



## Dear Stockholders,

With almost one full year on board as CEO of Dextera Surgical, I'm pleased to report that during fiscal 2016 we accomplished a number of key milestones in support of our company's primary objective: **to help surgeons around the globe advance minimally invasive surgery through the use of our smaller, more maneuverable surgical stapling technology.** Our product, the MicroCutter 5/80, is the world's smallest profile articulating surgical stapling device – and it's helping surgeons perform procedures that are less invasive to patients.

This year, we remain focused on three key factors that we believe will drive successful commercialization of the MicroCutter 5/80: **clinical performance, early adoption by key opinion leaders and effective market awareness and surgeon training.** Our commercial strategy reflects this focus, with an eye toward gathering clinical data before pursuing a broader market launch.

### Improved Clinical Performance

We have taken great strides to thoroughly evaluate each component of the MicroCutter 5/80 and completed extensive in vivo testing. We now believe the redesigned MicroCutter 5/80, which can be deployed in a variety of tissue thicknesses, is ready for use by surgeons across multiple specialties.

### Market Preference Testing

After completing testing and receiving U.S. Food and Drug Administration clearance of the blue reload\* for the MicroCutter 5/80, we initiated market preference testing in the United States, United Kingdom and Germany. Through this process, we are gathering valuable real-world experience on device performance. We are working closely with a select group of key opinion-leading surgeons to ensure the device is functioning as expected, to gain valuable feedback on device performance when used in clinical procedures, and to further validate how the MicroCutter 5/80 enables the progression of minimally invasive surgery. We expect to continue this market testing through October 2016.

### MATCH Registry

In parallel with our market preference testing, we initiated the **MicroCutter-Assisted ThoraciC Surgery Hemostasis (MATCH)** registry to gather additional data evaluating the hemostasis and ease-of-use of our device in a real-world setting. We plan to enroll up to 120 patients in the MATCH registry at leading centers around the world, including the Mayo Clinic, MD Anderson, and James Cook University Hospital. All patients will be followed for a 30-day period post-operatively.

### Intuitive Surgical Development Agreement

Complementing our commercial efforts, we initiated a co-development program with Intuitive Surgical, the global leader in robotic-assisted surgery, to develop new robotic stapler products for the da Vinci® Surgical System. Dextera will develop the stapler cartridge reload with Intuitive leading development of the robotic stapler. We believe the evolution of our relationship with Intuitive Surgical validates the product refinement and improved performance we completed over the last year.

## Milestones Ahead

We have aggressive plans for the year ahead. Specifically, we intend to:

- Complete market preference testing in the fourth quarter of calendar year 2016
- Initiate launch of the MicroCutter 5/80 in selected countries by the end of calendar year 2016
- Continue to enroll patients in the MATCH registry
- Work with Intuitive Surgical on our co-development program for an 8-millimeter surgical stapler and cartridge reload
- Establish an improved supply chain for the MicroCutter product line to support growing commercial efforts

## What's in a Name?

In June 2016, we changed the name of the company to Dextera Surgical to reflect our focus on developing breakthrough products to enable less invasive surgeries. The name is inspired by the word 'dexterity,' which emphasizes skill, expertise, agility and finesse. These are qualities we see in our employees, our products and the surgeons who are advancing minimally invasive surgery through the use of smaller, more maneuverable stapling technology.

In closing, we thank our employees for their continued perseverance to bring the MicroCutter 5/80 to the market, we thank the surgeons who use the device regularly and provide important feedback, and we thank our investors for your continued commitment to Dextera Surgical and our products. It is through your support that we have an opportunity to change the lives of patients around the world. We look forward to updating you on our progress in the months ahead.

Sincerely,



Julian Nikolchev  
President & CEO

October 6, 2016

\* The blue reload is intended for transection and resection in multiple open or minimally invasive urologic, thoracic, and pediatric surgical procedures, as well as application for transection, resection, and/or creation of anastomoses in the small and large intestine, and the transection of the appendix.

## Forward-Looking Statement Disclaimer

The statements in this letter regarding Dextera Surgical's beliefs as to the benefits expected to be obtained from the use of the MicroCutter 5/80 are "forward-looking statements." There are a number of important factors that could cause results to differ materially from those indicated by these forward-looking statements, including: that Dextera Surgical may not be successful in its efforts to make the improvements necessary to its enhanced MicroCutter device due to unanticipated technical or other difficulties; risks inherent in obtaining regulatory approvals; as well as other risks detailed from time to time in Dextera Surgical's reports filed with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K, under the caption "Risk Factors," to which this letter is attached. Dextera Surgical expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein. You are encouraged to read Dextera Surgical's reports filed with the U.S. Securities and Exchange Commission, available at [www.sec.gov](http://www.sec.gov).