share data)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Revenues				
NeuroStar	$ 14,677	$ 15,084	$ 27,602	$ 28,400
Greenbrook	26,891	23,024	48,420	41,683
Total revenue	41,568	38,108	76,022	70,083
Cost of revenues				
NeuroStar	3,312	4,311	6,170	7,461
Greenbrook	17,033	16,039	32,475	29,126
Total cost of revenues	20,345	20,350	38,645	36,587
Gross profit	21,223	17,758	37,377	33,496
Operating expenses:				
Sales and marketing	9,984	11,868	20,721	23,867
General and administrative	11,404	12,150	24,452	25,287
Research and development	1,336	1,798	2,700	3,414
Total operating expenses	22,724	25,816	47,873	52,568
Loss from operations	(1,501)	(8,058)	(10,496)	(19,072)
Other (income) expense:				
Interest expense	2,125	1,969	4,391	3,891
Loss on extinguishment of debt	—	—	539	—
Other income, net	(162)	(188)	(1,182)	(435)
Net loss	$ (3,464)	$ (9,839)	$ (14,244)	$ (22,528)
Less: Net gain (loss) attributable to non-controlling interest	(25)	281	(15)	267
Net loss attributable to Neuronetics stockholders	$ (3,439)	$ (10,120)	(14,229)	(22,795)
Net loss per share of common stock outstanding, basic and diluted attributable to Neuronetics stockholders	$ (0.05)	$ (0.15)	$ (0.20)	$ (0.36)
Weighted average common shares outstanding, basic and diluted	73,129	66,180	71,369	63,835

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

NEURONETICS, INC.
Consolidated Statements of Changes in Equity
(Unaudited; In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity
Balance at December 31, 2024	55,679	$ 557	$ 446,938	$ (419,789)	$ 4,093	$ 31,799
Share-based awards and option exercises	941	9	(1)	—	—	8
Issuance of common stock, net of issuance costs of $1,731	9,200	92	18,877	—	—	18,969
Share-based compensation expense	—	—	1,444	—	—	1,444
Net loss	—	—	—	(12,675)	(14)	(12,689)
Balance at March 31, 2025	65,820	$ 658	$ 467,258	$ (432,464)	$ 4,079	$ 39,531
Share-based awards and options exercises	293	3	(2)	—	—	1
Share-based compensation expense	—	—	1,814	—	—	1,814
Net loss	—	—	—	(10,120)	281	(9,839)
Balance at June 30, 2025	66,113	$ 661	$ 469,070	$ (442,584)	$ 4,360	$ 31,507
Balance at December 31, 2025	68,994	$ 690	$ 480,475	$ (458,787)	$ 3,862	$ 26,240
Share-based awards and option exercises	589	6	(6)	—	—	—
Share-based compensation expense	—	—	1,677	—	—	1,677
Net income (loss)	—	—	—	(10,790)	10	(10,780)
Distribution to non-controlling interest	—	—	—	—	(77)	(77)
Balance at March 31, 2026	69,583	$ 696	$ 482,146	$ (469,577)	$ 3,795	$ 17,060
Share-based awards and options exercises	557	6	(6)	—	—	—
Issuance of common stock under ATM offering, net of issuance costs of $483	6,053	60	7,411	—	—	7,471
Share-based compensation expense	—	—	688	—		688
Net loss	—	—	—	(3,439)	(25)	(3,464)
Acquisition of subsidiary non-controlling interest	—	—	—	(135)	135	—
Distribution to non-controlling interest					(115)	(115)
Balance at June 30, 2026	76,193	$ 762	$ 490,239	$ (473,151)	$ 3,790	$ 21,640

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

NEURONETICS, INC.
Consolidated Statements of Cash Flows
(Unaudited; In thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (14,244)	$ (22,528)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,474	1,812
Allowance for credit losses	(160)	83
Inventory impairment	—	177
Share-based compensation	2,365	3,258
Non-cash interest expense	478	388
Loss on extinguishment of debt	539	—
Loss on disposal of property and equipment	369	43
Changes in certain assets and liabilities:		
Accounts receivable, net	893	(2,479)
Inventory	(1,289)	(791)
Net investments in sales-type leases	24	12
Prepaid commission expense	1,268	613
Prepaid expenses and other assets	(647)	3,356
Accounts payable	1,572	(1,803)
Accrued expenses	(3,386)	(2,236)
Other liabilities	(85)	(320)
Deferred revenue	400	(82)
Net cash used in operating activities	(10,429)	(20,497)
Cash flows from investing activities:		
Purchases of property and equipment and capitalized software	(614)	(471)
Proceeds from the sale of property and equipment	25	—
Net cash used in investing activities	(589)	(471)
Cash flows from financing activities:		
Payments of debt issuance costs	(55)	—
Repayment of deferred and contingent consideration	(250)	—
Repayment of long-term debt	(5,000)	—
Payment for debt extinguishment costs	(250)	—
Proceeds from the issuance of common stock	—	20,700
Payments of common stock offering issuance costs	—	(1,731)
Proceeds from issuance of common stock under ATM Program	7,954	—
Payments of common stock offering issuance costs under ATM Program	(376)	—
Distribution to non-controlling interest	(192)	—
Proceeds from exercises of stock options	—	9
Net cash provided by financing activities	1,831	18,978
Net decrease in Cash, Cash equivalents and Restricted cash	(9,187)	(1,990)
Cash and cash equivalents and restricted cash and cash equivalents, beginning of period	34,134	19,459
Cash and cash equivalents and restricted cash and cash equivalents, end of period	$ 24,947	$ 17,469
Reconciliation of cash and cash equivalents and restricted cash and cash equivalents to the consolidated balance sheet:		
Cash and cash equivalents	19,197	10,969
Restricted cash and cash equivalents	5,750	6,500
Total cash and cash equivalents and restricted cash and cash equivalents	$ 24,947	$ 17,469
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,918	$ 3,488
Transfer of inventory to property and equipment	$ 114	$ 36
Supplemental disclosure of non-cash investing and financing activities:		
Purchases of property and equipment and capitalized software in accounts payable and accrued expenses	$ 103	$ 6

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

NEURONETICS, INC.
Notes to Interim Consolidated Financial Statements
(Unaudited)

1. DESCRIPTION OF BUSINESS

Neuronetics, Inc. (the "Company," "Neuronetics," "we," and similar words) believes that mental health is as important as physical health. The Company's first commercial product, the NeuroStar Advanced Therapy System (the "System"), is a non-invasive and non-systemic office-based treatment that uses transcranial magnetic stimulation ("TMS") to create a pulsed, MRI-strength magnetic field that induces electrical currents designed to stimulate specific areas of the brain associated with mood. The System is cleared by the U.S. Food and Drug Administration (the "FDA") to treat adult patients with major depressive disorder ("MDD") who have failed to achieve satisfactory improvement from prior antidepressant medication in the current MDD episode. It is also cleared by the FDA as an adjunct for adults with obsessive-compulsive disorder ("OCD") and for adolescent patients aged 15-21 with MDD. It is also cleared by the FDA to decrease anxiety symptoms in adult patients with MDD that may exhibit comorbid anxiety symptoms (anxious depression). In addition to selling the System and associated treatment sessions to customers, the Company operates Greenbrook TMS Inc. ("Greenbrook") treatment centers ("Treatment Centers") across the U.S., offering TMS treatment using the Systems. The Company acquired Greenbrook, a provider of mental healthcare services, pursuant to an Arrangement Agreement effective as of December 9, 2024 (the "Arrangement"). The System is safe, clinically effective, reproducible and precise, and the Company believes it is supported by the largest clinical data set of any competing TMS system. Treatment Centers also acquire SPRAVATO® to treat adults with treatment-resistant depression or depressive symptoms in adults suffering from MDD with acute suicidal ideation or behavior.

The Company's shares trade on the Nasdaq Global Market under the ticker "STIM."

Liquidity and Going concern

As of June 30, 2026, the Company had cash and cash equivalents of $19.2 million and an accumulated deficit of $473.2 million. The Company incurred negative cash flows from operating activities of $10.4 million for the six months ended June 30, 2026 and $20.4 million for the year ended December 31, 2025. The Company has incurred operating losses since its inception, and management anticipates that its operating losses will continue in the near term as the Company continues to invest in sales and marketing and product development activities. The Company's primary sources of capital to date have been from its initial public offering, borrowings under its credit facility, proceeds from its secondary public offerings of common stock (including, without limitation, the ATM Program (as defined below)), and revenues from NeuroStar and Greenbrook. As of June 30, 2026, the Company had $65.0 million of borrowings outstanding under its credit facility, which matures in July 2029.

On February 10, 2025, the Company completed a secondary public offering of its common stock in which the Company issued and sold 9,200,000 shares of its common stock, which included shares pursuant to an option granted to the underwriter to purchase additional shares, at a public offering price of $2.25 per share. The Company received net proceeds of $18.9 million after deducting underwriting discounts, commissions and estimated offering expenses.

On July 3, 2025, the Company entered into an Equity Distribution Agreement (the "Distribution Agreement") with Canaccord Genuity LLC, pursuant to which the Company may offer and sell shares of its common stock having an aggregate offering price of up to $50.0 million from time to time through an at-the-market equity offering program (the "ATM Program"). Sales under the Distribution Agreement are made pursuant to the Company's Registration Statement on Form S-3 (File No. 333-288526), and a related prospectus and prospectus supplement.

During the three and six months ended June 30, 2026, the Company sold an aggregate of 6,052,953 shares of its common stock under the ATM Program at an average price of $1.31 per share, generating gross proceeds of $8.0 million. The Company paid aggregate sales commissions of $0.2 million and incurred additional offering-related expenses of $0.2 million. As a result, net proceeds from the offering are $7.6 million. The Company also amortized $0.1 million of shelf related expenses for the ATM Program.

As of June 30, 2026, the Company had approximately $33.7 million remaining available for future issuance under the ATM Program.

The Company is subject to certain financial covenants under its credit facility, including a liquidity and quarterly trailing twelve-month minimum revenue covenants. On March 12, 2026, the Company amended the terms of its credit agreement to modify the required quarterly revenue covenants through December 31, 2026 and the liquidity covenants through September 30, 2027. As of June 30, 2026 the Company was in compliance with the financial covenants in this agreement.

The Company currently projects trailing twelve-month revenue for the period ended March 31, 2027 to be below the minimum required revenue for that period as stated in the credit agreement. Should the Company not be able to meet its March 31, 2027 minimum revenue covenant, the lender may at that time and at its discretion, call the credit facility. Should the lender call the facility, the Company is not projected to have the liquidity required to meet its requirement to pay off the loan. Therefore, substantial doubt exists about the Company’s ability to continue as a going concern.

Actions within the Company's control to meet its minimum revenue covenant include improvements to its revenue cycle management, introducing new treatment options at its clinic locations and pursuing new strategies within its NeuroStar business to accelerate sales growth and optimize its product mix. The Company’s ability to meet its liquidity needs, including meeting future revenue and liquidity covenants, is dependent on growth in existing and acquired product and service lines and the realization of synergies related to its acquisition of Greenbrook. However, at this time, these actions do not fully mitigate the risk related to compliance with the revenue covenant for the March 31, 2027 period. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASUs”) promulgated by the Financial Accounting Standards Board (the “FASB”).

Basis of Consolidation

The consolidated financial statements of the Company are presented in U.S. dollars and include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company consolidates entities in which it has a controlling financial interest based on either the variable interest entity (“VIE”) or voting interest model (“VOE”). The Company is required to first apply the VIE model to determine whether it holds a variable interest in an entity, and if so, whether the entity is a VIE. ASC Topic 810, *Consolidation* ("Topic 810") defines the criteria for determining the existence of VIEs and provides guidance for consolidation.

An entity is considered to be a VIE if (i) the entity does not have enough equity to finance its own activities without additional support, (ii) the entity's at-risk equity holders lack the characteristics of a controlling financial interest, or (iii) the entity is structured with non-substantive voting rights. The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. The primary beneficiary is required to consolidate the VIE for financial reporting purposes. A VIE can have only one primary beneficiary but may not have a primary beneficiary if no party meets the criteria described above.

If the Company determines it does not hold a variable interest in a VIE, the Company applies the VOE model. To the extent the entity does not meet the definition of a VIE, Topic 810 guidance for voting interest entities is applied. The usual condition for a controlling financial interest, and therefore consolidation by the Company, is ownership of a majority voting interest of a corporation or a majority of kick-out rights for a limited partnership. The Company has determined that all its subsidiaries are VOEs primarily because it holds a majority voting interest in the entities.

Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared from the books and records of the Company in accordance with U.S. GAAP for interim financial information and Rule 10-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the “SEC”), which permit reduced disclosures for interim periods. All adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the accompanying consolidated balance sheets and consolidated statements of operations and stockholders’ equity and consolidated cash flows have been made. Although these interim consolidated financial statements do not include all of the information and footnotes required for complete annual consolidated financial statements, management believes the disclosures are adequate to make the information presented not misleading. Unaudited interim consolidated statements of operations for the three and six months ended June 30, 2026 and interim consolidated statements of cash flows for the six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for the full year. Unaudited interim consolidated financial statements and footnotes should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company’s Annual Report on Form 10-K filed with the SEC on March 17, 2026, wherein a more complete discussion of significant accounting policies and certain other information can be found.

Reclassifications

Certain prior period amounts have been reclassified for comparative purposes.

Currency Risk

Currency risk is the risk to the Company’s earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company has minimal exposure to currency risk as substantially all of the Company’s revenue, expenses, assets and liabilities are denominated in U.S. dollars. The Company pays certain vendors and payroll costs in Canadian dollars from time to time, but due to the limited size and nature of these payments, it does not give rise to significant currency risk.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP and the rules and regulations of the SEC requires the use of estimates and assumptions, based on judgments considered reasonable, which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates and assumptions on historical experience, known trends and events and various other factors that management believes to be 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. Although management believes its estimates and assumptions are reasonable when made, they are based upon information available at the time they are made. Management evaluates the estimates and assumptions on an ongoing basis and, if necessary, makes adjustments. Due to the risks and uncertainties involved in the Company’s business and evolving market conditions, and given the subjective element of the estimates and assumptions made, actual results may differ materially from estimated results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's complete summary of significant accounting policies can be found in "Summary of Significant Accounting Policies" in the audited consolidated financial statements included in the Company's Annual Report on Form 10-K filed with the SEC on March 17, 2026.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09"), which requires public business entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. ASU 2023-09 was adopted in the annual period ended December 31, 2025 using the retrospective method. Accordingly, we have expanded our consolidated financial statement disclosures to comply with the guidance.

In November 2024, the FASB issued ASU 2024-03, *Income Statements–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires enhanced disclosure of income statement expense categories to improve transparency and provide financial statement users with more detailed information about the nature, amount, and timing of expenses impacting financial performance. ASU 2024-03 is effective for the Company for the annual reporting period beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The amendments in ASU 2024-03 may be adopted either on a prospective basis to financial statements issued for reporting periods after the effective date or on a retrospective basis to all periods presented. The Company is currently evaluating the impact of the adoption of ASU 2024-03 on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The guidance provides a practical expedient that an entity may assume that conditions as of the balance sheet date remain unchanged over the remaining life of the asset when estimating expected credit losses for current accounts receivable and current contract assets arising from revenue transactions from contracts with customers. The guidance is effective in the first quarter of 2026 with early adoption permitted, to be applied on a prospective basis. The Company adopted this guidance in the first quarter of 2026. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software Targeted Improvements to the Accounting for Internal-Use Software.* The amendments modify the accounting for internal-use software development costs by replacing the existing project stage framework with a principles-based model for determining when capitalization of development costs should begin. The guidance is effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this guidance will have on its consolidated financial statements.

Other than the items noted above, there have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a material impact, or potential material impact, to our unaudited interim consolidated financial statements.

5. INTANGIBLE ASSETS

Intangible assets consist of the following as of June 30, 2026 and December 31, 2025 (in thousands):

		As of June 30, 2026			
	Useful Life	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life
Management services agreements	17-21 years	$ 17,100	$ (1,463)	$ 15,637	17.5 years
Trade name	5 years	2,590	(807)	1,783	3.5 years
		$ 19,690	$ (2,270)	$ 17,420	

		As of December 31, 2025			
	Useful Life	Gross Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life
Management services agreements	17-21 years	$ 17,100	$ (993)	$ 16,107	18 years
Trade name	5 years	2,590	(548)	2,042	4 years
		$ 19,690	$ (1,541)	$ 18,149	

Amortization expense for intangible assets was $0.4 million for the three months ended June 30, 2026 and 2025, respectively.

Amortization expense for intangible assets was $0.7 million for the six months ended June 30, 2026 and 2025, respectively.

Amortization expense over the remaining life of the intangible assets will be recognized as follows (in thousands):

Year	Amortization expense
Remainder of 2026	$ 728
2027	1,457
2028	1,457
2029	1,428
2030	939
Thereafter	11,411
	$ 17,420

6. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS

The carrying values of cash equivalents, accounts receivable, prepaids and other current assets, and accounts payable on the Company’s balance sheets approximated their fair values as of June 30, 2026 and December 31, 2025 due to their short-term nature. The carrying values of the Perceptive Facility (as defined below) approximated its fair value as of June 30, 2026 and December 31, 2025 due to its variable interest rate. The carrying value of the Company’s notes receivable approximated its fair value as of June 30, 2026 and December 31, 2025 due to its variable interest rate.

NEURONETICS, INC.
Notes to Interim Consolidated Financial Statements
(Unaudited)

Certain of the Company's financial instruments are measured at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1: Inputs are quoted prices for identical instruments in active markets.

Level 2: Inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3: Inputs are unobservable and reflect the Company's own assumptions, based on the best information available, including the Company's own data.

The following tables set forth the carrying amounts and fair values of the Company's financial instruments as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026				
			Fair Value Measurement Based on		
	Carrying Amount	Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Money market funds (cash equivalents)	$ 432	$ 432	$ 432	$ —	$ —
Money market funds (restricted cash and cash equivalents)	$ 5,500	$ 5,500	$ 5,500	$ —	$ —

	December 31, 2025				
			Fair Value Measurement Based on		
	Carrying Amount	Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Money market funds (cash equivalents)	$ 436	$ 436	$ 436	$ —	$ —
Money market funds (restricted cash and cash equivalents)	$ 5,500	$ 5,500	$ 5,500	$ —	$ —

7. ACCOUNTS RECEIVABLE

The following table presents the composition of accounts receivable, net, as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Gross accounts receivable - trade	$ 16,508	$ 17,512
Less: Allowances for credit losses	(553)	(1,043)
Accounts receivable, net	$ 15,955	$ 16,469

The following table presents a roll forward of the allowance for credit losses related to accounts receivable and notes receivable (in thousands):

	Balance at Beginning of Period	Bad Debt (Expense)/ Reversal	Write-offs of Uncollectible Balances	Balance at End of Period
Six months ended June 30, 2025	$ (1,930)	(83)	1,093	$ (920)
Six months ended June 30, 2026	$ (1,043)	160	330	$ (553)

8. INVENTORY

Inventory is stated at the lower of cost and net realizable value, with cost being determined on a first in, first out basis. The Company's inventory is primarily comprised of finished goods and work-in-process.

9. PROPERTY AND EQUIPMENT AND CAPITALIZED SOFTWARE

The following table presents the composition of property and equipment, net, as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Laboratory equipment	$ 680	$ 676
Office equipment	495	495
Auto	—	23
Computer equipment and software	896	873
Manufacturing equipment	618	618
Clinical equipment	278	278
Leasehold improvements	1,490	1,608
TMS devices	2,796	3,790
Rental equipment	213	157
Property and equipment, gross	7,466	8,518
Less: Accumulated depreciation	(4,002)	(4,052)
Property and equipment, net	$ 3,464	$ 4,466

As of June 30, 2026 and December 31, 2025, the Company had capitalized software costs, net, of $1.5 million and $0.8 million, respectively, which are included in "Prepaid expenses and other current assets" and "Other assets" on the consolidated balance sheets.

The Company disposed of $1.2 million of rental equipment, TMS devices, leasehold improvements and auto with a net book value of $0.4 million during the six months ended June 30, 2026. For the six months ended June 30, 2025, the Company had not disposed of any property and equipment.

Depreciation and amortization expense related to property and equipment and capitalized software costs was $0.4 million and $0.5 million for the three months ended June 30, 2026 and 2025, respectively and $0.8 million and $1.1 million for the six months ended June 30, 2026 and 2025, respectively.

10. LEASES

Lessee:

The Company has operating leases for its corporate headquarters, Treatment Centers, a training facility, and office equipment. The corporate headquarters is located in Malvern, Pennsylvania, where the Company leases an approximately 32,000 square foot facility comprising office and warehouse space.

In 2025, the Company executed a lease modification for its Malvern, Pennsylvania facility, extending the lease term through June 2033.

The Company leases an approximately 9,600 square foot facility in Charlotte, North Carolina as a training facility for the Systems. The lease ends in September 2027. The Company has an option to extend the lease on its training facility for an additional one-year term; however, the Company has determined it is not reasonably certain to exercise the option at this time after assessing contract, asset, entity and market conditions present upon lease commencement.

The Company has lease agreements related to its Treatment Centers. These lease agreements range from month-to-month to six years in length.

Operating lease rent expense was $2.4 million and $2.1 million for the three months ended June 30, 2026 and 2025, respectively and $4.9 million and $4.4 million for the six months ended June 30, 2026 and 2025, respectively. As of June 30, 2026, the weighted average remaining lease term of operating leases was 6.0 years, and the weighted average discount rate was 12.0%.

The following table presents the supplemental cash flow information as a lessee related to leases (in thousands):

	Six Months Ended	
	June 30, 2026	June 30, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 4,551	$ 3,983

The following table sets forth by year the required future payments of operating lease liabilities as of June 30, 2026 (in thousands):

		Amount
Remainder of 2026	$	4,813
2027		7,022
2028		5,617
2029		5,056
2030		4,121
Thereafter		10,973
Total lease payments		37,602
Less imputed interest		(12,598)
Present value of operating lease liabilities	$	25,004

Lessor sales-type leases:

Certain customers have purchased the Systems on a rent-to-own basis. The lease term is two to four years with a customer option to purchase the System at the end of the lease or automatic transfer of ownership of the System at the end of the lease.

The following table sets forth a maturity analysis of the undiscounted lease receivables related to sales-type leases (in thousands):

		June 30, 2026
Remainder of 2026	$	148
2027		150
Total sales-type lease receivables	$	298

As of June 30, 2026 and December 31, 2025 the carrying amount of the lease receivables was $0.3 million, for both periods. The Company does not have any unguaranteed residual assets.

Lessor operating leases:

The Systems leased to customers subsequent to January 1, 2019 for which collection is not probable are accounted for as operating leases. For the three months ended June 30, 2026 and 2025, the Company recognized operating lease income of $0.06 million and $0.05 million, respectively. For the six months ended June 30, 2026 and 2025, the Company recognized operating lease income of $0.1 million, for both periods.

The Company maintained rental equipment, net, of $0.1 million for both June 30, 2026 and December 31, 2025, which are included in property and equipment, net on the consolidated balance sheets. Rental equipment depreciation expense was $0.01 million and $0.14 million for the three months ended June 30, 2026 and 2025, respectively and $0.03 million and $0.16 million for the six months ended June 30, 2026 and 2025, respectively.

11. PREPAID COMMISSION EXPENSE

The Company pays a commission on both System sales and treatment session sales. Since the commission paid for the System sales is not commensurate with the commission paid for treatment sessions, the Company capitalizes commission expense associated with the System commissions paid that is incremental to specifically anticipated future treatment session orders. In developing this estimate, the Company considered its historical treatment session sales and customer retention rates, as well as technology development life cycles and other industry factors. These costs are periodically reviewed for impairment.

The System commissions are deferred and amortized on a straight-line basis over a seven year period equal to the average customer term, which the Company deems to be the expected period of benefit for these costs.

On the Company's consolidated balance sheets, the current portion of capitalized contract costs is presented in current portion of prepaid commission expense, while the long-term portion is included in prepaid commission expense. Amortization expense was $0.8 million for both of the three months ended June 30, 2026 and 2025 and $1.6 million for both of the six months ended June 30, 2026 and 2025.

12. ACCRUED EXPENSES

The following table presents the composition of accrued expenses as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Compensation and related benefits	$ 5,158	$ 8,610
Consulting and professional fees	1,001	1,122
Research and development expenses	356	156
Sales and marketing expenses	972	724
Warranty	197	179
Sales and other taxes payable	595	611
Other	650	914
Accrued expenses	$ 8,929	$ 12,316

13. REVENUE AND DEFERRED REVENUE

Contract terms typically require payment upon shipment or installation of the System and additional payments as access codes for treatment sessions are delivered, which can span several years after the System is first delivered and installed. The timing of revenue recognition compared to billings and cash collections typically results in accounts receivable. However, sometimes customer advances and deposits may be required for certain customers and are recorded as contract liabilities (deferred revenue). For multi-year agreements, the Company generally invoices customers annually at the beginning of each annual coverage period and recognizes revenue over the term of the coverage period. Deferred revenue also includes amounts received in advance of the Company completing performance obligations in relation to the research collaboration agreement with Compass Pathways on COMP360 psilocybin for treatment resistant depression.

As of June 30, 2026, the Company expects to recognize approximately the following percentages of deferred revenue by year:

Year:	Revenue Recognition
Remainder of 2026	78 %
2027	15 %
2028	— %
2029	7 %
Total	100 %

Revenue recognized during both the three months ended June 30, 2026 and 2025 that was included in the contract liability balance at the beginning of the year was $0.3 million. Revenue recognized for the six months ended June 30, 2026 and 2025 that was included in the contract liability balance at the beginning of the year was $0.7 million and $0.9 million, respectively, and, in each case, primarily represented revenue earned from separately priced extended warranties, customer deposits, milestone revenue, and clinical training.

Geographical information

Revenues generated to customers outside of the United States were $1.0 million and $0.5 million for the three months ended June 30, 2026 and 2025, respectively, and $1.2 million and $0.9 million for the six months ended June 30, 2026 and 2025, respectively.

14. DEBT

The following table presents the composition of debt as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Outstanding principal	$ 65,000	$ 70,000
Less debt discounts	(3,481)	(4,193)
Total debt, net	61,519	65,807
Less current portion	—	—
Long-term debt, net	$ 61,519	$ 65,807

For the three months ended June 30, 2026, the Company recognized interest expense of $2.1 million, of which $1.9 million was cash and $0.2 million was non-cash interest expense related to the amortization of deferred debt issuance costs and accrual of final payment fees. For the three months ended June 30, 2025, the Company recognized interest expense of $2.0 million, of which $1.8 million was cash and $0.2 million was non-cash interest expense related to the amortization of deferred debt issuance costs and accrual of final payment fees.

For the six months ended June 30, 2026, the Company recognized interest expense of $4.4 million, of which $3.9 million was cash and $0.5 million was non-cash interest expense related to the amortization of deferred debt issuance costs and accrual of final payment fees. For the six months ended June 30, 2025, the Company recognized interest expense of $3.9 million, of which $3.5 million was cash and $0.4 million was non-cash interest expense related to the amortization of deferred debt issuance costs and accrual of final payment fees.

Perceptive Credit Facility

On July 25, 2024, the Company entered into a Credit Agreement and Guaranty with Perceptive Credit Holding IV, LP (“Perceptive”) as collateral agent and other lenders defined in the agreement (the “Perceptive Facility”) which was used to partially repay the Company’s previous $60.0 million credit facility with SLR Investment Corp. (formerly known as Solar Capital Ltd.).

The Perceptive Facility permits the Company to borrow up to an aggregate amount of $90.0 million in three tranches of term loans, a “Tranche 1 Loan”, a “Tranche 2 Loan” and a “Tranche 3 Loan.” On July 25, 2024, the Company borrowed an aggregate amount of $50.0 million, which was the aggregate amount available under the Tranche 1 Loan. Under the Tranche 2 Loan, the Company was permitted to borrow, at its election, up to an aggregate amount of $15.0 million (i) upon the Company achieving a specified amount of trailing twelve months net revenue, and (ii) assuming there had been no event of default under the Perceptive Facility prior to such election. The Tranche 2 Loan was available until January 31, 2026. Under the Tranche 3 Loan, the Company was permitted to borrow, at the consent of the Majority Lenders (as defined in the Perceptive Facility), up to an aggregate amount of $25.0 million. The Tranche 3 Loan was available until June 30, 2026. There are no scheduled repayments of the principal on the Tranche 1 Loan, the Tranche 2 Loan or the Tranche 3 Loan prior to the maturity date. All amounts borrowed under the Perceptive Facility are due on July 25, 2029.

Each of the Tranche 1 Loan, the Tranche 2 Loan and the Tranche 3 Loan accrues interest from the date of borrowing through the date of repayment at a floating per annum rate of interest equal to the sum of 7.00% plus the greater of (a) 4.50% and (b) One-Month Term SOFR (as defined in the Perceptive Facility).

If the Company prepays Tranche 1 Loan, the Tranche 2 Loan, or the Tranche 3 Loan prior to the maturity date, the Company will also be required to pay prepayment fees to Perceptive equal to 6% of the principal amount of such term loan then-prepaid if prepaid on or before the first anniversary of the closing date, 5% of the principal amount of such term loan then-prepaid if prepaid after the first anniversary and on or before the second anniversary of the closing date, 4% of the principal amount of such term loan then-prepaid if prepaid after the second anniversary and on or before the third anniversary of the closing date, and 3% of the principal amount of such term loan then-prepaid if prepaid after the third anniversary and on or before the fourth anniversary of the closing date.

The Company’s obligations under the Perceptive Facility are secured by a first priority security interest in substantially all of the Company’s assets, including its intellectual property. The Perceptive Facility requires the Company to comply with a quarterly minimum trailing revenue covenant commencing March 2025 and a minimum liquidity covenant as well as affirmative and negative covenants.

The Perceptive Facility contains events of default, including, without limitation, events of default upon: (i) failure to make payment pursuant to the terms of the agreement; (ii) violation of covenants; (iii) material adverse changes to the Company’s business; (iv) insolvency; (v) material cross-defaults; (vi) significant judgments, orders, or decrees for payments by the Company; (vii) incorrectness of representations and warranties; (viii) significant adverse events related to the Employee Retirement Income Security Act of 1974; (ix) failure by the Company to be registered with the SEC in good standing; or (x) failure by the Company to maintain a valid and perfected lien on the collateral securing the borrowing.

As consideration for the Perceptive Facility, the Company agreed to issue to Perceptive warrants to purchase up to 1,462,500 shares of the Company’s common stock, with a warrant exercisable into 1,125,000 shares of the Company’s common stock issued on the closing date (the “Initial Warrant”). The per share exercise price for the Initial Warrant is equal to the lower of (x) the 10-day volume weighted average price of the Company’s common stock on the business day immediately prior to the closing date and (y) the 10-day volume weighted average price of the common stock ended on August 31, 2024. In addition to the Initial Warrant, an additional warrant was issued for 225,000 shares of common stock concurrently with the borrowing of the Tranche 2 Loan. The per share exercise price for the additional warrant will be equal to the exercise price of the Initial Warrant. Each warrant will be exercisable, in whole or in part, until the tenth anniversary of the applicable date of issuance.

Effective as of December 9, 2024, the Company amended the Perceptive Facility and borrowed against the Tranche 3 Loan in a principal amount of $10.0 million and used the proceeds thereof to finance, in part, the operations of the combined enterprise after the acquisition of Greenbrook and the related transactions included in the Arrangement. As consideration for Tranche 3 Loan borrowing, the Company issued warrants to purchase 600,000 shares of the Company's common stock at a per share exercise price of $0.94.

The Company calculated the issuance date fair value of the warrants using the Black-Scholes option pricing model, which resulted in a fair value of $2.6 million. Accordingly, the Company allocated the proceeds from the Perceptive Facility on a relative fair value basis resulting in $2.5 million allocated to the warrants.

On March 26, 2025, the Company entered into Amendment No. 2 to Credit Agreement and Guaranty by and between the Company, as the borrower, and Perceptive, in its capacities as administrative agent for the lenders and the majority lender, in which the parties agreed to revise the net revenue covenant to align with the Company's pre-existing operating plan for the first quarter of 2025.

On August 1, 2025, the Company entered into Amendment No. 3 to Credit Agreement and Guaranty (the "Perceptive Third Amendment"). Pursuant to the Perceptive Third Amendment, the Company borrowed $10.0 million under Tranche 2, lowered the minimum liquidity balance requirement to $2.0 million through September 30, 2026, and issued Perceptive a warrant certificate exercisable into 225,000 shares of the Company's common stock.

On January 15, 2026, the Company entered into Amendment No. 4 to Credit Agreement and Guaranty (the "Perceptive Fourth Amendment"). The Perceptive Fourth Amendment amended the Perceptive Facility to modify the requirements of subsidiaries joining as an obligor and subsidiary guarantor thereunder.

On March 12, 2026, the Company entered into Amendment No. 5 to the Credit Agreement and Guaranty (the "Perceptive Fifth Amendment"). Under the Perceptive Fifth Amendment, Neuronetics made a one-time principal payment of $5.0 million, and Neuronetics and Perceptive agreed to adjustments to the existing debt covenants. In connection with the amendment, the Company incurred a prepayment penalty of $0.3 million, which, together with the proportional write-off of unamortized debt issuance costs and discounts, resulted in a total loss on partial debt extinguishment of approximately $0.5 million for accounting purposes.

As of June 30, 2026, the Company had $65.0 million of borrowings outstanding under the Perceptive Facility, which has a final maturity in July 2029. The interest rate on borrowings under the credit facility is variable and resets monthly.

The Company was in compliance with the covenants under the Perceptive Facility as of June 30, 2026.

15. COMMON STOCK

Common Stock Offering

On July 3, 2025, the Company entered into the Distribution Agreement, pursuant to which the Company may offer and sell shares of its common stock having an aggregate offering price of up to $50.0 million from time to time through the ATM Program. Sales under the Distribution Agreement will be made pursuant to the Company's Registration Statement on Form S-3 (File No. 333-288526) and a related prospectus and prospectus supplement.

During the three and six months ended June 30, 2026, the Company sold an aggregate of 6,052,953 shares of its common stock under the ATM Program at an average price of $1.31 per share, generating gross proceeds of approximately $8.0 million. The Company paid aggregate sales commissions of $0.2 million and incurred additional offering-related expenses of $0.2 million. As a result, net proceeds from the offering are $7.6 million. The Company also amortized $0.1 million of shelf related expenses for the ATM Program.There were no sales under the ATM Program for the three and six months ended June 30, 2025.

As of June 30, 2026, the Company had approximately $33.7 million remaining available for future issuance under the ATM Program.

Common Stock

The following table summarizes the total number of shares of the Company's common stock issued and reserved for issuance as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Shares of common stock issued	76,193	68,994
Shares of common stock reserved for issuance for:		
Common stock warrants outstanding	1,950	1,950
Stock options outstanding	1,089	1,099
Restricted stock units outstanding	5,483	5,627
Shares available for grant under stock incentive plans	7,412	4,314
Shares available for sale under employee stock purchase plan	2,871	2,181
Total shares of common stock issued and reserved for issuance	94,998	84,165

Common Stock Warrants

The following table summarizes the Company's outstanding common stock warrants as of June 30, 2026 and December 31, 2025:

Warrants Outstanding (in thousands)	Exercise Price	Expiration Date
1,125	$ 0.94	July-2034
600	$ 0.94	Dec-2034
225	$ 0.94	August-2035
1,950		

There have been no grants, exercises, or cancellations of warrants during the three and six months ended June 30, 2026 and 2025.

16. LOSS PER SHARE

The Company's basic loss per common share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. The Company's restricted stock awards (non-vested shares) are issued and outstanding at the time of grant, but are excluded from the Company's computation of weighted average shares outstanding in the determination of basic loss per share until vesting occurs.

A net loss cannot be diluted; so, when the Company is in a net loss position, basic and diluted loss per common share are the same. If, in the future, the Company achieves profitability, the denominator of a diluted earnings per common share calculation will include both the weighted average number of shares outstanding and the number of common stock equivalents, if the inclusion of such common stock equivalents would be dilutive. Dilutive common stock equivalents potentially include warrants, stock options, non-vested restricted stock awards and non-vested performance restricted stock units ("PRSUs") using the treasury stock method, along with the effect, if any, from the potential conversion of outstanding securities, such as convertible preferred stock.

The following potentially dilutive securities outstanding as of June 30, 2026 and 2025 have been excluded from the denominator of the diluted loss per share of common stock outstanding calculation (in thousands):

	June 30,	
	2026	2025
Stock options	1,089	1,223
Non-vested PRSUs	727	1,622
Non-vested restricted stock units	4,756	3,645
Common stock warrants	1,950	1,725

17. SHARE-BASED COMPENSATION

The amount of share-based compensation expense recognized by the Company by location in its consolidated statements of operations for the three and six months ended June 30, 2026 and 2025 is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenues	$ 22	$ 47	$ 43	74
Sales and marketing	199	377	525	461
General and administrative	403	1,214	1,667	2,371
Research and development	64	176	130	352
Total	$ 688	$ 1,814	$ 2,365	$ 3,258

2026 Equity Incentive Plan

On May 28, 2026 (the “Stockholder Approval Date”), the Company’s stockholders approved the 2026 Equity Incentive Plan (the “2026 Plan”), which was previously approved by the Company’s Board of Directors (the “Board”) on March 18, 2026, and which provides for the issuance of the number of shares of common stock that were available for issuance under the 2018 Plan as of the Stockholder Approval Date. The number of shares available for issuance under the 2026 Plan may be increased annually at the discretion of the Board from January 1, 2027 through January 1, 2036, by an amount equal to 4% of the Company’s outstanding shares of common stock on the applicable date. The 2026 Plan permits the grant of stock options, stock appreciation rights, restricted stock units, PRSUs, and other stock-based awards to the Company’s directors, employees, consultants, and other eligible service providers. The terms and conditions of awards granted under the 2026 Plan are determined by the Board. As of June 30, 2026, 6.0 million shares remained available for future issuance under the 2026 Plan.

2018 Equity Incentive Plan

In June 2018, the Board adopted, and the Company’s stockholders approved, the 2018 Equity Incentive Plan (the “2018 Plan”), which authorized the issuance of up to 1.4 million shares, subject to an annual 4% increase based on the number of shares of common stock outstanding, in the form of restricted stock, stock appreciation rights and stock options to the Company’s directors, employees and consultants. The amount and terms of grants were determined by the Board. All stock options granted to date have had exercise prices equal to the fair value, as determined by the closing price as reported by the Nasdaq Global Market, of the underlying common stock on the date of grant. As of June 30, 2026, there were no shares available for future issuance under the 2018 Plan because the share reserve under the 2018 Plan was decreased to the number of shares of common stock reserved for all outstanding awards under the 2018 Plan.

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2020 Inducement Incentive Plan

In December 2020, the Board adopted the 2020 Inducement Incentive Plan (the "2020 Inducement Plan"), which authorized the issuance of up to 0.4 million shares in the form of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards and other stock awards to eligible employees who satisfy the standards for inducement grants under Nasdaq Global Market rules. In March 2022, the Board approved an additional 0.5 million shares for issuance under the 2020 Inducement Plan. In October 2025, the Board approved an additional 0.6 million shares for issuance under the plan. An individual who previously served as an employee or director of the Company is not eligible to receive awards under the 2020 Inducement Plan other than following a bona fide period of non-employment. The amount and terms of grants are determined by the Board. As of June 30, 2026, there were 1.4 million shares available for future issuance under the 2020 Inducement Plan.

Stock Options

The following table summarizes the Company's stock option activity for the six months ended June 30, 2026:

	Number of Shares under Option (in thousands)	Weighted average Exercise Price per Option	Weighted average Remaining Contractual Life (in years)	Aggregate average Intrinsic Value (in thousands)
Outstanding at December 31, 2025	1,099	$ 2.89		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited and Expired	(10)	$ 5.94		
Outstanding at June 30, 2026	1,089	$ 2.86	0.4	$ —
Exercisable at June 30, 2026	1,089	$ 2.86	0.4	$ —
Vested and expected to vest at June 30, 2026	1,089	$ 2.86	0.4	$ —

The Company did not recognize any share-based compensation expense related to stock options for the three and six months ended June 30, 2026 and 2025. As of June 30, 2026, there was no remaining unrecognized compensation cost related to non-vested stock options.

Restricted Stock Units and PRSUs

The following table summarizes the Company's restricted stock unit and PRSU activity for June 30, 2026:

	Non-vested Restricted Stock Units (in thousands)	Weighted average Grant-date Fair Value	Non-vested PRSUs (in thousands)	Weighted average Grant-date Fair Value
Non-vested at December 31, 2025	4,229	$ 3.33	1,398	$ 3.81
Granted	3,376	$ 1.53	—	$ —
Vested	(1,312)	$ 4.16	—	$ —
Forfeited	(1,537)	$ 2.54	(671)	$ 2.95
Non-vested at June 30, 2026	4,756	$ 2.08	727	$ 4.64

The Company recognized $0.7 million and $1.8 million in share-based compensation expense related to the restricted stock units and PRSUs for the three months ended June 30, 2026 and 2025, respectively and $2.4 million and $3.3 million for the six months ended June 30, 2026 and 2025, respectively. As of June 30, 2026, there was $8.0 million of unrecognized compensation cost related to non-vested restricted stock units and PRSUs, which the Company expects to recognize over a weighted average period of 2.3 years. The total fair value at the vesting date of restricted stock units and PRSUs vested during the six months ended June 30, 2026 was $2.0 million.

The Company has granted PRSUs to certain key employees of the Company, with vesting subject to the recipient's continued service with the Company through the applicable vesting date and the achievement of certain performance conditions as outlined in the award document. For legacy Greenbrook employees who became Neuronetics employees in connection with the Arrangement, the awards are subject to the terms of the 2020 Inducement Plan. For legacy Neuronetics employees, the awards are subject to the 2018 Plan.

The Company offers the Board the opportunity to defer restricted stock units into an equity-based deferred equity compensation plan known as the restricted stock unit deferral election plan (the "RSUDEP"). The Company offered certain employees the opportunity to defer into the RSUDEP restricted stock units with grant dates in 2024 and 2025, and discontinued employee eligibility beginning with restricted stock units with grant dates in 2026.

Benefits from these plans are payable in shares of Neuronetics stock and the awards under these plans are unfunded to the plans' participants. Restricted stock units deferred under the RSUDEP are counted against the total shares available for future issuance under the 2018 Plan. As of June 30, 2026, there were 0.3 million shares deferred under the RSUDEP.

The Company did not grant PRSUs during the three and six months ended June 30, 2026.

18. COMMITMENTS AND CONTINGENCIES

Executive Employment Agreements

The Company has entered into an employment agreement and offer letters with certain key executives, providing for compensation and severance in certain circumstances, as defined in the agreements.

Legal Matters

The Company is subject from time to time to various claims and legal actions arising during the ordinary course of its business. Management believes that there are currently no claims or legal actions that would reasonably be expected to have a material adverse effect on the Company's results of operations, financial condition, or cash flows.

Other Matters

We are subject to various audits from government agencies including Medicaid and Medicare which involve the potential recoupment of reimbursements received from these agencies. These audits occur in the ordinary course of business. As of June 30, 2026 the Company had $0 of expenses recorded within other payables on the consolidated balance sheets. As of December 31, 2025, the Company had $0.8 million of expenses recorded within accrued expenses on the consolidated balance sheets.

19. SEGMENT INFORMATION

The Company reports the results of its operations as two segments in its consolidated financial statements: (i) NeuroStar, formerly known as medical device and (ii) Greenbrook, formerly known as clinic services.

The determination of its reporting segments was made based on its strategic priorities, which corresponds to the way the Company's chief operating decision maker ("CODM") reviews and evaluates operating performance to make decisions about resources to be allocated. For our operating segments, the CODM uses segment gross profit and segment loss before unallocated general and administrative as the primary measure of segment performance because it reflects results that are directly attributable to each reportable segment and is the measure most consistent with the Company's consolidated results prepared in accordance with U.S. GAAP. The CODM does not regularly review any other measures of segment profit or loss for purposes of assessing segment performance or allocating resources.

On a monthly basis, the CODM considers month-to-month and budget-to-actual variances for both measures when allocating resources to segments. The accounting policies of its segment are the same as those described in the summary of significant accounting policies. The CODM is regularly provided information on total consolidated assets and liquidity; however, the CODM is not provided asset information at the reportable segment level. Accordingly, segment assets have not been disclosed.

Significant segment expenses regularly reviewed by the CODM for both segments include directly attributable cost of revenues, selling, general and administrative and research and development expenses. Unallocated general and administrative costs include corporate support functions such as executive management, corporate accounting, information technology, legal, human resources and Board fees. Additionally, unallocated general and administrative costs may include expenses such as litigation and merger and acquisition related costs, which are not specific to a segment and thus not allocated to the reportable segments.

Segment information for prior periods has been recast to conform to the current year reportable segment structure. There were no intercompany transactions between the Company's reportable segments during the periods presented. Reportable segment information is presented below (in thousands):

Three months ended June 30, 2026	**NeuroStar**	**Greenbrook**	**Total**
Revenue	$ 14,677	$ 26,891	$ 41,568
Cost of revenues	3,312	17,033	20,345
Segment gross profit	$ 11,365	$ 9,858	$ 21,223
Significant Segment Expense			
Selling, General and Administrative			
Direct	$ 6,987	$ 7,579	$ 14,566
Research and development			
Direct	1,248	88	1,336
Segment profit/(loss)	$ 3,130	$ 2,191	$ 5,321
Unallocated expenses			
General and Administrative			$ 6,822
Other income, net			(162)
Interest expense			2,125
Net loss			$ (3,464)

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Three months ended June 30, 2025	NeuroStar	Greenbrook	Total
Revenue	$ 15,084	$ 23,024	$ 38,108
Cost of revenues	4,311	16,039	20,350
Segment gross profit	$ 10,773	$ 6,985	$ 17,758
Significant Segment Expense			
Selling, General and Administrative			
Direct	$ 8,888	$ 7,331	$ 16,219
Research and development			
Direct	1,739	59	1,798
Segment profit/(loss)	$ 146	$ (405)	$ (259)
Unallocated expenses			
General and Administrative			$ 7,799
Other income, net			(188)
Interest expense			1,969
Net loss			$ (9,839)

Six months ended June 30, 2026	NeuroStar	Greenbrook	Total
Revenue	$ 27,602	$ 48,420	$ 76,022
Cost of revenues	6,170	32,475	38,645
Segment gross profit	$ 21,432	$ 15,945	$ 37,377
Significant Segment Expense			
Selling, General and Administrative			
Direct	$ 14,406	$ 15,462	$ 29,868
Research and development			
Direct	2,553	148	2,701
Segment profit/(loss)	$ 4,473	$ 335	$ 4,808
Unallocated expenses			
General and Administrative			$ 15,304
Other income, net			(1,182)
Loss on extinguishment of debt			539
Interest expense			4,391
Net loss			$ (14,244)

NEURONETICS, INC.
Notes to Interim Consolidated Financial Statements
(Unaudited)

Six months ended June 30, 2025	NeuroStar	Greenbrook	Total
Revenue	$ 28,400	$ 41,683	$ 70,083
Cost of revenues	7,461	29,126	36,587
Segment gross profit	$ 20,939	$ 12,557	$ 33,496
Significant Segment Expense			
Selling, General and Administrative			
Direct	$ 17,625	$ 15,265	$ 32,890
Research and development			
Direct	3,304	110	3,414
Segment profit/(loss)	$ 10	$ (2,818)	$ (2,808)
Unallocated expenses			
General and Administrative			$ 16,264
Other income, net			(435)
Interest expense			3,891
Net loss			$ (22,528)

20. NONCONTROLLING INTEREST

The Company has operating agreements with several non-wholly owned entities. The non-controlling interest percentages range from 7% to 49%. The Company has control over these entities under U.S. GAAP as the Company has power over all significant decisions made by these entities. Thus, 100% of the financial results of these subsidiaries are included in the Company’s consolidated financial results.

21. GOVERNMENT ASSISTANCE

Employee Retention Credit

The Coronavirus Aid, Relief and Economic Security Act provided an employee retention credit (the “ERC”), a refundable tax credit related to certain payroll taxes. The Company applied the grant model and determined that the criteria for recognition of the ERC were met based on its eligibility assessment and filing of the ERC claim.

During the six months ended June 30, 2025, Neuronetics received $2.6 million related to its ERC claim, consisting of $2.3 million of claims related to fiscal year 2021 and interest of $0.3 million.

During the six months ended June 30, 2026, Greenbrook received $2.2 million related to its ERC claim. On March 2, 2026, the Company entered into an agreement with Madryn Asset Management, LP and its affiliates (collectively, “Madryn”), pursuant to which it paid $1.1 million of the ERC proceeds to Madryn. The Company incurred $0.3 million of professional fees and recognized net other income of $0.8 million. This payment to Madryn related to the Term Loan and Exchange Agreement previously executed between Madryn and Greenbrook prior to the completion of the Arrangement. Madryn is the Company’s largest stockholder, and Avinash Amin, M.D., a representative of Madryn, serves on the Board.

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

The following discussion and analysis of our financial condition and results of operations, as well as other sections in this Quarterly Report on Form 10-Q, should be read in conjunction with our unaudited interim consolidated financial statements and related notes thereto included elsewhere herein. In addition to historical financial information, some of the information contained in the following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts, including statements regarding our future results of operations and financial position, business strategy, current and prospective products, product approvals, research and development costs, current and prospective collaborations, timing and likelihood of success, plans and objectives of management for future operations and future results of current and anticipated products, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "would," "should," "expect," "plan," "design," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," "outlook" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements 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 speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of risks, uncertainties and assumptions described under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K filed with the SEC on March 17, 2026. These risks and uncertainties include, without limitation, risks and uncertainties related to: the effect of the transaction with Greenbrook on our business relationships; operating results and business generally; our ability to execute our business strategy; our ability to achieve or sustain profitable operations due to our history of losses; our reliance on the sale and usage of the System to generate revenues; the scale and efficacy of our salesforce; our ability to retain talent; availability of coverage and reimbursement from third-party payors for treatments using our products; physician and patient demand for treatments using our products; developments in respect of competing technologies and therapies for the indications that our products treat; product defects; our ability to obtain and maintain intellectual property protection for our technology; developments in clinical trials or regulatory review of the System for additional indications; developments in regulation in the U.S. and other applicable jurisdictions; potential effects of evolving and/or extensive government regulation; the terms of our credit facility; and our self-sustainability;existing cash balances; our ability to achieve positive cash flows; and our ability to continue as a going concern. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. The Company cautions investors not to place undue reliance on these forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for us to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q as a result of any new information, future events or changed circumstances or otherwise.

Overview

We believe that mental health is as important as physical health. The Company's first commercial product, the System, is a non-invasive and non-systemic office-based treatment that uses TMS to create a pulsed, MRI-strength magnetic field that induces electrical currents designed to stimulate specific areas of the brain associated with mood. The System is cleared by the FDA to treat adult patients with MDD who have failed to achieve satisfactory improvement from prior antidepressant medication in the current MDD episode. It is also cleared by the FDA as an adjunct for adults with OCD and for adolescent patients aged 15-21 with MDD. It is also cleared by the FDA to decrease anxiety symptoms in adult patients with MDD that may exhibit comorbid anxiety symptoms (anxious depression). In addition to selling the System and associated treatment sessions to customers, the Company operates Greenbrook Treatment Centers across the U.S., offering TMS therapy using the Systems. The Company acquired Greenbrook, a provider of mental healthcare services, pursuant to the Arrangement. The System is safe, clinically effective, reproducible and precise, and the Company believes it is supported by the largest clinical data set of any competing TMS system. Treatment Centers also acquire SPRAVATO® to treat adults with treatment-resistant depression or depressive symptoms in adults suffering from MDD with acute suicidal ideation or behavior.

Effective as of December 9, 2024, Neuronetics and Greenbrook completed the Arrangement. Each share of Greenbrook common stock outstanding immediately prior to the effective time of the Arrangement was exchanged for shares of Neuronetics common stock at a specified exchange ratio upon closing of the Arrangement. We continue to operate as Neuronetics, Inc., and the Company's shares trade on the NASDAQ Global Market under the ticker "STIM."

We designed the System as a non-invasive therapeutic alternative to treat patients who suffer from MDD and to address many of the key limitations of existing treatment options. Additionally, through our acquisition of Greenbrook, we now derive revenue directly from our Treatment Centers, by providing TMS therapy and SPRAVATO® for MDD and other mental health disorders. We derive the majority of our revenues from Greenbrook revenue,treatment session sales, and sales of the System.

We currently operate in two segments: NeuroStar, formerly known as medical device and Greenbrook, formerly known as clinic services. We generate revenues from clinic operations, initial capital sales of our systems, sales of our recurring treatment sessions, service and repair, clinic collaboration services and extended warranty contracts.

For the three months ended June 30, 2026, our Greenbrook revenue and our NeuroStar revenue represented 65% and 35% of our revenues, respectively. For the six months ended June 30, 2026, Greenbrook revenue and our NeuroStar revenue represented 64%and 36% of our revenues, respectively.

Greenbrook revenue consists of revenue attributable to the performance of treatments to patients in the U.S. In circumstances where the net patient fees have not yet been received, the amount of revenue recognized is estimated based on an expected value approach. Due to the nature of the industry and complexity of our Greenbrook revenue arrangements, where price lists are subject to the discretion of payors, variable consideration exists that may result in price concessions and constraints to the transaction price for the services rendered.

Greenbrook revenue reimbursements are derived from third-party payors including federal and state agencies (under the federal healthcare programs), managed care health plans and commercial insurance companies.

We currently sell the System and recurring treatment sessions in the U.S. through our sales and customer support team. Our sales force targets an estimated 53,000 psychiatrists across 26,000 practices. We expect to continue to expand our direct sales and customer support team to further penetrate the market by demonstrating the benefits of the System to providers and their patients. Some of our customers have purchased or may purchase more than one of the Systems. Based on our commercial data, we believe many providers can recoup their initial capital investment in a System by providing a standard course of treatment to approximately 12 patients. We believe psychiatrists can generate approximately $9,000 of average revenue per patient for a standard course of treatment, which may provide meaningful incremental income to their practices. We serve a diverse customer base. In the U.S., providers are reimbursed by federal healthcare programs, as well as the vast majority of commercial payors, for treatment sessions utilizing our System.

Our research and development efforts are primarily focused on hardware and software product developments and enhancements of the System and clinical development relating to additional indications. We outsource the manufacture of components of the Systems that are produced to our specifications, and individual components are either shipped directly from our third-party contract manufacturers to our customers or consolidated into pallets at our Malvern, Pennsylvania facility prior to shipment. Final installation of these systems occurs at the customer site.

Total revenues increased by $3.5 million, or 9%, from $38.1 million for the three months ended June 30, 2025 to $41.6 million for the three months ended June 30, 2026 and increased by $5.9 million, or 8%, from $70.1 million for the six months ended June 30, 2025 to $76.0 million for the six months ended June 30, 2026. The increase was primarily attributable to an increase in Greenbrook revenue. We incurred net losses of $3.5 million and $14.2 million for the three and six months ended June 30, 2026, respectively compared to net losses of $9.8 million and $22.5 million for three and six months ended June 30, 2025, respectively. As of June 30, 2026, we had an accumulated deficit of $473.2 million.

Global Economic Conditions

We are continuing to closely monitor macroeconomic impacts, including but not limited to developments affecting financial institutions, supply chains, unemployment rates, investment values, consumer confidence, inflationary and potential recessionary pressures, on our business, results of operations and financial results, which could adversely affect us.

Components of Our Results of Operations

Revenues

We have generated revenues primarily from the sale of the Systems and related sales and rentals of the System, clinic revenue and the recurring revenues from our sale of treatment sessions in the U.S.

Greenbrook Revenues. Greenbrook revenue, formerly known as service or clinic revenue, consisting of TMS services, SPRAVATO® sales and other mental wellness services is determined based on net patient fees, which includes estimates for contractual allowances and discounts. Net patient fees are estimated using an expected value approach where management considers such variables as the average of previous net patient fees received by the applicable payor and fees received by other patients for similar services and the Company’s best estimate leveraging industry knowledge and expectations of third-party payors’ fee schedules. We expect clinic revenue to increase in 2026.

NeuroStar Revenues. NeuroStar revenue, formerly known as products and other revenue, consists of System revenues,treatment session revenues, and other revenues.

System Revenues. System revenues consist primarily of sales or rentals of a capital component, including equipment upgrades to the initial sale of the System. The Systems can be purchased outright or on a sales type lease basis by certain customers. Additionally, Systems may be sold as unlocked Systems, which do not require the customer to purchase treatment sessions for the life of the System.

Treatment Session Revenues. Treatment session revenues primarily include sales of treatment sessions and SenStar treatment links. The treatment sessions are access codes that are delivered electronically in the U.S. The SenStar treatment links are disposable units containing single-use access codes that are sold and used outside the U.S. Access codes are purchased separately by our customers, primarily on an as-needed basis, and are required by the System in order to deliver treatment sessions.

Other Revenues. Other revenues are derived primarily from service and repair, research collaboration agreements and extended warranty contracts with our existing customers.

Refer to the section titled “Critical Accounting Policies and Use of Estimates—Revenue Recognition” in our Annual Report on Form 10-K filed with the SEC on March 17, 2026. Also, refer to “Summary of Significant Accounting Policies” in Notes to Interim Consolidated Financial Statements located in Part I – FINANCIAL INFORMATION, Item 1. Financial Statements.

Cost of Revenues and Gross Margin

Cost of revenues consists of the costs of components and products purchased from our third-party contract manufacturers of the Systems. We use third-party contract manufacturing partners to produce the components for and assemble the Systems. Cost of revenues also includes costs related to personnel, warranty, shipping, amortization of capitalized software and our operations and field service departments. Our clinic costs primarily include direct center and patient care/treatment costs, regional employee compensation and depreciation. We expect our cost of revenues to increase mainly for Greenbrook, as our product mix changes.

Our gross profit is calculated by subtracting our cost of revenues from our revenues. We calculate our gross margin as our gross profit divided by our revenues. Our gross margin has been and will continue to be affected by a variety of factors, primarily product sales mix, pricing and third-party contract manufacturing costs. Our gross margins on revenues from sales of the Systems and Greenbrook revenue are lower than our gross margins on revenues from sales of treatment sessions and sale of unlocked systems. As a result, the sales mix between the Systems, Greenbrook revenues and treatment sessions can affect the gross margin in any reporting period.

Sales and Marketing Expenses

Sales and marketing expenses consist of commercial activities related to the sale of the Systems and clinic services and personnel costs including salaries and related benefits, sales commissions and share-based compensation for employees focused on these efforts. Other significant sales and marketing costs include conferences and trade shows, promotional and marketing activities, including direct and online marketing and practice support programs.

We anticipate that our sales and marketing expenses will decrease in 2026 relative to 2025 as a result of the cost efficiencies realized post-acquisition across the sales and marketing divisions.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel expenses, including salaries and related benefits, share-based compensation and travel expenses, for employees in executive, finance, clinic support, information technology, legal and human resource functions. General and administrative expenses also include insurance, outside legal fees, accounting and other consulting services, audit fees from our independent registered public accounting firm, Board fees and other administrative costs, such as corporate facility costs, including rent, utilities, depreciation and maintenance not otherwise included in cost of revenues.

We anticipate that our general and administrative expenses will decrease during 2026 compared to 2025 expenses.

Research and Development Expenses

Research and development expenses consist primarily of personnel expenses, including salaries and related benefits and share-based compensation for employees in clinical development, product development, regulatory and quality assurance functions, as well as expenses associated with outsourced professional scientific development services and costs of investigative sites and consultants that conduct our preclinical and clinical development programs. We typically use our employee, consultant and infrastructure resources across our research and development programs.

We expect our research and development expenses to decrease during 2026 compared to 2025 expenses.

Interest Expense

Interest expense consists of cash interest payable under our credit facility and the amortization of deferred financing costs related to our indebtedness.

Other Income, Net

Other income, net, consists primarily of interest income earned on our money market account balances and notes receivable and ERC payments.

Loss on extinguishment of debt

Loss on debt extinguishment consists of prepayment penalties and impairment of deferred financing costs associated with the extinguishment of debt, as well as fees incurred with third parties in connection with debt extinguishment.

Results of Operations

Comparison of the three months ended June 30, 2026 and 2025

	Three Months Ended June 30,		Increase / (Decrease)	
	2026	2025	Dollars	Percentage
	(in thousands, except percentages)			
Revenues	$ 41,568	$ 38,108	$ 3,460	9 %
Cost of revenues	20,345	20,350	(5)	(0)%
Gross Profit	21,223	17,758	3,465	20 %
Gross Margin	*51.1 %*	*46.6 %*		
Operating expenses:				
Sales and marketing	9,984	11,868	(1,884)	(16)%
General and administrative	11,404	12,150	(746)	(6)%
Research and development	1,336	1,798	(462)	(26)%
Total operating expenses	22,724	25,816	(3,092)	(12)%
Loss from Operations	(1,501)	(8,058)	6,557	81 %
Other (income) expense:				
Interest expense	2,125	1,969	156	8 %
Other income, net	(162)	(188)	26	(14)%
Net Loss	$ (3,464)	$ (9,839)	$ 6,375	65 %

	Revenues by Segment Three Months Ended June 30,			
	2026		2025	
	Amount	% of Revenues	Amount	% of Revenues
	(in thousands, except percentages)			
NeuroStar revenue	$ 14,677	35 %	$ 15,084	40 %
Greenbrook revenue	26,891	65 %	23,024	60 %
Total revenues	$ 41,568	100 %	$ 38,108	100 %

Revenues

Total revenue for the three months ended June 30, 2026 was $41.6 million, an increase of $3.5 million, or 9%, compared to the three months ended June 30, 2025 revenue of $38.1 million.

The increase in revenue was primarily driven by higher Greenbrook revenue, which increased $3.9 million, or 17%, to $26.9 million in the second quarter of 2026 from $23.0 million in the second quarter of 2025, reflecting continued contributions from clinics acquired in connection with the Greenbrook transaction and improved revenue cycle management within our Greenbrook segment. The growth was partially offset by a decline in NeuroStar revenue, which decreased $0.4 million to $14.7 million for the three months ended June 30, 2026 from $15.1 million for the three months ended June 30, 2025.

Cost of Revenues and Gross Margin

Cost of revenues remained relatively consistent at $20.3 million for the three months ended June 30, 2026, compared to $20.4 million for the three months ended June 30, 2025. Gross margin increased from 46.6% for the three months ended June 30, 2025 to 51.1% for the three months ended June 30, 2026. The increase in gross margin was primarily due to sales of unlocked capital systems, which carry a higher average selling price, as well as improved revenue cycle management within the Greenbrook clinics.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $1.9 million, or 16.0%, from $11.9 million for the three months ended June 30, 2025 to $10.0 million for the three months ended June 30, 2026. The decrease was primarily driven by lower personnel costs and reduced marketing program spend.

General and Administrative Expenses

General and administrative expenses decreased by $0.8 million, or 6%, from $12.2 million for the three months ended June 30, 2025 to $11.4 million for the three months ended June 30, 2026. The decrease was due to a decrease in stock based expense within the general and administrative function.

Research and Development Expenses

Research and development expenses decreased by $0.5 million, or 26%, from $1.8 million for the three months ended June 30, 2025 to $1.3 million for the three months ended June 30, 2026. The decrease in research and development was driven by personnel expense.

Interest Expense

Interest expense increased by $0.1 million, or 8%, from $2.0 million for the three months ended June 30, 2025 to $2.1 million for the three months ended June 30, 2026, primarily due to a higher outstanding debt balance.

Other Income, Net

Other income, net decreased by $0.03 million, or 14%, primarily due to lower interest income earned on the Company's money market accounts and notes receivable.

Comparison of the six months ended June 30, 2026 and 2025

	Six Months Ended June 30,		Increase / (Decrease)	
	2026	2025	Dollars	Percentage
	(in thousands, except percentages)			
Revenues	$ 76,022	$ 70,083	$ 5,939	8 %
Cost of revenues	38,645	36,587	2,058	6 %
Gross Profit	37,377	33,496	3,881	12 %
Gross Margin	*49.2 %*	*47.8 %*		
Operating expenses:				
Sales and marketing	20,721	23,867	(3,146)	(13)%
General and administrative	24,452	25,287	(835)	(3)%
Research and development	2,700	3,414	(714)	(21)%
Total operating expenses	47,873	52,568	(4,695)	(9)%
Loss from Operations	(10,496)	(19,072)	8,576	45 %
Other (income) expense:				
Interest expense	4,391	3,891	500	13 %
Loss on extinguishment of debt	539	—	539	100 %
Other income, net	(1,182)	(435)	(747)	(172)%
Net loss	$ (14,244)	$ (22,528)	$ 8,284	37 %

	Revenues by Segment Six Months Ended June 30,			
	2026		2025	
	Amount	% of Revenues	Amount	% of Revenues
	(in thousands, except percentages)			
NeuroStar revenue	$ 27,602	36 %	$ 28,400	41 %
Greenbrook revenue	48,420	64 %	41,683	59 %
Total revenues	$ 76,022	100 %	$ 70,083	100 %

Revenues

Total revenue for the six months ended June 30, 2026 was $76.0 million, an increase of 8% compared to the six months ended June 30, 2025 revenue of $70.1 million.

The increase in revenue was primarily driven by higher Greenbrook revenue, which increased $6.7 million, or 16%, to $48.4 million for the six months ended June 30, 2026 from $41.7 million for the six months ended June 30, 2025. The increase in Greenbrook revenue was primarily attributable to contributions from clinics acquired in connection with the Greenbrook transaction, as well as continued growth in clinic operations and improved revenue cycle management within the Greenbrook segment. This growth was partially offset by a decrease in NeuroStar revenue, which declined $0.8 million, or 3%, to $27.6 million for the six months ended June 30, 2026 from $28.4 million for the six months ended June 30, 2025. Greenbrook revenue represented 64% of total revenue for the six months ended June 30, 2026 compared to 59% for the six months ended June 30, 2025, while NeuroStar revenue represented 36% of total revenue compared to 41% in the prior-year period.

Cost of Revenues and Gross Margin

Cost of revenues increased by $2.0 million, or 6%, from $36.6 million for the six months ended June 30, 2025 to $38.6 million for the six months ended June 30, 2026. Gross margin increased from 47.8% for the six months ended June 30, 2025 to 49.2% for the six months ended June 30, 2026. The increase in gross margin was primarily due to sales of unlocked capital systems, which carry a higher average selling price, as well as improved revenue cycle management within the Greenbrook clinics.

Sales and Marketing Expenses

Sales and marketing expenses decreased by $3.2 million, or 13%, from $23.9 million for the six months ended June 30, 2025 to $20.7 million for the six months ended June 30, 2026. The decrease was primarily driven by lower personnel costs, reduced marketing program spend, and a favorable bad debt adjustment related to the current expected credit loss reserve.

General and Administrative Expenses

General and administrative expenses decreased by $0.8 million, or 3%, from $25.3 million for the six months ended June 30, 2025 to $24.5 million for the six months ended June 30, 2026. The decrease was due to a decrease in stock based expense within the general and administrative function.

Research and Development Expenses

Research and development expenses decreased by $0.7 million, or 21%, from $3.4 million for the six months ended June 30, 2025 to $2.7 million for the six months ended June 30, 2026. The decrease in research and development was primarily driven by lower personnel expense.

Interest Expense

Interest expense increased by $0.5 million, or 13%, from $3.9 million for the six months ended June 30, 2025 to $4.4 million for the six months ended June 30, 2026, primarily due to a higher outstanding debt balance.

Loss on extinguishment of debt

Loss on extinguishment of debt amounting to $0.5 million was recorded during the six months ended June 30, 2026, related to the Perceptive Facility. This included $0.3 million of early prepayment fees and $0.2 million of deferred financing expense related to extinguishment of debt.

Other Income, Net

Other income, net increased by $0.8 million, or 172%, from $0.4 million for the six months ended June 30, 2025 to $1.2 million for the six months ended June 30, 2026, primarily due to higher interest income earned on the Company's money market accounts, notes receivable and ERC payments.

Liquidity and Capital Resources

Overview

As of June 30, 2026, we had cash and cash equivalents of $19.2 million and an accumulated deficit of $473.2 million, compared to cash and cash equivalents of $28.1 million and an accumulated deficit of $458.8 million as of December 31, 2025. We incurred negative cash flows from operating activities of $10.4 million and $20.5 million for the six months ended June 30, 2026 and 2025, respectively. The Company has incurred operating losses since its inception, and management anticipates that its operating losses will continue in the near term as the Company continues to invest in sales and marketing and product development activities. The Company’s primary sources of capital to date have been from its initial public offering, borrowings under its credit facility, proceeds from its secondary public offerings of common stock (including, without limitation, the ATM Program), and revenues from Greenbrook and NeuroStar. As of June 30, 2026, the Company had $65.0 million of borrowings outstanding under the Perceptive Facility, which has a final maturity on July 25, 2029. The Perceptive Facility is subject to certain financial covenants including a minimum net revenue covenant that escalates over the term of the Perceptive Facility and a minimum liquidity covenant.

If our cash and cash equivalents and anticipated revenues from Greenbrook and NeuroStar are insufficient to satisfy our liquidity requirements, we may seek to sell additional common or preferred equity or debt securities or enter into a new credit facility or another form of third-party funding or seek other debt financing. If we raise additional funds by issuing equity or equity-linked securities, our stockholders would experience dilution and any new equity securities could have rights, preferences and privileges superior to those of holders of our common stock. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. We cannot be assured that additional equity, equity-linked or debt financing will be available on terms favorable to us or our stockholders, or at all. It is also possible that we may allocate significant amounts of capital towards products or technologies for which market demand is lower than expected and, as a result, abandon such efforts. If we are unable to maintain our current financing or obtain adequate additional financing when we require it, or if we obtain financing on terms which are not favorable to us, or if we expend capital on products or technologies that are unsuccessful, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, or we may be required to delay the development, commercialization and marketing of our products.

The Company is subject to certain financial covenants under its credit facility, including a liquidity and quarterly trailing twelve-month minimum revenue covenants. On March 12, 2026, the Company amended the terms of its credit agreement to modify the required quarterly revenue covenants through December 31, 2026 and the liquidity covenants through September 30, 2027. As of June 30, 2026 the Company was in compliance with the financial covenants in accordance with this agreement. The Company currently projects trailing twelve-month revenue for the period ended March 31, 2027 to be below the minimum required revenue for that period as stated in the credit facility agreement. Should the Company not be able to meet its March 31, 2027 minimum revenue covenant, the lender may at that time and at its discretion, call the credit facility. Should the lender call the facility, the Company is not projected to have the liquidity required to meet its requirement to pay off the loan. Therefore, substantial doubt exists about the Company’s ability to continue as a going concern.

Actions within the Company's control to meet its minimum revenue covenant include improvements to its revenue cycle management to increase collections, introducing new treatment options at its clinic locations and pursuing new strategies within its NeuroStar business to accelerate sales growth and optimize its product mix. The Company’s ability to meet its liquidity needs, including meeting future revenue and liquidity covenants, is dependent on growth in existing and acquired product and service lines and the realization of synergies related to its acquisition of Greenbrook. However, at this time, these actions do not fully mitigate the risk related to compliance with the revenue covenant for the March 31, 2027 period. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our current and future funding requirements will depend on many factors, including:

- our ability to achieve revenue growth and improve operating margins;
- compliance with the terms and conditions, including covenants, set forth in our credit facility;
- the cost of expanding our operations and offerings, including our sales and marketing efforts;
- our ability to improve or maintain coverage and reimbursement arrangements with domestic third-party and government payors;
- our rate of progress in establishing coverage and reimbursement arrangements from international commercial third-party and government payors;
- our rate of progress in, and cost of the sales and marketing activities associated with, establishing adoption of our products and maintaining or improving our sales to our current customers;
- the cost of research and development activities, including research and development relating to additional indications of neurohealth disorders;

- the effect of competing technological and market developments;
- efficiency of our Greenbrook operations; and
- the potential cost of and delays in product development as a result of any regulatory oversight applicable to our products.

As of June 30, 2026, there were no significant changes to our material cash requirements as set forth in our Annual Report on Form 10-K filed with the SEC on March 17, 2026.

Cash Flows

The following table sets forth a summary of our cash flows for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
	2026	2025
	(in thousands)	
Net Cash used in Operating activities	$ (10,429)	$ (20,497)
Net Cash used in Investing activities	(589)	(471)
Net Cash provided by Financing activities	1,831	18,978
Net decrease in Cash, Cash equivalents and Restricted cash	$ (9,187)	$ (1,990)

Net Cash used in Operating Activities

Net cash used in operating activities for the six months ended June 30, 2026 was $10.4 million, consisting primarily of a net loss of $14.2 million and an unfavorable change in net operating assets and liabilities of $1.3 million, partially offset by non-cash charges of $5.1 million primarily consisting of depreciation and amortization, loss on disposal of property and equipment, non-cash interest expense, share-based compensation and loss on extinguishment of debt. The increase in net operating assets was primarily due to decreases in accrued expenses, an increase inventory, partially offset by a decrease in accounts receivable and prepaid commission.

Net cash used in operating activities for the six months ended June 30, 2025 was $20.5 million, consisting primarily of a net loss of $22.5 million and an increase in net operating assets of $3.7 million, offset by non-cash charges of $5.7 million primarily consisting of depreciation and amortization and share-based compensation. The increase in net operating assets was primarily due to increases in accounts receivable, and decreases in accounts payable, accrued expenses, prepaid expenses and other assets and prepaid commission expense.

Net Cash used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2026 was $0.6 million, which was primarily due to purchases of property and equipment and capitalized software costs, partially offset by proceeds from the sale of property and equipment.

Net cash used in investing activities for the six months ended June 30, 2025 was $0.5 million, which was attributable to purchases of property and equipment and capitalized software costs.

Net Cash provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2026 was $1.8 million. This primarily reflected proceeds of $8.0 million from the issuance of common stock under the ATM Program. These inflows were partially offset by the repayment of $5.0 million of long-term debt, repayment of deferred and contingent consideration of $0.3 million, payment of debt extinguishment costs of $0.3 million, payments of common stock offering issuance costs under the ATM Program of $0.4 million, debt issuance costs of $0.1 million, and distributions to non-controlling interest holders of $0.2 million.

Net cash provided by financing activities for the six months ended June 30, 2025 was $19.0 million and primarily consisted of net proceeds from our secondary public offering.

Indebtedness

For information regarding the Perceptive Facility, refer to “Debt” in Notes to Interim Consolidated Financial Statements located in Part I – FINANCIAL INFORMATION, Item 1. Financial Statements.

Recent Accounting Pronouncements

Refer to “Summary of Significant Accounting Policies” and “Recent Accounting Pronouncements” in Notes to Interim Consolidated Financial Statements located in Part I – FINANCIAL INFORMATION, Item 1. Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Refer to the information described in “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” section of the Company’s Annual Report on Form 10-K filed with the SEC on March 17, 2026. There have been no material changes to our market risk described therein.

We are continuing to closely monitor macroeconomic impacts, including but not limited to tariffs, developments affecting financial institutions, supply chains, unemployment rates, investment values, consumer confidence, inflationary and potential recessionary pressures, on our business, results of operations and financial results, which could adversely affect us. Although we do not believe inflation or tariffs have had a material impact on our financial condition, results of operations or cash flows to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain and increase our gross margin or decrease our operating expenses as a percentage of our revenues if the selling prices of our products do not increase as much or more than our costs increase.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits 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 include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management, with the participation of our principal executive officer and principal financial and accounting officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and our principal financial and accounting officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2026.

Changes in Internal Control over Financial Reporting

For the quarter ended June 30, 2026, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject from time to time to various claims and legal actions arising during the ordinary course of our business. We believe that there are currently no claims or legal actions that would reasonably be expected to have a material adverse effect on our results of operations, financial condition, or cash flows.

Item 1A. Risk Factors.

You should carefully consider the information described in the “Risk Factors” section of the Company’s Annual Report on Form 10 K filed with the SEC on March 17, 2026 and the Company’s Quarterly Report on form 10-Q filed with the SEC on May 5, 2026.

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

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q. Where so indicated, exhibits that were previously filed are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated.

Exhibit Number	Description
10.1	Credit Agreement and Guaranty, dated July 25, 2024, by and among Neuronetics, Inc., as the borrower, certain Subsidiaries of Neuronetics, Inc. from time to time party thereto, as guarantors, the lenders from time to time party thereto, and PERCEPTIVE CREDIT HOLDINGS IV, LP, in its capacity as the administrative agent for the lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on July 30, 2024)
10.2◊	Consent and Amendment No. 1 to Credit Agreement and Guaranty and Warrant Certificate dated December 9, 2024 (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on December 10, 2024)
10.3◊	Amendment No. 2 to Credit Agreement and Guaranty by and between the Company, as the borrower, and Perceptive, in its capacities as administrative agent for the lenders and the majority lender dated March 26, 2025 (incorporated by reference to Exhibit 10.52 of the Registrant's Annual Report on Form 10-K filed on March 27, 2025)
10.4	Amendment No. 3 to Credit Agreement and Guaranty, dated August 1, 2025 (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on August 5, 2025)
10.5	Amendment No. 4 to Credit Agreement and Guaranty, dated January 15, 2026 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 22, 2026)
10.6◊	Amendment No. 5 and Waiver to Credit Agreement and Guaranty, dated March 12, 2026 (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K filed on March 17, 2026).
10.7	Underwriting Agreement, dated as of February 7, 2025, by and between Neuronetics, Inc. and Canaccord Genuity LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on February 10, 2025).
10.8	Executive Consulting and Release Agreement by and between the Company and Keith J. Sullivan dated April 1, 2026 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 6, 2026).
10.9*	Neuronetics, Inc. 2026 Equity Incentive Plan
10.10	Offer Letter, effective as of July 10, 2026, by and between the Company and Nir Naor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 20, 2026)
10.11	Separation Agreement dated July 17, 2026 by and between the Company and W. Andrew Macan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 20, 2026)
23.1	Consent of Ballard Spahr LLP (incorporated by reference to Exhibit 23.1 to the Registrant's Current Report on Form 8-K filed on February 10, 2025).
31.1*	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (Formatted as Inline XBRL and contained Exhibit 101).

* Filed herewith.

◊ Certain portions of this exhibit have been omitted to preserve the confidentiality of such information. The Company will furnish copies of any such information to the SEC or its staff upon request.

** This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C Section 1350 and is not being filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

	NEURONETICS, INC. (Registrant)
Date: August 11, 2026	By: /s/ Daniel L. Reuvers Name: Daniel L. Reuvers Title: President and Chief Executive Officer (Principal Executive Officer)
Date: August 11, 2026	By: /s/ Francis X. Brown III Name: Francis X. Brown III Title: Interim Principal Financial and Accounting Officer (Principal Financial and Accounting Officer)

Exhibit 10.9*

Neuronetics, Inc.

2026 Equity Incentive Plan

Adopted by the Board of Directors: March 18, 2026
Approved by the Stockholders: May 28, 2026

1. General.

(a) Successor to and Continuation of Prior Plan. This 2026 Equity Incentive Plan (the "***Plan***") is intended as the successor to and continuation of the Company's 2018 Equity Incentive Plan (the "***Prior Plan***"). From and after 12:01 a.m. Eastern Time on the date the Plan is approved by the Company's stockholders (the "***Stockholders***"; such time and date, the "***Stockholder Approval Date***"), no additional awards will be granted under the Prior Plan. All awards granted on or after the Stockholder Approval Date will be granted under the Plan. All awards granted under the Prior Plan will remain subject to the terms of the Prior Plan. All awards granted under the Company's Amended and Restated 2003 Stock Incentive Plan will remain subject to the terms of that plan.

(i) Any shares that would otherwise remain available for future grants under the Prior Plan as of the Stockholder Approval Date (the "***Prior Plan's Available Reserve***") will cease to be available under the Prior Plan as of the Stockholder Approval Date. Instead, that number of shares of Common Stock equal to the Prior Plan's Available Reserve will be added to the Share Reserve (as further described in Section 3(a) below) and will be immediately available for grants and issuance pursuant to Stock Awards, up to the maximum number set forth in Section 3(a) below.

(ii) In addition, on and after the Stockholder Approval Date, any shares subject, at such time, to outstanding Stock Awards granted under the Prior Plan that (i) expire or terminate for any reason prior to exercise or settlement, (ii) are forfeited because of the failure to meet a contingency or condition required to vest such shares or otherwise return to the Company, or (iii) are reacquired, withheld (or not issued) to satisfy a tax withholding obligation in connection with an award or to satisfy the purchase price or exercise price of a Stock Award (such shares the "***Returning Shares***"), will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when such shares become Returning Shares, up to the maximum number set forth in Section 3(a) below.

(b) Eligible Award Recipients. Employees, Directors and Consultants are eligible to receive Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) Purpose. The Plan, through the grant of Awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

2. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or the time at which cash or shares of Common Stock may be issued in settlement thereof).

(v) To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under the Participant's then-outstanding Award without the Participant's written consent, except as provided in subsection (viii) below.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code or bringing the Plan or Awards granted under the Plan into compliance with the requirements for Incentive Stock Options or ensuring that they are exempt from, or compliant with, the requirements for nonqualified deferred compensation under Section 409A of the Code, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek the Stockholders' approval of any amendment of the Plan that (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan, (D) materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (E) materially extends the term of the Plan, or (F) materially expands the types of Awards available for issuance under the Plan. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair a Participant's rights under an outstanding Award without the Participant's written consent.

(vii) To submit any amendment to the Plan for the Stockholders' approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 422 of the Code regarding "incentive stock options" or (B) Rule 16b-3.

(viii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; provided, however, that a Participant's rights under any Award will not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, (1) a Participant's rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent (A) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (B) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award solely because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (C) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code; or (D) to comply with other applicable laws or listing requirements.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement that are required for compliance with the laws of the relevant foreign jurisdiction).

(xi) To grant new Stock Awards in exchange for outstanding Stock Awards; provided, however, the Board shall not have the right to: (i) lower the exercise price of an existing Option or strike price of an existing Stock Appreciation Right; (ii) take any action that would be treated as a "repricing" under generally accepted accounting principles; or (iii) cancel an existing Option or Stock Appreciation Right at a time when its exercise price or strike price exceeds the Fair Market Value of the underlying stock subject to such Option or Stock Appreciation Right in exchange for another Stock Award, including cash or other equity in the Company.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in the Plan to the Board will thereafter be construed as being to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. The Committee may consist solely of two or more Non-Employee Directors in accordance with Rule 16b-3.

(d) Delegation to an Officer. The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by applicable law, other Stock Awards) and, to the extent permitted by applicable law, the terms of such Awards, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation will specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any such Stock Awards will be granted on the form of Stock Award Agreement most recently approved for use by the Committee or the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) to determine the Fair Market Value pursuant to Section 13(w)(iii) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. Shares Subject to the Plan.

(a) Share Reserve. Subject to Section 9(a) relating to Capitalization Adjustments, and the following sentence regarding the annual increase, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed the sum of (i) 5,780,542 shares, which is the number of shares subject to the Prior Plan's Available Reserve, plus (ii) the number of shares that are Returning Shares, as such shares become available from time to time (collectively, the "***Share Reserve***").

In addition, the Share Reserve will automatically increase on January 1st of each year, for a period of not more than ten years, commencing on January 1st of the year following the year in which the Stockholder Approval Date occurs and ending on (and including) January 1, 2036, in an amount equal to 4% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence.

For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by Nasdaq Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (i.e., the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options will be 5,780,542 shares of Common Stock.

(d) Limitation on Grants to Non-Employee Directors. The maximum number of shares of Common Stock subject to Stock Awards granted under the Plan or otherwise during any one calendar year to any Non-Employee Director, taken together with any cash fees paid by the Company to such Non-Employee Director during such calendar year for service on the Board, will not exceed $750,000 in total value (calculating the value of any such Stock Awards based on the grant date fair value of such Stock Awards for financial reporting purposes), or, with respect to the calendar year in which a Non-Employee Director is first appointed or elected to the Board, $1,000,000.

(e) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; provided, however, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 of the Securities Act, unless (i) the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in consultation with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in consultation with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder will not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; provided, however, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

(c) Purchase Price for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if an Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are used to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the aggregate strike price of the number of Common Stock equivalents with respect to which the Participant is exercising the SAR on such date. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

(i) Restrictions on Transfer. An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided in the Plan, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, upon the death of the Participant, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date that is 90 days following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), and (ii) the expiration of the term of the

Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR (as applicable) within the applicable time frame, the Option or SAR will terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of time (that need not be consecutive) equal to the applicable post termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death (or such longer or shorter period specified in the Award Agreement), and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR (as applicable) will terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate immediately upon such Participant's termination of Continuous Service, and the Participant will be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement or in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

6. Provisions of Stock Awards Other Than Options and SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past or future services to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock Award will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Restricted Stock Unit Award Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards.

(i) Performance Stock Awards. A Performance Stock Award is a Stock Award that is payable (including that may be granted, may vest or may be exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the Participant's completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Board or Committee, in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board (or Committee, as the case may be) may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. A Performance Cash Award is a cash award that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Board or Committee, in its sole discretion. The Board (or Committee, as the case may be) may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board (or Committee, as the case may be) may specify, to be paid in whole or in part in cash or other property.

(iii) Board Discretion. The Board (or Committee, as the case may be) retains the discretion to adjust or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(d) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. Covenants of the Company.

(a) Availability of Shares. The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

(b) Securities Law Compliance. The Company will seek to obtain from each regulatory commission or agency, as necessary, such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Stock Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act or other securities or applicable laws, the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable law.

(c) No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the tax treatment or time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

8. Miscellaneous.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(c) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is domiciled or incorporated, as the case may be.

(e) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(g) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that such Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(h) Withholding Obligations. Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; provided, however, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(i) Electronic Delivery. Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access).

(j) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(k) Compliance with Section 409A of the Code. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in the Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(l) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

9. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class (es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c) and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

(b) Dissolution. Except as otherwise provided in the Stock Award Agreement, in the event of a Dissolution of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such Dissolution, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; provided, however, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the Dissolution is completed but contingent on its completion.

(c) **Transaction.** The following provisions shall apply to Stock Awards in the event of a Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Transaction, then, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the Stockholders pursuant to the Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five days prior to the effective date of the Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Transaction;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Transaction, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero ($0) if the value of the property is equal to or less than the exercise price.

Payments under this provision may be delayed to the same extent that payment of consideration to the holders of Common Stock in connection with the Transaction is delayed as a result of escrows, earn outs, holdbacks or other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant.

10. Plan Term; Earlier Termination or Suspension of the Plan.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of (i) the date the Plan is adopted by the Board (the "***Board Adoption Date***"), or (ii) the date the Plan is approved by the Stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

11. Existence of the Plan; Timing of First Grant or Exercise.

The Plan will be effective on the Stockholder Approval Date. No Stock Award will be exercised (or, in the case of a Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, or Other Stock Award, no Stock Award will be granted) and no Performance Cash Award will be settled until the Stockholder Approval Date.

12. Choice of Law.

The law of the State of Delaware will govern all questions concerning the construction, validity and interpretation of the Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) "***Award***" means a Stock Award or a Performance Cash Award.

(c) "***Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(d) "***Board***" means the Board of Directors of the Company.

(e) "***Capital Stock***" means each and every class of common stock of the Company, regardless of the number of votes per share.

(f) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Board Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(g) "***Cause***" shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means the termination of a Participant's Continuous Service with the Company and its Subsidiaries due to (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company or its Subsidiaries; (iii) such Participant's material violation of (A) any contract or agreement between the Participant and the Company or a Subsidiary of the Company or (B) any statutory duty owed to the Company or its Subsidiaries; (iv) such Participant's unauthorized use or disclosure of confidential information or trade secrets of the Company or its Subsidiaries; or (v) such Participant's gross negligence or willful misconduct in the performance of the Participant's duties. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause (within the meaning of the preceding clauses (i) through (v)) shall be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(h) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the Stockholders immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; provided, however, that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the Company;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by the Stockholders in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; provided, however, that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the Company;

(iv) the Stockholders approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company will otherwise occur, except for a liquidation into a parent corporation; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of the Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of the Plan, the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company and the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

(i) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(j) "***Committee***" means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(k) "***Common Stock***" means, as of the Board Adoption Date, the common stock of the Company, having one vote per share.

(l) "***Company***" means Neuronetics, Inc., a Delaware corporation.

(m) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under the Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person.

(n) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(o) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(p) "***Director***" means a member of the Board.

(q) "***Disability***" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(r) "***Dissolution***" means when the Company, after having executed a certificate of dissolution with the State of Delaware (or other applicable state), has completely wound up its affairs. Conversion of the Company into a limited liability company (or any other pass-through entity) will not be considered a "Dissolution" for purposes of the Plan.

(s) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(t) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(u) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(v) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the Stockholders in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the

Board Adoption Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(w) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(x) "***Incentive Stock Option***" means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(y) "***Non-Employee Director***" means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("***Regulation S-K***")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(z) "***Nonstatutory Stock Option***" means any Option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(aa) "***Officer***" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(bb) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(cc) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

(dd) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ee) "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(ff) "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

(gg) "***Own,***" "***Owned,***" "***Owner,***" "***Ownership***" means a person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(hh) "***Participant***" means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ii) "***Performance Cash Award***" means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(jj) "***Performance Criteria***" means the one or more criteria that the Board or Committee (as applicable) will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board or Committee: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total stockholder return; (v) return on equity or average stockholder's equity; (vi) return on assets, investment, or capital employed; (vii) stock price; (viii) margin (including gross margin); (ix) income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit; (xiii) operating cash flow; (xiv) sales or revenue targets; (xv) increases in revenue or product revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share; (xx) cash flow; (xxi) cash flow per share; (xxii) share price performance; (xxiii) debt reduction; (xxiv) customer satisfaction; (xxv) stockholders' equity; (xxvi) capital expenditures; (xxvii) debt levels; (xxviii) operating profit or net operating profit; (xxix) workforce diversity; (xxx) growth of net income or operating income; (xxxi) billings; (xxxii) pre-clinical development related compound goals; (xxxiii) financing; (xxxiv) regulatory milestones, including approval of a compound; (xxxv) stockholder liquidity; (xxxvi) corporate governance and compliance; (xxxvii) product commercialization; (xxxviii) intellectual property; (xxxix) personnel matters; (xl) progress of internal research or clinical programs; (xli) progress of partnered programs; (xlii) partner satisfaction; (xliii) budget management; (xliv) clinical achievements; (xlv) completing phases of a clinical study (including the treatment phase); (xlvi) announcing or presenting preliminary or final data from clinical studies; in each case, whether on particular timelines or generally; (xlvii) timely completion of clinical trials;

(xlviii) regulatory achievements; (xlix) partner or collaborator achievements; (l) internal controls, including those related to the Sarbanes-Oxley Act of 2002; (li) research progress, including the development of programs; (lii) investor relations, analysts and communication; (liii) manufacturing achievements (including obtaining particular yields from manufacturing runs and other measurable objectives related to process development activities); (liv) strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); (lv) establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products (including with group purchasing organizations, distributors and other vendors); (lvi) supply chain achievements (including establishing relationships with manufacturers or suppliers of active pharmaceutical ingredients and other component materials and manufacturers of the Company's products); (lvii) co-development, co-marketing, profit sharing, joint venture or other similar arrangements; (lviii) individual performance goals; (lix) corporate development and planning goals; and (lx) other measures of performance selected by the Board or Committee.

(kk) "***Performance Goals***" means, for a Performance Period, the one or more goals established by the Board or Committee (as applicable) for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board may appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any items that are unusual in nature or occur infrequently as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the Board or Committee (as applicable) retains the discretion to adjust or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

(ll) "***Performance Period***" means the period of time selected by the Board or Committee (as applicable) over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board or Committee.

(mm) "***Performance Stock Award***" means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(nn) "***Plan***" means this Neuronetics, Inc. 2026 Equity Incentive Plan.

(oo) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(pp) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(qq) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(rr) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

(ss) "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(tt) "***Securities Act***" means the Securities Act of 1933, as amended.

(uu) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(vv) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

(ww) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(xx) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

(yy) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(zz) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(aaa) "***Transaction***" means a Corporate Transaction or a Change in Control.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Dan Reuvers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neuronetics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026	By:	/s/ Dan Reuvers
	Name:	Dan Reuvers
	Title:	President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Francis X. Brown III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neuronetics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report, any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026	By:	/s/ Francis X. Brown III
	Name:	Francis X. Brown III
	Title:	Interim Principal Financial and Accounting Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

**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 on Form 10-Q of Neuronetics, Inc. (the “Company”) for the fiscal quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 11, 2026

By: /s/ Dan Reuvers
Name: Dan Reuvers
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 on Form 10-Q of Neuronetics, Inc. (the "Company") for the fiscal quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 11, 2026

By: /s/ Francis X. Brown III
Name: Francis X. Brown III
Title: Interim Principal Financial and Accounting Officer
(Principal Financial and Accounting Officer)